GLYNN COUNTY BOARD OF EDUCATION

Brunswick, Georgia

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2016


GLYNN
SCHOOLS
COUNTY

Glynn County Board of Education

Annual Financial Report
For the Year Ended June 30, 2016

Table of Contents

	Page
Independent Auditors' Report	A -1
Management's Discussion and Analysis	B -1
Basic Financial Statements:	
District-wide Financial Statements:	
Statement of Net Position	C - 1
Statement of Activities	C - 2
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	C - 3
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	C - 4
Statement of Revenues, Expenditures, and Changes in Fund Balances	C - 5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C - 6
Proprietary Funds (Internal Service):	
Statement of Net Position	C - 7
Statement of Revenues, Expenses and Changes in Fund Net Position	C - 8
Statement of Cash Flows	C - 9
Fiduciary Funds (Agency):	
Statement of Fiduciary Assets and Liabilities	C - 10
Notes to the Basic Financial Statements	C - 11
Required Supplementary Information other than MD&A:	
Budgetary Comparison Schedule - General Fund	D - 1
Schedule of Proportionate Share of the Net Pension Liability - Teachers' Retirement System	D - 2
Schedule of Proportionate Share of the Net Pension Liability - Employees' Retirement System	D - 3
Schedule of Contributions - Teachers' Retirement System	D - 4
Schedule of Contributions - Employees' Retirement System	D - 6
Notes to Required Supplementary Information	D - 8
Supplementary Data - Combining Fund Financial Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	E - 1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E - 3

Glynn County Board of Education

Annual Financial Report
For the Year Ended June 30, 2016

Table of Contents

	Page
Budgetary Comparison Schedules - Nonmajor Governmental Funds:	
Special Revenue Funds:	
Special Programs	E - 5
Title I	E - 6
Title II	E - 7
Special Education	E - 8
Pre Kindergarten	E - 9
Athletics	E - 10
School Food Service	E - 11
Internal Service Funds:	
Combining Statement of Net Position	E - 12
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	E - 13
Combining Statement of Cash Flows	E - 14
Fiduciary Funds:	
Statement of Changes in Assets and Liabilities - Agency Funds	E - 15
Supplemental Schedule and Other Information:	
Schedule of Approved Special Purpose Local Option Sales Tax Projects	E - 16
2016 Bond Issue Continuing Disclosure Information	E - 17
Compliance and Internal Control Reports:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	F - 1
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	F - 3
Schedule of Expenditures of Federal Awards	F - 6
Note to the Schedule of Expenditures of Federal Awards	F - 7
Schedule of Findings and Questioned Costs and Status of Prior Audit Findings	F - 8

INDEPENDENT AUDITORS' REPORT


GLYNN
SCHOOLS
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INDEPENDENT AUDITORS' REPORT

To the Superintendent and Members of the
Board of Education of Glynn County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Glynn County, Georgia (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Glynn County, Georgia, as of June 30, 2016, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page B-1 and budgetary comparison information and pension schedules beginning on page D-1 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 20, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

KRT, CPAs P.C.

KRT, CPAs P.C.

Savannah, Georgia
February 20, 2017


GLYNN
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GLYNN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The discussion and analysis of Glynn County Board of Education's financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the Board's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the Board's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2016 are as follows:

- In total, net position increased $21 million, which represents a 13.5 percent increase from fiscal year 2015. This increase was due to governmental activities since the Board has no business-type activities.
- General revenues accounted for $89 million in revenue or 56 percent of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for $70 million or 44 percent of total revenues of $159 million.
- The Board had $138.5 million in expenses related to governmental activities; only $70.1 million of these expenses were offset by program revenues. General revenues (primarily property and sales taxes) of $89 million funded the remaining expenses for these programs.
- Among major funds, the general fund has $119.1 million in revenues and $118.6 million in expenditures. The general fund's fund balance increased to $23.9 million.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Glynn County Board of Education as a financial whole, or as an entire operating entity.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Board, presenting both an aggregate view of the Board's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of the Glynn County Board of Education, the general fund is by far the most significant fund.

Reporting the Board as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Board to provide programs and activities, the view of the Board as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2016?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, liabilities, and deferred outflows/inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Board's net position and changes in position. This change in net positon is important because it tells the reader whether, for the Board as a whole, the financial position of the Board has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Board's property tax base, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the Board has one distinct type of activity:

- Governmental Activities - All of the Board's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, after school program, principal's accounts and various others.

Reporting the Board's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Board's major funds. The Board uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Board's most significant funds. The Board's major governmental funds are the general fund, and the capital projects fund.

Governmental Funds Most of the Board's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Board's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds The district is the trustee, or fiduciary, for assets that belong to others, such as school clubs and organizations within the principals' accounts. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The district excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

The Board as a Whole

- The perspective of the statement of net position is of the Board as a whole. Table 1 provides a summary of the Board's net position for fiscal year 2016 compared to fiscal year 2015.

Table 1
Net Assets
(In Thousands)

	2016	2015
Assets		
Current and other assets	$ 134,942	$ 88,338
Capital assets, net of accumulated depreciation	209,932	204,295
Total assets	344,874	292,633
Deferred Outflows of Resources		
Pension related	10,012	8,931
Liabilities		
Current and other liabilities	22,013	21,597
Long-term liabilities	151,735	100,433
Total liabilities	173,748	122,030
Deferred Inflows of Resources		
Pension related	12,216	31,236
Net Position		
Net investment in capital assets	208,030	189,406
Restricted	32,795	35,497
Unrestricted	(71,903)	(76,605)
Total net position	$ 168,922	$ 148,298

Total net position increased $21 million in fiscal year 2016.

Table 2 shows the changes in net assets for fiscal year 2016 compared to the changes in net position for fiscal year 2015.

Table 2 Change in Net Position

(In Thousands)

	2016	2015
Revenues		
Program revenues:		
Charges for services and sales	$ 2,963	$ 2,497
Operating grants and contributions	65,482	62,375
Capital grants and contributions	1,659	1,948
Total program revenues	70,104	66,820
General Revenues:		
Taxes		
Property taxes	65,303	64,104
Sales taxes	20,195	20,030
Other taxes	1,777	1,633
Grants and contributions not restricted to specific programs	338	117
Unrestricted investment earnings	15	41
Investment earnings restricted for capital projects	33	3
Miscellaneous	1,340	1,170
Total general revenues	89,001	87,098
Total revenues	159,105	153,918
Program Expenses		
Instruction	89,541	89,388
Support services		
Pupil services	3,895	3,476
Improvement of instructional services	4,597	4,394
Educational media services	1,902	1,860
Federal grant administration	145	148
General administration	1,026	973
School administration	6,449	6,278
Business administration	1,204	1,143
Maintenance and operation of plant	11,348	10,856
Student transportation services	7,453	5,725
Central support services	1,745	1,561
Other support services	519	503
Operations of non-instructional services		
Food services	8,216	7,903
Community services	-	1
Interest on short-term and long-term debt	441	77
Total expenses	138,481	134,286
Increase in net position	20,624	19,632
Net position - beginning	148,298	128,666
Net position - ending	$ 168,922	$ 148,298

Governmental Activities

Instruction comprises 65 percent of governmental program expenses. Interest expense was less than one percent of governmental program expenses. Interest expense was attributable to capital leases and the outstanding bonds for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services comparing fiscal year 2016 with fiscal year 2015. Net cost of services can be defined as the total cost less fees generated by the activities and revenues or contributions provided for specific programs. That is, it identifies the cost of these services supported by tax revenues, unrestricted state grants, investment earnings and other general revenues.

Table 3
Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2015
Instruction	$ 89,541	$ 89,388	$ 39,912	$ 41,425
Support services:				
Pupil services	3,895	3,476	3,175	2,313
Improvement of instructional services	4,597	4,394	3,115	3,078
Educational media services	1,902	1,860	610	774
Federal grant administration	145	148	145	148
General administration	1,026	973	(442)	(269)
School administration	6,449	6,278	3,798	4,030
Business administration	1,204	1,143	1,204	1,143
Maintenance and operation of plant	11,348	10,856	8,299	8,284
Student transportation services	7,453	5,725	6,079	4,547
Central support services	1,745	1,561	1,745	1,561
Other support services	519	503	90	95
Operations of non-instructional services:				
Food services	8,216	7,903	239	283
Community services	-	1	(34)	(24)
Interest on short-term and long-term debt	441	77	441	77
Total expenses	$ 138,481	$ 134,286	$ 68,376	$ 67,465

Expenditures for fiscal year 2016 increased about 3.6% from the prior year and net cost of services increased about 2.4%. The increase in net cost of services was due to decreases in program specific revenues from QBE funding. The state has been slowly eliminating the austerity reduction. Program specific revenues represent 44% of revenues. The Board is dependent upon tax revenues for governmental activities.

The Board's Funds

The Board's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of $211.2 million and expenditures and other financing uses of $165 million. The district-wide capital projects' fund balance had an increase of $45.7 million from the 2016 Bond Issue for ESPLOST III. The general fund had an increase of $496,981 in fund balance. The positive change in the fund balance of the general fund for the year reflects that the Board was able to meet current costs without reducing reserves.

General Fund Budgeting Highlights

The Board's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund which includes local, state and federal funds collected and disbursed for the purpose of operating the school system.

During the course of fiscal year 2016, the Board amended its general fund budget as needed. The Board uses site-based budgeting. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budgeted revenues and other financing sources of $116.4 million were higher than the original budgeted amount of $115.3 million by $1.1 million. The actual revenues and other financing sources of $119.1 million were more than the budgeted amount of $116.4 million by $2.7 million due to an increase in property tax collections.

The final budgeted expenditures and other financing uses of $120.3 million exceeded the original budgeted amount of $117.5 million by $2.8 million. This difference was due to changes in grants after the school year had begun, unanticipated expenditures, recording a capital lease, and transferring excess reserves to the local capital projects fund and the self-insured workmen's compensation fund. The actual expenditures and other financing uses of $118.6 million were $1.7 million less than budgeted. This difference was due to conservative spending practices along with combining positions and attrition.

General fund revenues and other financing sources were more than the expenditures and other financing uses by $496,981. The Board was able to maintain an adequate fund balance while waiting for the economy to turn around.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2016, the Board had $209.9 million invested in capital assets, all in governmental activities. Table 4 shows fiscal year 2016 balances compared with fiscal year 2015 balances.

Table 4
Capital Assets at June 30
(Net of Depreciation, in Thousands)

	2016	2015
Land	$ 5,368	$ 5,368
Construction in progress	18,453	8,833
Building and building improvements	179,367	184,013
Equipment	6,744	6,081
Total capital assets, net of accumulated depreciation	$ 209,932	$ 204,295

Capital Assets increased by $5.6 million for fiscal year 2016. The Board completed a new classroom building and cafeteria at Glynn Academy. These capital expenditures are being funded with Educational Special Purpose Local Option Sales Tax (ESPLOST) revenues and General Obligation Bonds. In November of 2009, the voters of Glynn County approved the second ESPLOST for the school district to be collected between January 1, 2011 and December 31, 2015. A third EPLOST was approved by the Glynn County voters in November 2015 to be collected between January 1, 2016 and December 31, 2020.

Debt

At June 30, 2016, the Board had $48.5 million in bonds outstanding with $1.2 million due within one year. Table 5 summarizes general obligation bonds, capital leases, and compensated absences outstanding. Table 5 shows fiscal year 2016 balances compared with fiscal year 2015 balances.

Table 5
Debt at June 30
(In Thousands)

	2016	2015
General obligation bonds	$ 48,543	$ 13,009
Capital leases	1,612	1,880
Compensated absences	2,361	2,421
Total long-term obligations	$ 52,516	$ 17,310

In November 2015, voters approved a 1% ESPLOST in conjunction with a $43.6 million General Obligation Bond issue for the purpose of building new schools and renovating schools. The ESPLOST, collected between January 1, 2016, and December 31, 2020, will be used to retire the bonds. In May 2016, Glynn County Board of Education issued $43.6 million in General Obligation Sales Tax Bonds to advance fund the capital projects. At June 30, 2016, the School District's assigned bond rating was "Aa1" as determined by Moody's Investors Service.

Current Issues

Despite state revenue austerity cuts remaining intact since 2003 and equaling $2.8 million in 2016, state mandated salary, retirement and health insurance increases only being partially funded, and the ongoing effort of the board to maintain class sizes in accord with maximum class-size requirements from the state, the Glynn County School System has been able to maintain an adequate fund balance of $23.9 million in the General Fund. Even though the Board implemented conservative budgeting practices throughout the recession, they were not able to maintain the same millage rate. The digest has declined by 24% since fiscal year 2010. The Board was forced to raise the millage rate to 16.230 in 2014 but was able to roll the millage rate back to 16.157 in 2015 and remains at 16.157 for 2016. With the School District's second ESPLOST, the New Brunswick High School was completed and renovations began on Glynn Academy. These projects will ensure adequate space for future growth in our high schools.

Currently, there are no legal issues pending that would materially affect the financial position of the School System. Glynn County Schools is expecting the Austerity Reductions from the state to continue and are hopeful the property tax digest will begin to increase. Although the Board will be looking to streamline programs and operations in order to compensate for the loss in revenues from the state and slow growth in the digest, Glynn County Schools is in a sound financial position with a $23.9 million reserve and a conservative millage rate.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, you may contact Andrea H. Preston at Glynn County Board of Education, 1313 Egmont Street, Brunswick, Georgia 31521 or email at apreston@glynn.k12.ga.us.

DISTRICT-WIDE FINANCIAL STATEMENTS


GLYNN
SCHOOLS
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Glynn County Board of Education

Statement of Net Position

June 30, 2016

	Governmental Activities
ASSETS	
Cash and investments	$ 105,208,247
Receivables:	
Intergovernmental	8,014,053
Taxes	2,732,055
Other	116,140
Inventory and prepaid expenses	680,401
Restricted cash and investments	18,191,120
Capital assets	
Land, improvements, and construction in progress	23,821,420
Other capital assets, net of accumulated depreciation	186,110,744
Total assets	344,874,180
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	10,011,889
LIABILITIES	
Accounts payable	3,519,457
Construction contracts payable - retainage	160,637
Accrued salaries and benefits	17,927,970
Interest payable	245,578
Other current liabilities	159,231
Long-term liabilities:	
Due within one year	2,175,944
Due in more than one year	50,339,976
Net pension liability	99,219,479
Total liabilities	173,748,272
DEFERRED INFLOWS OF RESOURCES	
Pension related	12,216,422
Net Position	
Net investment in capital assets	208,029,516
Restricted for	
Debt service	15,242,550
Capital projects	14,803,143
Grant programs	2,749,250
Unrestricted	(71,903,084)
Total net position	$ 168,921,375

The notes to the basic financial statements are an integral part of this statement.

Glynn County Board of Education

Statement of Activities

For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental activities:					
Instruction	$ 89,540,431	$ 1,505,307	$ 46,464,680	$ 1,658,665	$ (39,911,779)
Support services:					
Pupil services	3,894,869	-	719,783	-	(3,175,086)
Improvement of instructional services	4,596,956	-	1,482,200	-	(3,114,756)
Educational media services	1,901,741	-	1,291,861	-	(609,880)
Federal grant administration	144,501	-	-	-	(144,501)
General administration	1,025,493	-	1,467,136	-	441,643
School administration	6,448,820	-	2,650,531	-	(3,798,289)
Business administration	1,204,242	-	-	-	(1,204,242)
Maintenance and operation of plant	11,348,500	-	3,049,622	-	(8,298,878)
Student transportation services	7,452,870	-	1,373,834	-	(6,079,036)
Central support services	1,744,723	-	-	-	(1,744,723)
Other support services	519,063	-	429,308	-	(89,755)
Operations of non-instructional services:					
Food services	8,216,128	1,423,611	6,553,340	-	(239,177)
Community services	228	34,104	-	-	33,876
Interest on long-term debt	441,098	-	-	-	(441,098)
Total governmental activities	138,479,663	$ 2,963,022	$ 65,482,295	$ 1,658,665	(68,375,681)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					65,303,259
Sales taxes for capital projects					20,194,644
Other taxes					1,776,551
Grants and contributions not restricted to specific programs:					
Other grants and contributions					337,579
Investment earnings:					
Unrestricted investment earnings					14,586
Restricted for capital projects					32,541
Miscellaneous					1,339,505
Total general revenues					88,998,665
Change in net position					20,622,984
Net position - beginning					148,298,391
Net position - ending					$ 168,921,375

The notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS


GLYNN
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Glynn County Board of Education

Governmental Funds
Balance Sheet

June 30, 2016

	General	District-Wide Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	$ 36,361,257	$ 56,810,717	$ 5,861,528	$ 99,033,502
Receivables:				
Taxes	2,732,055	-	-	2,732,055
State government	4,255,824	1,858,942	114,606	6,229,372
Grants and other	136,679	-	1,764,142	1,900,821
Interfund receivables	3,803,156	2,250,193	-	6,053,349
Inventory and prepaid expenses	548,783	-	131,618	680,401
Restricted cash and investments	-	18,191,120	-	18,191,120
Total assets	$ 47,837,754	$ 79,110,972	$ 7,871,894	$ 134,820,620
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	$ 1,676,905	$ 643,124	$ 128,974	$ 2,449,003
Accrued salaries and benefits	15,898,757	-	2,029,213	17,927,970
Construction contracts payable - retainage	-	160,637	-	160,637
Interfund payables	4,585,112	9,551	1,768,270	6,362,933
Other current liabilities	159,231	-	-	159,231
Total liabilities	22,320,005	813,312	3,926,457	27,059,774
Deferred inflows of resources				
Unavailable income	1,597,243	-	-	1,597,243
Fund balances				
Nonspendable:				
Inventory and prepaid expenses	548,783	-	131,618	680,401
Restricted:				
Debt service	-	15,242,550	-	15,242,550
Capital projects	-	63,055,110	-	63,055,110
Federal and state grant programs	-	-	2,749,520	2,749,520
Assigned:				
Student activity accounts	-	-	726,813	726,813
Historic Glynn Academy	-	-	15,198	15,198
Athletic programs	-	-	322,288	322,288
Appropriations for fiscal year 2017 budget	2,691,500	-	-	2,691,500
Local capital outlay projects	2,886,505	-	-	2,886,505
Unassigned	17,793,718	-	-	17,793,718
Total fund balances	23,920,506	78,297,660	3,945,437	106,163,603
Total liabilities and fund balances	$ 47,837,754	$ 79,110,972	$ 7,871,894	$ 134,820,620

The notes to the basic financial statements are an integral part of this statement.

Glynn County Board of Education

Reconciliation of Total Governmental Fund Balances
To Net Position of Governmental Activities

June 30, 2016

Total Governmental Fund Balances		$ 106,163,603
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds, net of accumulated depreciation:		
Capital assets, at cost	$ 309,439,918	
Accumulated depreciation	(99,507,754)	209,932,164
Other long-term assets are not available to pay for current period expenditures:		
Unavailable property taxes		1,597,243
Long-term and related liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.		
Interest payable	(245,578)	
Compensated absences	(2,361,305)	
General obligation debt	(48,542,390)	
Capital leases payable	(1,612,225)	
Net pension liability	(99,219,479)	(151,980,977)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the government fund financial statements		(2,204,533)
Internal service funds are used by management to charge the cost of certain activities such as insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position		5,413,875
Net Position of Governmental Activities		$ 168,921,375

Glynn County Board of Education

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2016

	General	District-Wide Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 67,492,105	$ -	$ -	$ 67,492,105
Sales taxes	-	20,194,644	-	20,194,644
State sources	48,965,183	1,658,665	2,195,329	52,819,177
Federal sources	626,422	-	14,277,514	14,903,936
Charges for services	-	-	1,065,003	1,065,003
Investment earnings	10,535	32,541	3,074	46,150
Miscellaneous	1,162,692	-	1,746,149	2,908,841
Total revenues	118,256,937	21,885,850	19,287,069	159,429,856
Expenditures				
Current				
Instruction	78,973,795	-	9,357,288	88,331,083
Support services:				
Pupil services	3,477,392	-	208,909	3,686,301
Improvement of instructional services	3,503,560	-	1,257,962	4,761,522
Educational media services	1,969,459	-	-	1,969,459
Federal grant administration	-	-	144,501	144,501
General administration	1,023,697	-	30,547	1,054,244
School administration	6,533,218	-	171,340	6,704,558
Business administration	1,238,814	-	-	1,238,814
Maintenance and operation of plant	11,285,771	-	104,220	11,389,991
Student transportation services	5,145,571	1,515,531	13,380	6,674,482
Central support services	1,558,770	-	828	1,559,598
Other support services	89,755	-	429,308	519,063
Food services	67,924	-	8,068,215	8,136,139
Community services	228	-	-	228
Capital Outlay	-	11,934,026	-	11,934,026
Debt Service				
Principal	1,132,820	12,815,000	-	13,947,820
Interest and other charges	70,307	256,300	-	326,607
Total expenditures	116,071,081	26,520,857	19,786,498	162,378,436
Excess of revenues over (under) expenditures	2,185,856	(4,635,007)	(499,429)	(2,948,580)
Other financing sources (uses)				
Capital lease	864,830	-	-	864,830
Bonds issued	-	48,312,074	-	48,312,074
Transfers in	-	2,000,696	553,705	2,554,401
Transfers out	(2,553,705)	(696)	-	(2,554,401)
Total other financing sources (uses)	(1,688,875)	50,312,074	553,705	49,176,904
Net Changes in fund balances	496,981	45,677,067	54,276	46,228,324
Fund balances at beginning of year	23,423,525	32,620,593	3,891,161	59,935,279
Fund balances at end of year	$ 23,920,506	$ 78,297,660	$ 3,945,437	$ 106,163,603

The notes to the basic financial statements are an integral part of this statement.

Glynn County Board of Education

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2016

Net change in Fund Balances - Total Governmental Funds		$ 46,228,324
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlays	$ 14,851,486	
Depreciation expense	(9,214,744)	5,636,742
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability		(864,830)
Some capital additions were financed through general obligation debt. In governmental funds, a general obligation debt is considered a source of financing, but in the statement of net assets, the general obligation debt is reported as a liability. In the current year general obligation debt consisted of:		
Sales tax bonds issued	(43,600,000)	
Bond premium	(4,942,390)	(48,542,390)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year these amounts consist of:		
Bond principal retirement	12,815,000	
Capital lease payments	1,132,820	13,947,820
Because some revenues will not be collected for several months after the system's fiscal year ends, they are not considered "available" revenues and are deferred inflows in the governmental funds. Deferred inflows of resources increased (decreased) by this amount this year		(412,295)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Decrease (increase) in compensated absences	59,794	
Net (increase) decrease in accrued interest expense	(78,427)	
Amortization of bond premium	194,251	175,618
Pension expense reported in the statement of activities is based on actuarially determined net pension liabilities and related deferred outflows and deferred inflows of resources. Pension contributions are reported in the governmental funds as a use of current financial resources. Pension contributions exceeded the actuarially determined pension expense by this amount		4,003,877
Internal service funds are used by management to charge the costs of certain activities such as insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities		450,118
Change in Net Position of Governmental Activities		$ 20,622,984

Glynn County Board of Education

Proprietary Funds
Statement of Net Position

June 30, 2016

	Governmental Activities - Internal Service Funds
Assets	
Current assets:	
Cash and investments	$ 6,174,745
Interfund receivables	309,584
Total assets	6,484,329
Liabilities	
Current liabilities:	
Accounts payable and contracts payable	1,070,454
Total liabilities	1,070,454
Net Position	
Unrestricted	5,413,875
Total net position	$ 5,413,875

The notes to the basic financial statements are an integral part of this statement.

Glynn County Board of Education

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position

For the Year Ended June 30, 2016

	Governmental Activities - Internal Service Funds
Operating revenues	
Risk management fees	$ 1,034,950
Total operating revenues	1,034,950
Operating expenses	
Risk management	585,809
Total operating expenses	585,809
Operating income (loss)	449,141
Nonoperating revenues	
Investment income	977
Total nonoperating revenues (expenses)	977
Net income (loss) before transfers	450,118
Change in net position	450,118
Net position, beginning of year	4,963,757
Net position, end of year	$ 5,413,875

The notes to the basic financial statements are an integral part of this statement.

Glynn County Board of Education

Proprietary Funds
Statement of Cash Flows

For the Year Ended June 30, 2016

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Cash received for services and fees	$ 1,034,950
Cash payments for supplies and insurance	(664,336)
Net cash provided (used) by operating activities	370,614
Cash flows from noncapital financing activities:	
Decrease (increase) in interfund receivables	1,821,298
Net cash provided (used) by noncapital financing activities	1,821,298
Cash flows from investing activities:	
Interest earned on cash and investments	977
Net cash provided (used) by investing activities	977
Net increase (decrease) in cash and cash equivalents	2,192,889
Cash and cash equivalents, beginning of year	3,981,856
Cash and cash equivalents, end of year	$ 6,174,745
Operating income (loss)	$ 449,141
Change in liabilities:	
Increase (decrease) in accounts payable	(78,527)
Total adjustments	(78,527)
Net cash provided (used) by operating activities	$ 370,614

Glynn County Board of Education

Fiduciary Funds
Statement of Fiduciary Assets and Liabilities

June 30, 2016

	Agency Funds
Assets	
Cash and investments	$ 378,172
Total assets	$ 378,172
Liabilities	
Due to student groups	$ 378,172
Total liabilities	$ 378,172

The notes to the basic financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS


GLYNN
SCHOOLS
COUNTY

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A.	Reporting Entity	C - 11
B.	Basic Financial Statements	C - 11
C.	Measurement Focus and Basis of Accounting	C - 13
D.	Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity	C - 13
E.	Revenues, Expenditures, and Expenses	C - 17

NOTE II. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A.	Cash and Investments	C - 19
B.	Receivables	C - 20
C.	Property Taxes	C - 20
D.	Capital Assets	C - 21
E.	Capital Leases	C - 22
F.	Long-term Debt	C - 22
G.	Interfund Receivables, Payables, and Transfers	C - 23
H.	Operating Leases	C - 24
I.	Restricted Assets	C - 24

NOTE III. OTHER NOTES

A.	Retirement Plans	C - 24
B.	Pensions Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	C - 26
C.	Post-employment Benefits	C - 29
D.	Commitments and Contingencies	C - 30
E.	Risk Management	C - 31
F.	On-Behalf of Payments	C - 32


GLYNN
SCHOOLS
COUNTY

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Glynn County Board of Education, (the "Board") operates under a Board-Superintendent form of government and provides public educational services to the citizenry of the Glynn County, Georgia. The Board receives funding from local, state, and federal government sources and must comply with the accompanying requirements of these funding source entities.

The Board's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Board are discussed below.

A. Reporting Entity

The Board was established under the laws of the State of Georgia and operates under the guidance of a school board elected by the voters and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity.

B. Basic Financial Statements

The Board's basic financial statements include both district-wide (reporting the Board as a whole) and fund financial statements (reporting the Board's major funds). Both the district-wide and fund financial statements categorize its primary activities as governmental. Those activities (functions) are instruction, pupil services, instructional services, educational media services, general administration, business administration, school administration, pupil transportation, maintenance and operations, central support services, other support services, food service operations and interest on long-term debt.

1. District-wide Financial Statements

In the district-wide Statement of Net Position, the governmental activity column (a) is presented on a consolidated basis (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Board's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Board first utilizes restricted resources to finance qualifying activities.

The district-wide Statement of Activities reports both the gross and net cost of each of the Board's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, unrestricted investment earnings, and other revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues that are directly associated with the function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The Board does not allocate indirect cost to functions in the statement of activities.

This district-wide focus is more on the sustainability of the Board as an entity and the change in the Board's net assets resulting from the current year's activities.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2. Fund Financial Statements

The financial transactions of the Board are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditure/expenses. The various funds are reported by generic classification within the financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The emphasis in fund financial statements is on the major funds in the governmental fund category.

The District reports the following major governmental funds:

- General Fund
- District-wide Capital Projects Fund

The following fund types are used by the Board:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Board:

The ***General fund*** is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The ***Debt Service fund*** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

The ***District-wide Capital Project fund*** is used to account for financial resources including eSPLOST, bond proceeds, and grants from the Georgia State Financing and Investment Commission to be used for the acquisition, construction, or renovation of major capital facilities.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Board:

Internal service funds are used to account for the financing of risk management services such as: worker's compensation and unemployment compensation that are charged to other departments or funds of the Board on a cost–reimbursement basis. The principal users of the internal services are the Board's governmental activities; the financial statement of the internal service fund is consolidated into the governmental column when presented in the district-wide financial statements. The cost of these services is reported in the appropriate functional activity, as disclosed at Note III.D.

Fiduciary Funds

Fiduciary funds are used to report assets held in an agency capacity for others, are not available to support Board programs, and do not involve measurement of results of operations. The Board has one fiduciary (agency) fund. Student Activity funds account for various student activities.

The Board's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of third parties and cannot be used to address activities or obligations of the government, these funds are not incorporated into the district-wide statements.

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures /expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The measurement focus relates to the types of transactions reported. The district-wide financial statements and the proprietary (internal service) fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities (whether current or noncurrent) are included on the statement of net position. Governmental funds financial statements are accounted for on a flow of current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are reported.

1. Accrual

Governmental activities in the district-wide financial statements, the proprietary (internal service) fund financial statements, and the fiduciary (agency) fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 30 days after year end. Revenues considered susceptible to accrual are property taxes, intergovernmental revenues, and investment income. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt are recognized when due.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

1. Cash and Cash Equivalents

The Board maintains a cash and investment pool that is available for all funds. Each fund's portion of this pool is displayed as "Cash & Investments." For purposes of the statement of cash flows, the Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2. Investments

During 2016 and as of June 30, 2016, the Board held no financial instruments classified as investments. The Board is authorized by state statutes to invest in the obligations of the U.S. Treasury, agencies and instrumentalities, repurchase agreements, bank certificates of deposit, and the Georgia Fund 1 administered by the State of Georgia.

3. Receivables

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, sales taxes, grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the district-wide financial statements in accordance with the accrual basis. Allowances for uncollectible taxes receivable are based upon historical trends and the periodic aging of taxes receivable.

4. Sales Tax

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $20,194,644 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

5. Inventory

Inventories are stated at cost (principally first-in, first-out), which is not in excess of market. The Board utilizes the consumption method to recognize inventory usage.

Under the consumption method, inventories are recorded as expenditures when used rather than when purchased. Reported inventories are equally offset by a reservation of fund balance, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

The United States Department of Agriculture (USDA) commodity portion of the food services inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA

6. Capital Assets

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

District-wide Statements

Capital assets, which include land, building, building improvements and equipment, are reported in the applicable governmental activities columns in the district-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold is a unit cost of $5,000 or more for equipment and $10,000 for buildings and improvements. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight–line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and Improvements.....	30 years
Equipment.....	3-20 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in district-wide statements.

7. Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

District-wide Statements

All long-term debt to be repaid from governmental resources is reported as liabilities in the district-wide statements. The long-term debt consists primarily of general obligation bonds, contractual obligations, capital leases and accrued compensated absences. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using a straight-line method.

Fund Financial Statements

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The face amount of the debt issued and premiums on the debt issuances are reported as other financing sources.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. Under the full accrual method of accounting, the district has reported the contributions to the cost sharing benefit pension plan subsequent to the measurement date and prior to the fiscal year end as deferred outflows of resources.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Under the full accrual method of accounting, the district has reported the actuarial changes in the district's proportionate share of the governmental nonemployer cost sharing benefit pension plan, as discussed in Note III B. Additionally, the district has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

9. Equity Classifications

District-wide Statements

Equity is classified as net assets and displayed in three components:

1) **Net investment in capital assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2) **Restricted net position** - Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3) **Unrestricted net position** - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

The district-wide statement of net position includes a deficit unrestricted net position at June 30, 2016. The balance of unrestricted net position is as follows:

	Unrestricted
Net unfunded proportionate share of the TRS pension liability	$ (99,219,479)
Remaining unrestricted	26,642,309
Net position, unrestricted, June 30, 2016	$ (72,577,170)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Governmental Accounting Standards Board (GASB) Statement 54 distinguishes fund balance classifications based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

1) **Nonspendable Fund Balance** – Fund balance reported as nonspendable represents fund balance associated with inventory, prepaid items, or long-term receivables. Nonspendable indicates that the respective resources are not available to be spent in any way due to their very nature and/or their lack of availability.

2) **Restricted Fund Balance** – Fund balance reported as restricted represents amounts that can be spent only on the specific purposes stipulated by law through constitutional provisions or enabling legislation or by the external providers of those resources.

3) **Committed Fund Balance** – Fund balance reported as committed includes amounts that can be used only for the specific purposes determined by a formal action of the Board. The only way committed funds can be removed or changed is by a formal action of the Board on or before the end of the fiscal year.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

4) **Assigned Fund Balance** – Fund balance reported as assigned represents amounts intended to be used for specific purposes, but not meeting the criteria to be reported as committed or restricted fund balance. At fiscal year-end, any appropriation of existing fund balance to eliminate a projected budgetary deficit in the next year's budget is considered to be an assignment of fund balance.

5) **Unassigned Fund Balance** – Fund Balance reported as unassigned represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications.

When an expenditure is incurred that would qualify as an expenditure of either Restricted or Unrestricted fund balance, those expenditures will first be applied to the Restricted Fund Balance category. When expenditures are incurred that would qualify as a use of any of the Unrestricted Fund Balance categories (Committed, Assigned, Unassigned), those expenditures will be applied in the order of Assigned first, then Unassigned, and then Committed.

Proprietary fund equity is classified the same as in the district-wide statements.

E. Revenues, Expenditures, and Expenses

1. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Board's internal service funds are charges to funds for risk management services. The Board's operating expenses for internal service funds include risk management expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. Expenditures/Expenses

In the district-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character: Current (further classified by function), Debt Service, and Capital Outlay.

Proprietary Fund - By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of current financial resources. Proprietary funds report expenses relating to use of economic resources.

3. Interfund Activity and Internal Balances

Interfund activities are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at a market or near market rates, are treated as revenues and expenditures/expenses and are eliminated from the statement of activities to remove the "doubling-up" effect of the activity. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Permanent reallocation of resources between funds is classified as interfund transfers.

In the process of aggregating data for the statement of net position and the statement of activities certain amounts reported as interfund activity and balances in the funds are eliminated or reclassified in the district-wide financial statements.

4. Compensated Absences

Eligible Board employees can earn annual vacation based on length of service, to a maximum of 15 days after 15 years of service. However, no more than 45 days, and no more than 30 days for employees hired after July 1, 2007, are allowed to be carried over between fiscal years. Sick pay is as follows:

1) All employees earn one and one quarter days of sick leave with full pay each month.
2) Sick leave is cumulative up to an indefinite period.
3) Sick leave is paid for each day over 45 days at ½ of the substitute rate upon retirement or termination of employment.

All compensated absences are accrued when incurred in the district-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and the related notes. Accordingly, actual results could differ from these estimates.

II. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. Cash and Investments

Collateralization of Deposits

Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by a surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance. OCGA Section 45-8-11(b) provides an officer holding public funds may, in his discretion, waive the requirement for security in the case of operating funds placed in the demand deposit checking accounts.

Acceptable security for deposits consists of any one of or any combination of the following:

i. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,

ii. Insurance on accounts provided by the Federal Deposit Insurance Corporation,

iii. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,

iv. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,

v. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,

vi. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and

vii. Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

At June 30, 2016, the carrying amount of the Board's deposits was $123,776,939 and the bank balances were $75,455,214. The bank balances were secured entirely by either federal depository insurance or collateralized with securities held by the pledging financial institution.

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

II. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction the district will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The district does not have a formal policy for managing custodial credit risk.

Deposits and investments are reconciled between the financial statements and note disclosure as follows:

Basic financial statements:	
Cash and investments	$ 105,208,247
Restricted cash and investments	18,191,120
Fiduciary fund cash	378,172
Total	$ 123,777,539
Notes to financial statements:	
Deposits and investments	$ 123,776,939
Cash on hand	600
Total	$ 123,777,539

B. Receivables

The Board disaggregates significant components of receivables in the financial statements. Receivables from taxes expected to be collected within the subsequent fiscal year approximate $2,732,055 in the General Fund.

In the General fund, significant components of intergovernmental receivables include $4,255,824 from the State of Georgia for Quality Basic Education (QBE) formula grants.

In the District-wide capital projects fund, the intergovernmental receivables include $1,858,942 due from the State of Georgia for eSPLOST revenue collected but not remitted at June 30, 2016.

Taxes receivable reported in General Fund represents 2015 and prior years' uncollected taxes. Property taxes which are not expected to be collected in time (30 days after year-end) to meet the "available" criteria in accordance with GASB Cod. Sec. 1600.103, are recorded as deferred inflows or resources. An evaluation of the allowance for uncollected taxes is made in relation to the expected collectability of the taxes. At June 30, 2016, the allowance was $951,714.

Grants and other receivables (reported in General and Nonmajor governmental funds) primarily represent funds due the Board for reimbursement of expenditures/expenses incurred as of year-end under grant terms.

C. Property Taxes

The Glynn County Tax Commissioner bills and collects property taxes for the Board of Education. Property taxes are levied (assessed) on all taxable real, public utility and personal property (including vehicles) located within the County as of January 1st of each year. Assessed values for property tax purposes are determined by the Glynn County Board of Tax Assessors for all property except public utilities and motor vehicles. Assessed value is set at 40% of market value. Public utility assessed values are established by the State of Georgia.

Property is appraised and a lien on such property becomes enforceable 60 days after final notification on delinquency of property taxes. Taxes are due and payable when billed by the Glynn County Tax Commissioner. Glynn County may place liens on property once the related tax payments become delinquent.

II. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

The property tax calendar is as follows:

Event	Date
Beginning of fiscal year for taxes	January 1, 2015
Vehicle personal property tax bill rendered	January 1, 2015
Delinquency date - vehicle personal property taxes	Taxpayer's birthday
Millage rate approved	July 28, 2015
Real and personal property tax bills rendered	September 15, 2015
Real and personal property tax payments due	November 15, 2015

D. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Increases	Decreases	Transfers	Balance June 30, 2016
Capital assets, not being depreciated:					
Land	$ 5,368,205	$ -	$ -	$ -	$ 5,368,205
Construction in progress	8,833,353	11,934,026	-	(2,314,164)	18,453,215
Total capital assets, not being depreciated	14,201,558	11,934,026	-	(2,314,164)	23,821,420
Capital assets, being depreciated:					
Buildings and improvements	250,081,837	-	-	2,314,164	252,396,001
Equipment	32,104,329	2,917,460	(1,799,292)	-	33,222,497
Total capital assets, being depreciated	282,186,166	2,917,460	(1,799,292)	2,314,164	285,618,498
Less accumulated depreciation for:					
Buildings and improvements	(66,069,293)	(6,959,873)	-	-	(73,029,166)
Equipment	(26,023,009)	(2,254,871)	1,799,292	-	(26,478,588)
Total accumulated depreciation	(92,092,302)	(9,214,744)	1,799,292	-	(99,507,754)
Total capital asset, being depreciated, net	190,093,864	(6,297,284)	-	2,314,164	186,110,744
Governmental activities capital assets, net	$ 204,295,422	$ 5,636,742	$ -	$ -	$ 209,932,164

Depreciation expense was charged to the functions/activities of the primary government as follows:

Governmental activities:	
Instruction	$ 8,053,611
Business administration	989
Maintenance and operations	33,792
Pupil transportation	794,277
Support services	210,093
Food service operations	121,982
Total Depreciation expense - governmental activities	$ 9,214,744

II. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

E. Capital Leases

The district has entered into several capital lease agreements as lessee for financing the acquisition of buses and certain other equipment. Principal and interest payments under capital leases having remaining terms in excess of one year as of June 30, 2016 are as follows:

Year	Principal	Interest	Total
2017	$ 939,679	$ 57,727	$ 997,406
2018	548,722	20,793	569,515
2019	123,824	432	124,256
Totals.....	$ 1,612,225	$ 78,952	$ 1,691,177

For the year ended June 30, 2016, depreciation expense recorded on leased assets was $947,130. At June 30, 2016, the net book value of assets under capital lease was as follows:

	Capital Assets Under Capital Leases
Equipment.....	$ 4,006,252
Less: accumulated depreciation.....	(433,628)
Total.....	$ 3,572,624

F. Long-term Debt

In May 2016, the district issued $43,600,000 in Series 2016 General Obligation Sales Tax Bonds to fund the acquisition, construction, furnishing, remodeling, renovating, improving and equipping projects included in the districts Educational Special Purpose Local Option Sales Tax (ESPLOST) projects. The following schedule summarizes the districts long-term debt issue, including interest rate, original debt and balance at year end.

	Interest Rates	Original Debt	Balance June 30, 2016
General Obligation Bonds:			
Sales Tax, Series 2016	5.00%	$ 43,600,000	$ 43,600,000

Requirements to Maturity - General Obligation Debt

Year	Principal	Interest
2017	$ -	$ 1,489,667
2018	8,000,000	1,980,000
2019	13,500,000	1,442,500
2020	13,500,000	767,500
2021-2022	8,600,000	430,000
TOTAL	$ 43,600,000	$ 6,109,667

II. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (*continued*)

Changes in Long-term Debt

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
General obligation bonds:					
General obligation bonds	$ 12,815,000	$ 43,600,000	$ (12,815,000)	$ 43,600,000	$ -
Unamortized premium	194,251	4,942,390	(194,251)	4,942,390	1,181,137
Total general obligation bonds	13,009,251	48,542,390	(13,009,251)	48,542,390	1,181,137
Capital leases payable	1,880,215	864,830	(1,132,820)	1,612,225	963,705
Compensated absences	2,421,099	28,692	(88,486)	2,361,305	31,102
Totals	$ 17,310,565	$ 49,435,912	$ (14,230,557)	$ 52,515,920	$ 2,175,944

In prior years, compensated absences and capital leases have been typically liquidated with General Fund resources.

G. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
General	Other governmental	$ 3,803,156
Capital Projects	General	2,250,193
Total governmental fund interfund receivables		6,053,349
Proprietary Funds:		
Internal service	General	309,584
Subtotal Internal Service Fund interfund receivable		309,584
Total due to / from other funds		$ 6,362,933

These balances represent loans between the borrower fund and the lender fund. These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Interfund receivables and payables are reported in the fund financial statements. However, they are eliminated in the district-wide financial statements if the interfund loan is between governmental funds.

For the year ended June 30, 2016, interfund transfers of $2,554,401 were used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other non-major governmental funds in accordance with budgetary authorizations. Transfers of this type are recorded as other financing uses and other financing sources in the governmental funds financial statements. However, they are eliminated in the district-wide financial statements if the interfund transfer is within the governmental fund group.

II. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (*continued*)

H. Operating Leases

The Board has entered into an operating lease for copiers throughout the school system. Rental expenditures in 2016 amounted to $228,345. Minimum scheduled lease payments at June 30, 2016 are as follows:

Fiscal Year Ending June 30,	Operating Leases
2017	$ 228,345

I. Restricted Assets

Special Purpose Local Option Sales Tax (SPLOST) proceeds, general obligation bond proceeds, and Georgia State Financing and Investment Commission (GSFIC) funds are restricted assets in the Statement of Net Assets because their use is limited by applicable bond covenants or statutory provisions. Restricted assets at June 30, 2016, were $14,803,143.

III. OTHER NOTES

A. Retirement Plans

The Glynn County Board of Education participates in various retirement plans administered by the State of Georgia. There are two major retirement systems in which the district participates: Teachers Retirement System of Georgia and Public School Employees' Retirement System of Georgia (PSERS). These systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices.

Teachers' Retirement System

Plan Description. All teachers of the district as defined in §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) and certain other support personnel as defined by §47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple- employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. The Teachers' Retirement System of Georgia issues a publicly available separate financial audit report that can be obtained at www.trsga.com/publications.

Benefits Provided. TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

III. OTHER NOTES (*continued*)

Contributions. Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2016. The school district's contractually required contribution rate for the year ended June 30, 2016 was 13.57% of annual school district payroll.

Fiscal Year	Percentage Contributed	Required Contribution
2016	100%	$ 9,939,621
2015	100%	8,931,282
2014	100%	8,242,809

Employees' Retirement System

Plan description. The Employees' Retirement System (ERS) is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

Benefits provided. The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

III. OTHER NOTES (*continued*)

Contributions. Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The District's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2016 was 24.72% of annual covered payroll for old and new plan members and 21.69% for GSEPS members. The District's contributions to ERS totaled $63,051 for the year ended June 30, 2016. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Public School Employees' Retirement System

Plan Description. PSERS is a cost sharing multiple employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

Benefits provided. A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of $14.75, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost of living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

Contributions. The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with O.C.G.A. §47-4-29(a) and 60(b). Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees.

IV. OTHER NOTES (*continued*)

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the district reported a liability of $99,219,479 for its proportionate share of the net pension liability for TRS ($98,799,390) and ERS ($420,089).

The TRS net pension liability reflected a reduction for support provided to the district by the State of Georgia for certain public school support personnel. The amount recognized by the district as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the district were as follows:

School District's proportionate share of the net pension liability.....	$ 99,219,479
State of Georgia's proportionate share of the net pension.....	205,220
Total.....	$ 99,424,699

The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014. An expected total pension liability as of June 30, 2015 was determined using standard roll-forward techniques. The district's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2015.

At June 30, 2015, the district's TRS proportion was .648971%, which was a decrease .008978% from its proportion measured as of June 30, 2014.

At June 30, 2016, the district did not have a PSERS liability for a proportionate share of the net pension liability because of a special funding situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the district is $1,203,279.

The PSERS net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014. An expected total pension liability as of June 30, 2015 was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2015.

For the year ended June 30, 2016, the district recognized pension expense of 5,631,084 for TRS, $36,066 for ERS and $71,757 for PSERS. Revenue of $12,352 for TRS and $71,757 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

III. OTHER NOTES (*continued*)

At June 30, 2016, the School District reported deferred outflows of resource and deferred inflows of resources related to pension from the following sources:

	TRS		ERS	
	Deferred Outflow of Resources	Deferred Inflows of Resources	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 868,992	$ -	$ 3,356
Net difference between projected and actual earnings on pension plan investments	-	8,333,832	-	30,310
Changes in proportion and differences between districts contributions and proportionate share of contributions	-	2,979,932	9,217	-
District contributions subsequent to the measurement date		-	63,051	-
Total	$ -	$ 12,182,756	$ 72,268	$ 33,666

District contributions subsequent to the measurement date of June 30, 2016 for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	TRS	ERS
2017	$ (4,884,037)	$ (6,960)
2018	(4,884,037)	(14,200)
2019	(4,884,044)	(13,510)
2020	2,569,570	10,221
2021	(100,208)	-
	$ (12,182,756)	$ (24,449)

Actuarial assumptions. The total pension liability as of June 30, 2015 was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System

Inflation	3.00%
Salary increases	3.75 – 7.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females set back two years for males and set back three years for females.

III. OTHER NOTES (*continued*)

Employees' Retirement System

Inflation	3.00%
Salary increases	5.45 – 9.25%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disability Mortality Table set back eleven years for males for the period after disability retirement.

Public School Employees' Retirement System

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table set forward for males for the period after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back two years for males and set forward one year for females for the period after disability retirement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

The long term expected rate of return on TRS, ERS and PSERS pension plan investments was determined using a log normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Fixed income	30.00%	3.00%
Domestic large stocks	39.70%	6.50%
Domestic mid stocks	3.70%	10.00%
Domestic small stocks	1.60%	13.00%
International developed market stocks	18.90%	6.50%
International emerging market stocks	6.10%	11.00%
	100.00%	

* Rates shown are net of the 3.00% assumed rate of inflation

III. OTHER NOTES (continued)

Discount rate. The discount rate used to measure the total TRS, ERS and PSERS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the district's proportionate share of the net pension liability to changes in the discount rate. The following presents the district's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the district's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1.0% Decrease (6.50%)	Current Discount Rate (7.50%)	1.0% Decrease (6.50%)
TEACHERS' RETIREMENT SYSTEM			
District's proportionate share of the net pension liability	$ 169,779,283	$ 98,799,390	$ 40,295,070
EMPLOYEES' RETIREMENT SYSTEM			
District's proportionate share of the net pension liability	595,492	420,089	270,552

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS, ERS and PSERS financial report which is publically available at www.trsga.com/publications and http://www.ers.ga.gov/formspubs/formspubs.html.

Section 403- B Tax Qualified Retirement Plan

The Board makes available an IRS section 403-b tax qualified retirement plan for its classified employees. Participation is voluntary. During 2016, employee contributions amounted to $72,556.

C. Post-employment Benefits

Plan Description. The Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund) is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers eligible former employees of public school systems, libraries and regional educational service agencies. The School OPEB Fund provides health insurance benefits to eligible former employees and their qualified beneficiaries through the State Employees Health Benefit Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (O.C.G.A.) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board). The Department of Community Health, which includes the School OPEB Fund, issues a separate stand-alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

III. OTHER NOTES (continued)

Funding Policy. The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2012, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2012 pay approximately 25 percent of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected "pay-as-you-go" financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2016:

For certificated teachers, librarians and regional educational service agencies and certain other eligible participants:

July 1, 2015 – June 30, 2016 $945 per member per month

For non-certificated school personnel:

July 1, 2015 – June 30, 2016 $596 per member per month

No additional contribution was required by the Board for fiscal year 2016 nor contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

The School District's combined active and retiree contributions to the health insurance plans, which equaled the required contribution, for the current fiscal year and the preceding two fiscal years were as follows:

Fiscal Year	Percentage Contributed	Required Contribution
2016	100%	$ 17,103,644
2015	100%	15,850,177
2014	100%	15,472,634

III. OTHER NOTES (continued)

D. Commitments and Contingencies

The Board is involved in legal matters, which either have or could result in litigation. In the opinion of Board management after consultation with legal counsel, the ultimate outcome of these contingencies will not have a material impact on the financial position of the Board.

The Board participates in a number of Federal financial assistance programs including the National School Lunch Program and the School Breakfast Program, the Title VIB Special Education, and the Title I Part A Improving the Academic Achievement of the Disadvantaged Program and the Title II Part A Improving Teacher Quality. Although the Board's grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2016, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Board expects such amounts, if any, to be immaterial.

E. Risk Management

The District is exposed to various risks of loss for claims associated with torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, natural disasters and unemployment compensation. There were no significant reductions in insurance coverage from coverage in the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Self-Insurance

The Board is self-insured for the risks associated with unemployment compensation and workers compensation. The Board has established a separate fund for accounting for workers compensation risk financing. A contribution to the fund is calculated on the basis of 1.25% of each salary dollar. Liabilities of this fund are reported when it is probable a loss has occurred and the amounts can be reasonably estimated including amounts for claims incurred but not yet reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims up to statutory limits.

Changes in the balances of claims liabilities for the workers' compensation fund during the last three fiscal years were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Claims and Changes in Current Year Liability	Claim Payments	Balance at Fiscal Year End
2016	$ 1,144,161	$ 1,034,950	$ 1,117,449	$ 1,061,662
2015	1,098,404	1,083,534	1,037,777	1,144,161
2014	1,103,917	819,245	824,758	1,098,404

III. OTHER NOTES (*continued*)

The fiscal year-end liability is calculated by a third party administrator considering the effects of inflation and recent claim settlement trends including frequency and amount of pay-outs as previously described.

The Board also self-insures unemployment claims. Changes in the balances of claims liabilities for the unemployment fund during the last three fiscal years were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Claims and Changes in Current Year Liability	Claim Payments	Balance at Fiscal Year End
2015	$ 4,820	$ 3,972	$ -	$ 8,792
2015	7,973	24,655	27,808	4,820
2014	28,487	48,979	69,493	7,973

Risk Transfer

The Board transfers the risk from all other risks through the use of commercially purchased insurance.

F. On-Behalf of Payments

The Board has recognized revenues and expenditures in the amount of $296,015 for health insurance and retirement contributions paid on the Board's behalf by the following State Agencies.

	Amount
Paid to the Teachers Retirement System of Georgia (TRS)	
For the TRS Employer's Cost	$ 20,626
Office of Treasury and Fiscal Services	
Paid to the Public School Employees Retirement System (PSERS)	
For the PSERS Employer's Cost	275,389
Total on-behalf of payments	$ 296,015


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COUNTY

REQUIRED SUPPLEMENTARY INFORMATION


GLYNN
SCHOOLS
COUNTY

Glynn County Board of Education

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Postive
	Original	Final	Amounts	(Negative)
Revenues				
Propety taxes	$ 65,596,600	$ 64,941,700	$ 67,492,105	$ 2,550,405
State sources	48,269,200	49,222,400	48,965,183	(257,217)
Federal sources	427,100	427,100	626,422	199,322
Investment earnings	100,000	100,000	10,535	(89,465)
Miscellaneous	956,300	948,100	1,162,692	214,592
Total revenues	115,349,200	115,639,300	118,256,937	2,617,637
Expenditures				
Current				
Instruction	79,182,200	79,565,100	78,973,795	591,305
Support services:				
Pupil services	3,201,900	3,575,400	3,477,392	98,008
Improvement of instructional services	3,563,100	3,542,100	3,503,560	38,540
Educational media services	1,995,100	2,017,400	1,969,459	47,941
General administration	998,500	1,053,000	1,023,697	29,303
School administratioin	6,673,400	6,569,000	6,533,218	35,782
Business administration	1,235,900	1,252,200	1,238,814	13,386
Maintenance and operation of plant	11,867,700	11,872,800	11,285,771	587,029
Student transportation services	5,548,300	5,366,900	5,145,571	221,329
Central support services	1,500,700	1,599,300	1,558,770	40,530
Other support services	119,000	98,900	89,755	9,145
Food services	-	68,000	67,924	76
Community services	5,800	5,800	228	5,572
Debt Service				
Principal	1,133,700	1,133,700	1,132,820	880
Interest and other charges	58,000	70,500	70,307	193
Total expenditures	117,083,300	117,790,100	116,071,081	1,719,019
Excess of revenues over (under) expenditures	(1,734,100)	(2,150,800)	2,185,856	4,336,656
Other financing sources (uses)				
Capital lease proceeds	-	799,500	864,830	65,330
Transfers out	(376,700)	(2,569,000)	(2,553,705)	15,295
Total other financing sources (uses)	(376,700)	(1,769,500)	(1,688,875)	80,625
Net Changes in fund balances	(2,110,800)	(3,920,300)	496,981	4,417,281
Fund balances at beginning of year	23,423,525	23,423,525	23,423,525	-
Fund balances at end of year	$ 21,312,725	$ 19,503,225	$ 23,920,506	$ 4,417,281

Glynn County Board of Education

Schedule of Proportionate Share of the Net Pension Liability

Teachers' Retirement System of Georgia

Year Ended June 30, 2016

	2015	2016
District's proportion of the net pension liability	0.657949%	0.648971%
District's proportionate share of the net pension liability	$ 83,123,178	$ 98,799,390
State of Georgia's proportionate share of the net pension liability associated with the District	173,839	205,220
Total	$ 83,297,017	$ 99,004,610
District's covered-employee payroll during measurement period	$ 68,430,702	$ 70,273,413
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	121.471%	140.593%
Plan fiduciary net position as a percentage of the total pension liability	84.03%	81.44%

NOTE: This schedule is intended to report information for the last ten fiscal years. Additional years will be reported as information becomes available.

Glynn County Board of Education

Schedule of Proportionate Share of the Net Pension Liability

Teachers' Retirement System of Georgia

Year Ended June 30, 2016

	2015	2016
District's proportion of the net pension liability	0.010323%	0.010369%
District's proportionate share of the net pension liability	$ 387,176	$ 420,089
State of Georgia's proportionate share of the net pension liability associated with the District	3,750,618,000	4,051,398,000
Total	$ 3,751,005,176	$ 4,051,818,089
District's covered-employee payroll during measurement period	$ 237,065	$ 251,565
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.321%	166.990%
Plan fiduciary net position as a percentage of the total pension liability	88.29%	87.00%

NOTE: This schedule is intended to report information for the last ten fiscal years. Additional years will be reported as information becomes available.

Glynn County Board of Education

Schedule of Contributions

Teachers' Retirement System of Georgia

Year Ended June 30, 2016

	2007	2008	2009	2010
Contractually required contribution				
Contributions in relation to the contractually required contribution				
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employee payroll				
Contribution as a percentage of covered employee payroll				

NOTE:

Information prior to the year ended June 30, 2014 is not readily available

2011	2012	2013	2014	2015	2016
			$ 8,242,809	$ 8,931,282	$ 9,939,621
			8,242,809	8,931,282	9,939,621
$ -	$ -	$ -	$ -	$ -	$ -
			$ 67,400,262	$ 68,430,702	$ 70,273,413
			12.23%	13.05%	14.14%

Glynn County Board of Education

Schedule of Contributions

Employees' Retirement System of Georgia

Year Ended June 30, 2016

	2007	2008	2009	2010
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employee payroll	$ -	$ -	$ -	$ -
Contribution as a percentage of covered employee payroll				

NOTE:

Information prior to the year ended June 30, 2014 is not readily available

2011	2012	2013	2014	2015	2016
$ -	$ -	$ -	$ 45,544	$ 52,059	$ 63,051
-	-	-	45,544	52,059	63,051
$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ 232,440	$ 237,065	$ 251,565
			19.59%	21.96%	25.06%

BUDGETARY INFORMATION

I. Budgets And Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Formal budgetary integration is employed as a management control device during the year for the General Fund. The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is at the fund level.

Supplemental appropriations and decreases in budget appropriations were properly approved by the School District. For the year ended June 30, 2016, the following supplemental and decrease in appropriations were approved:

Fund Type	Original Appropriations	Supplemental Appropriations	Supplemental Decreases	Final Appropriations
General	$ 117,460,000	$ 3,226,000	$ 326,900	$ 120,359,100

RETIREMENT SYSTEMS

I. Teachers' Retirement System

Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability, and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended June 30, 2015 reported in that schedule.

Valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	Seven-year smoothed market
Inflation rate	3%
Salary increases	3.75 - 7.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

II. Employees' Retirement System

Changes of assumptions: There were no changes in assumptions or benefits that affect the measurement of the total pension liability since the prior measurement date.

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended June 30, 2015 reported in that schedule

Valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Seven-year smoothed market
Inflation rate	3%
Salary increases	2.725% - 4.625% for FY2012-2013 5.45% - 9.25% for FY2014
Investment rate of return	7.50%, net of pension plan investment expense, including inflation


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SUPPLEMENTARY DATA –

COMBINING FUND FINANCIAL STATEMENTS AND SCHEDULES


GLYNN
SCHOOLS
COUNTY


GLYNN
SCHOOLS
COUNTY

Glynn County Board of Education

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds			
	Special Programs	Title I	Title II	Special Education
Assets				
Cash and investments	$ 725,013	$ -	$ -	$ -
Receivables:				
State government	-	-	-	-
Grants and other	49,037	840,263	197,717	677,125
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Total assets	$ 774,050	$ 840,263	$ 197,717	$ 677,125
Liabilities and fund balances				
Liabilities				
Accounts payable	$ 20,491	$ 2,720	$ 26,273	$ 5,221
Accrued salaries and benefits	11,548	602,002	64,849	458,258
Interfund payables	-	235,541	106,595	213,646
Total liabilities	32,039	840,263	197,717	677,125
Fund balances:				
Nonspendable:				
Inventory	-	-	-	-
Restricted:				
School food service	-	-	-	-
Assigned:				
Student activity accounts	726,813	-	-	-
Historic Glynn Academy	15,198	-	-	-
Athletic programs	-	-	-	-
Total fund balances	742,011	-	-	-
Total liabilities and fund balances	$ 774,050	$ 840,263	$ 197,717	$ 677,125

Pre-Kindergarten	Athletics	School Food Service	Total
$ 397,090	$ 354,074	$ 4,385,351	$ 5,861,528
-	-	114,606	114,606
-	-	-	1,764,142
-	-	-	-
-	-	131,618	131,618
$ 397,090	$ 354,074	$ 4,631,575	$ 7,871,894
$ 4,329	$ 26,974	$ 42,966	$ 128,974
392,761	-	499,795	2,029,213
-	4,812	1,207,676	1,768,270
397,090	31,786	1,750,437	3,926,457
-	-	131,618	131,618
-	-	2,749,520	2,749,520
-	-	-	726,813
-	-	-	15,198
-	322,288	-	322,288
-	322,288	2,881,138	3,945,437
$ 397,090	$ 354,074	$ 4,631,575	$ 7,871,894

Glynn County Board of Education

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Special Programs	Title I	Title II	Special Education
Revenues				
State sources	$ -	$ -	$ -	$ -
Federal sources	306,188	3,773,463	727,811	2,779,325
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	1,257,175	-	-	-
Total revenues	1,563,363	3,773,463	727,811	2,779,325
Expenditures				
Current				
Instruction	1,296,395	3,205,673	-	2,129,862
Support services:				
Pupil services	-	-	-	187,401
Improvement of instructional services	93,576	469	698,279	453,086
Federal grant administration	4,846	139,655	-	-
General administration	-	-	28,704	1,681
School administration	-	-	-	-
Maintenance and operations	-	-	-	-
Student transportation services	-	-	-	13,380
Central support services	-	-	828	-
Other support services	1,642	427,666	-	-
Food service operations	-	-	-	-
Total expenditures	1,396,459	3,773,463	727,811	2,785,410
Excess of revenues over (under) expenditures	166,904	-	-	(6,085)
Other financing sources (uses)				
Transfers in	2,014	-	-	6,085
Total other financing sources (uses)	2,014	-	-	6,085
Net Changes in fund balances	168,918	-	-	-
Fund balances at beginning of year	573,093	-	-	-
Fund balances at end of year	$ 742,011	$ -	$ -	$ -

Pre-Kindergarten	Athletics	School Food Service	Total
$ 2,004,033	$ -	$ 191,296	$ 2,195,329
-	-	6,690,727	14,277,514
-	-	1,065,003	1,065,003
-	406	2,668	3,074
-	459,049	29,925	1,746,149
2,004,033	459,455	7,979,619	19,287,069
2,330,309	395,049	-	9,357,288
1,578	19,930	-	208,909
10,362	2,190	-	1,257,962
-	-	-	144,501
-	162	-	30,547
171,340	-	-	171,340
36,050	18,864	49,306	104,220
-	-	-	13,380
-	-	-	828
-	-	-	429,308
-	-	8,068,215	8,068,215
2,549,639	436,195	8,117,521	19,786,498
(545,606)	23,260	(137,902)	(499,429)
545,606	-	-	553,705
545,606	-	-	553,705
-	23,260	(137,902)	54,276
-	299,028	3,019,040	3,891,161
$ -	$ 322,288	$ 2,881,138	$ 3,945,437

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – Special Programs

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positve
	Original	Final	Amounts	(Negative)
Revenues				
Federal sources	$ 523,500	$ 760,300	$ 306,188	$ (454,112)
Miscellaneous	900,000	900,000	1,257,175	357,175
Total revenues	1,423,500	1,660,300	1,563,363	(96,937)
Expenditures				
Current				
Instruction	1,317,800	1,489,600	1,296,395	193,205
Support services:				
Improvement of instructional services	98,800	165,000	93,576	71,424
Federal grant administration	5,000	5,600	4,846	754
Other support services	1,900	2,200	1,642	558
Total expenditures	1,423,500	1,662,400	1,396,459	265,941
Excess of revenues over (under) expenditures	-	(2,100)	166,904	169,004
Other financing sources (uses)				
Transfers in	-	2,100	2,014	(86)
Total other financing sources (uses)	-	2,100	2,014	(86)
Net Changes in fund balances	-	-	168,918	168,918
Fund balances at beginning of year	573,093	573,093	573,093	-
Fund balances at end of year	$ 573,093	$ 573,093	$ 742,011	$ 168,918

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – Title I

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positve
	Original	Final	Amounts	(Negative)
Revenues				
Federal sources	$ 4,254,600	$ 3,991,900	$ 3,773,463	$ (218,437)
Total revenues	4,254,600	3,991,900	3,773,463	(218,437)
Expenditures				
Current				
Instruction	3,658,500	3,329,900	3,205,673	124,227
Support services:				
Pupil services	300	300	-	300
Improvement of instructional services	46,200	2,500	469	2,031
Federal grant administration	114,500	149,400	139,655	9,745
General administration	23,800	59,000	-	59,000
Student transportation services	8,700	-	-	-
Other support services	402,100	450,800	427,666	23,134
Total expenditures	4,254,100	3,991,900	3,773,463	218,437
Excess of revenues over (under) expenditures	500	-	-	-
Net Changes in fund balances	500	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ 500	$ -	$ -	$ -

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – Title II

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positve
	Original	Final	Amounts	(Negative)
Revenues				
Federal sources	$ 883,700	$ 903,600	$ 727,811	$ (175,789)
Total revenues	883,700	903,600	727,811	(175,789)
Expenditures				
Support services:				
Improvement of instructional services	837,900	849,600	698,279	151,321
Federal grant administration	-	-	-	-
General administration	29,300	37,500	28,704	8,796
Central suport services	16,500	16,500	828	15,672
Total expenditures	883,700	903,600	727,811	175,789
Excess of revenues over (under) expenditures	-	-	-	-
Net Changes in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	$ -	$ -	$ -

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – Special Education

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positve
	Original	Final	Amounts	(Negative)
Revenues				
Federal sources	$ 3,119,400	$ 3,114,900	$ 2,779,325	$ (335,575)
Total revenues	3,119,400	3,114,900	2,779,325	(335,575)
Expenditures				
Current				
Instruction	2,171,900	2,347,600	2,129,862	217,738
Support services:				
Pupil services	489,500	243,500	187,401	56,099
Improvement of instructional services	413,600	493,600	453,086	40,514
General administration	15,500	15,500	1,681	13,819
Maintenance and operations	-	-	-	-
Student transportation services	28,900	20,800	13,380	7,420
Total expenditures	3,119,400	3,121,000	2,785,410	335,590
Excess of revenues over (under) expenditures	-	(6,100)	(6,085)	15
Net Changes in fund balances	-	(6,100)	(6,085)	15
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	$ (6,100)	$ (6,085)	$ 15

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – Pre-Kindergarten

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positve
	Original	Final	Amounts	(Negative)
Revenues				
State sources	$ 2,000,200	$ 2,017,900	$ 2,004,033	$ (13,867)
Total revenues	2,000,200	2,017,900	2,004,033	(13,867)
Expenditures				
Current				
Instruction	2,178,300	2,344,200	2,330,309	13,891
Support services:				
Pupil services	2,500	1,700	1,578	122
Improvement of instructional services	5,500	10,500	10,362	138
School administration	157,200	185,600	171,340	14,260
Maintenance and operations	33,400	36,700	36,050	650
Total expenditures	2,376,900	2,578,700	2,549,639	29,061
Excess of revenues over (under) expenditures	(376,700)	(560,800)	(545,606)	15,194
Other financing sources (uses)				
Transfers in	376,700	560,800	545,606	(15,194)
Total other financing sources (uses)	376,700	560,800	545,606	(15,194)
Net Changes in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	$ -	$ -	$ -

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – Athletics

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positve
	Original	Final	Amounts	(Negative)
Revenues				
Investment earnings	$ 1,200	$ 1,200	$ 406	$ (794)
Miscellaneous	270,900	270,900	459,049	188,149
Total revenues	272,100	272,100	459,455	187,355
Expenditures				
Current				
Instruction	232,100	232,100	395,049	(162,949)
Support services:				
Pupil services	17,700	17,700	19,930	(2,230)
Improvement of instructional services	4,200	4,200	2,190	2,010
General administration	-	-	162	(162)
Maintenance and operations	7,100	7,100	18,864	(11,764)
Total expenditures	261,100	261,100	436,195	(175,095)
Excess of revenues over (under) expenditures	11,000	11,000	23,260	12,260
Net Changes in fund balances	11,000	11,000	23,260	12,260
Fund balances at beginning of year	299,028	299,028	299,028	-
Fund balances at end of year	$ 310,028	$ 310,028	$ 322,288	$ 12,260

Glynn County Board of Education

Budgetary Comparison Schedule
Special Revenue Funds – School Food Service

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positve
	Original	Final	Amounts	(Negative)
Revenues				
State sources	$ 156,000	$ 156,000	$ 191,296	$ 35,296
Federal sources	6,235,000	6,235,000	6,690,727	455,727
Charges for services	1,155,500	1,155,500	1,065,003	(90,497)
Investment earnings	2,400	2,400	2,668	268
Miscellaneous	2,000	2,000	29,925	27,925
Total revenues	7,550,900	7,550,900	7,979,619	428,719
Expenditures				
Current				
Support services:				
Maintenance and operations	60,000	60,000	49,306	10,694
Food service operations	7,490,900	7,490,900	8,068,215	(577,315)
Total expenditures	7,550,900	7,550,900	8,117,521	(566,621)
Net Changes in fund balances	-	-	(137,902)	(137,902)
Fund balances at beginning of year	3,019,040	3,019,040	3,019,040	-
Fund balances at end of year	$ 3,019,040	$ 3,019,040	$ 2,881,138	$ (137,902)

INTERNAL SERVICE FUNDS


GLYNN
SCHOOLS
COUNTY

Glynn County Board of Education

Combining Statement of Net Position
Internal Service Funds

June 30, 2016

	Unemployment Compensation Fund	Workers' Compensation Fund	Total
ASSETS			
Current assets:			
Cash and investments	$ 1,607,824	$ 4,566,921	$ 6,174,745
Due from other funds	-	309,584	309,584
Total assets	1,607,824	4,876,505	6,484,329
LIABILITIES			
Current liabilities:			
Accounts payable and contracts payable	8,792	1,061,662	1,070,454
Total liabilities	8,792	1,061,662	1,070,454
NET POSITION			
Unrestricted	1,599,032	3,814,843	5,413,875
Total net position	$ 1,599,032	$ 3,814,843	$ 5,413,875

Glynn County Board of Education

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds

For the Year Ended June 30, 2016

	Unemployment Compensation Fund	Workers' Compensation Fund	Total
Operating revenues			
Risk management fees	$ -	$ 1,034,950	$ 1,034,950
Total operating revenues	-	1,034,950	1,034,950
Operating expenses			
Risk management	34,954	550,855	585,809
Total operating expenses	34,954	550,855	585,809
Operating income (loss)	(34,954)	484,095	449,141
Nonoperating revenues			
Investment income	-	977	977
Total nonoperating revenues (expenses)	-	977	977
Net income (loss) before transfers	(34,954)	485,072	450,118
Transfers in (out)	-	-	-
Change in net position	(34,954)	485,072	450,118
Net position, beginning of year	1,633,986	3,329,771	4,963,757
Net position, end of year	$ 1,599,032	$ 3,814,843	$ 5,413,875

Glynn County Board of Education

Combining Statement Cash Flows
Internal Service Funds

For the Year Ended June 30, 2016

	Unemployment Compensation Fund	Workers' Compensation Fund	Total
Cash flows from operating activities:			
Cash received for services and fees	$ -	$ 1,034,950	$ 1,034,950
Cash payments for supplies and insurance	(30,982)	(633,354)	(664,336)
Net cash provided (used) by operating activities	(30,982)	401,596	370,614
Cash flows from noncapital financing activities:			
Transfers in	-	-	-
Decrease (increase) in interfund receivables	-	1,821,298	1,821,298
Net cash provided (used) by noncapital financing activities	-	1,821,298	1,821,298
Cash flows from investing activities:			
Interest earned on cash and investments	-	977	977
Net cash provided (used) by investing activities	-	977	977
Net increase (decrease) in cash and cash equivalents	(30,982)	2,223,871	2,192,889
Cash and cash equivalents, beginning of year	1,638,806	2,343,050	3,981,856
Cash and cash equivalents, end of year	$ 1,607,824	$ 4,566,921	$ 6,174,745
Operating income (loss)	$ (34,954)	$ 484,095	$ 449,141
Change in liabilities:			
Increase (decrease) in accounts payable	3,972	(82,499)	(78,527)
Total adjustments	3,972	(82,499)	(78,527)
Net cash provided (used) by operating activities	$ (30,982)	$ 401,596	$ 370,614


GLYNN
SCHOOLS
COUNTY

FIDUCIARY FUNDS


GLYNN
SCHOOLS
COUNTY

Glynn County Board of Education

Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended June 30, 2016

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Student Activity Funds				
Assets				
Cash and investments.....	$ 369,465	$ 1,161,076	$ 1,152,369	$ 378,172
Liabilities				
Due to student groups.....	$ 369,465	$ 1,161,076	$ 1,152,369	$ 378,172


GLYNN
SCHOOLS
COUNTY

SUPPLEMENTAL SCHEDULE
AND OTHER INFORMATION


GLYNN
SCHOOLS
COUNTY

Glynn County Board of Education

Schedule of Approved Special Purpose Local Option Sales Tax Projects

For the Year Ended June 30, 2016

Project	Original Estimated Cost [1]	Current Estimated Cost [2]	Amount Expended in Current Year [3]	Amount Expended in Prior Years	Project Status
For the following capital outlay projects: (i) a new Southwest Middle School; (ii) a new Brunswick High School, including necessary demolition, renovation and upgrades to existing facilities and associated site and fieldwork; (iii) renovations and additions to Risley Early College Academy (formerly Risley Middle School); (iv) renovations and additions to Glynn Academy; (v) a new fine arts center to be known as the Coastal Community Center for the Arts; (vi) renovations to the Historic Risley Center; (vii) renovations to Altama and Burroughs-Molette Elementary Schools; (viii) a new elementary school; (ix) demolition at the former Jane Macon Middle School and Glynn Middle School; and (x) other real and personal property for the school system, including necessary demolition, site improvements, renovations, and improvement to facilities, land acquisition, technology upgrades, computers and related technology including fiber and software, telephone and communication equipment, computerized energy management systems, heating and air conditioning systems, lighting, and similar property and equipment in accordance withits facilities plans, as the same may be revised in accordance with the needs of the school district.	123,879,223	124,507,378	12,174,629	92,095,985	Ongoing
Totals	$ 123,879,223	$ 124,507,378	$ 12,174,629	$ 92,095,985	
For the following capital outlay projects: (i) a new Burroughs-Molette Elementary School; (ii) a new Altama Elementary School; (iii) a new fine arts center to be known as the Coastal Community Center for the Arts; (iv) a new Elementary School #11; (v) renovations to Glynn Academy including Athletic Facilities; (vi) renovations to Brunswick High Athletic Facilities; (vii) renovations to Glynn County Stadium; (viii) renovations to Needwood Middle School; (ix) other real and personal property for the school system, including necessary demolition, site improvements, renovations, and improvement to facilities, land acquisition, technology upgrades, computers and related technology including fiber and software, telephone and communication equipment, computerized energy management systems, heating and air conditioning systems, lighting, and similar property and equipment in accordance withits facilities plans, as the same may be revised in accordance with the needs of the school district.	130,000,000	101,736,168	213,027	213,027	Ongoing
Totals	$ 130,000,000	$ 101,736,168	$ 213,027	$ 213,027	

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the one percent sales and use tax for educational purposes (the "Educational Sales Tax").

(2) The School District's current estimate of total costs for the project(s). Includes all cost from project inception to completion.

(3) The voters of Glynn County approved the imposition of a one percent sales and use tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

Historical Educational Sales Tax Data. The prior special one percent sales and use tax for educational purposes first began being collected in Glynn County on January 1, 2011, and ended on December 31, 2015, as approved by the majority of the voters of Glynn County voting in an election held for such purposes on November 3, 2009.

Set forth below is the total amount of the sales and use tax for educational purposes distributed by the Collection Agent to the School District as of December 31 in the years 2011 through 2015 and for the first three months of 2016.

Year	Amount[1]	Percentage Change
2011	$17,961,359.96	--
2012	18,779,573.49	4.56%
2013	18,563,381.57	(1.15)
2014	19,411,834.55	4.57
2015	20,165,601.40	3.88
2016	19,990,797.20	(.01)

[1] Net of deduction allowed to dealers and net of commission allowed to the Revenue Commissioner.

Source: State of Georgia Department of Revenue.

The historical sales tax data presented above should not be considered to represent future results that may be obtained by the School District from collections of the Educational Sales Tax. Although the Board of Education believes that future financial results will be comparable to, or exceed, those set forth above, certain of the assumptions upon which it presently is relying may not materialize, and unanticipated events and circumstances, such as a recession, may occur that may adversely affect such results.

Enrollment

Set forth below is information concerning enrollment in the School District over the past five school years:

School Year[1]	(PK)	(K)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	Total
2011-2012	518	1,046	1,000	982	1,014	914	959	945	908	915	1,204	910	776	687	12,778
2012-2013	527	1,061	1,007	981	1,007	988	922	952	958	900	1,169	891	734	679	12,776
2013-2014	546	1,091	1,047	976	974	993	970	925	944	956	1,151	847	744	654	12,818
2014-2015	531	1,078	1,102	1,031	1,002	980	1,000	988	935	964	1,198	923	782	654	13,168
2015-2016	524	1,097	1,073	1,038	1,073	996	963	1,000	1,005	950	1,188	1,030	814	623	13,374

[1] Enrollment numbers based on information obtained from the October FTE for each respective school year.
(PK) = Preschool; (K) = Kindergarten. Special education students are mainstreamed throughout K – 12th grades.

Employees, Employee Relations, and Labor Organizations

The School District had approximately 1,875 employees as of June 30, 2016, in the following categories:

Classroom teachers …….	895
Administrators and Supervisors……..	68
Librarians, Guidance Counselors, and Social Workers……..	82
Aides and Clerical Personnel……...	378
Transportation and Maintenance Personnel…….	201
Food Service Personnel and Custodians……..	230
Other…….	21
Total…….....	1,875

There are currently approximately 895 certified personnel serving 13,374 students in the various schools. Specialists are available in the fields of speech, hearing, vision, learning disabilities, emotionally disturbed, physically handicapped, mentally retarded, hospital/homebound, and gifted children. The 2015-2016 pupil-classroom teacher ratio for all schools is 15:1; this does not include non-teaching personnel such as counselors and librarians.

Debt Limitation

State Law. Article IX, Section V, Paragraph I(a) of the Constitution of the State of Georgia provides that the School District may not incur long-term obligations (other than refunding obligations) payable out of general property taxes without the approval of a majority of the qualified voters of the School District voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the School District may not incur long-term obligations payable out of general property taxes in excess of 10% of the assessed value of all taxable property within the School District. Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation, and intergovernmental obligations are not subject to the legal limitations described above.

As computed in the table below, based upon assessed values as of January 1, 2015, the School District could incur, upon necessary voter approval, immediately after the issuance of the Bonds, approximately $361,230,169 of long-term obligations payable out of general property taxes.

Computation of Legal Debt Margin

Gross Tax Digest for the School District as of January 1, 2015	$5,096,639,730
Less M&O Exemptions[1]	(1,048,338,031)
Net M&O Tax Digest	$4,048,301,699
Debt Limit (10% of Net M&O Tax Digest)	$404,830,169
Less Amount of Debt Outstanding, after Issuance of the Bonds, Applicable to Debt Limit	($43,600,000)
Legal Debt Margin	$361,230,169

[1] Based on M&O exemptions. Actual bond exemptions are not available because in past years it has not been necessary for the School District to levy a tax for general obligation debt; debt service on outstanding debt has been paid by the Educational Sales Tax. It is not expected that the amount of bond exemptions would be materially higher than the amount of M&O exemptions.

Source: State of Georgia Department of Revenue.

O.C.G.A. § 20-2-506(a)(4) provides that lease and installment purchase contracts subject to annual appropriation must contain provisions limiting the total combined annual payments for such contracts and intergovernmental contracts in any calendar year to an amount equal to 7.5% of the total local revenue collected for M&O of the School District in the most recently completed fiscal year. Seven and a half percent (7.5%) of the total local revenue collected for maintenance and operation of the School District in fiscal year 2015 was $4,582,440.75 ($61,099,210 x 7.5%) and the School District's total combined annual payments for lease and installment purchase contracts and intergovernmental contracts in calendar year 2016 is $1,308,167.35.

M&O Tax Digest

Set forth below is information concerning the assessed and estimated actual value of taxable property within the School District for the past five calendar years.

	2011	2012	2013	2014	2015
ASSESSED VALUES[1]:					
Residential	$3,650,252,939	$3,269,630,106	$3,209,867,242	$3,272,557,390	$3,374,181,685
Historical	96,040	-0-	-0-	-0-	-0-
Agricultural	5,046,422	4,407,030	4,526,597	4,244,069	4,120,733
Preferential	9,960	9,960	-0-	-0-	-0-
Conservation	23,553,820	23,012,300	22,938,868	24,140,708	23,834,028
Brownfield Property	1,604,880	1,629,880	1,629,880	1,629,880	1,645,440
Forest Land Cons Use	8,623,282	10,823,034	9,279,621	10,783,267	11,511,240
Commercial	828,811,718	716,966,727	703,445,472	735,501,252	715,258,465
Industrial	501,668,918	548,542,615	591,845,869	581,424,251	701,097,380
Utility[2]	88,041,739	96,046,779	101,711,388	108,165,311	106,444,594
Motor Vehicles[3]	196,647,420	204,074,310	216,542,020	195,648,840	140,487,920
Mobile Home[4]	23,869,849	10,431,244	10,380,851	10,708,028	10,610,388
Timber 100%	6,914,909	4,799,335	5,506,043	5,825,579	7,447,357
Heavy Equipment	4,400	4,400	-0-	-0-	500
Gross Tax Digest	$5,535,146,296	$4,890,477,720	$4,877,673,851	$4,950,628,575	$5,096,639,730
Less M&O Exemptions	(843,433,911)	(861,348,369)	(882,989,070)	(898,304,839)	(1,048,338,031)
Net M&O Tax Digest[5]	$4,491,712,385	$4,029,129,351	$3,994,684,781	$4,052,323,736	$4,048,301,699
Estimated Actual Value:	$13,827,493,377	$12,218,995,298	$12,185,925,563	$12,367,833,069	$12,730,428,290

[1] The State requires all counties to assess real estate and personal property at the rate of at least 40% of estimated actual value, with the exception of timber, which is assessed at 100%.

[2] The State of Georgia Property Tax Unit assesses the value of the property of public utilities at the percentage of fair market value used by the County. The Property Tax Unit then divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these figures to the County which bills these taxes to the utilities with the amount of tax for each.

[3] The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State of Georgia assesses the value of motor vehicles at the percentage of fair market value used by the County.

[4] The State of Georgia assesses the value of mobile homes at the percentage of fair market value used by the County.

[5] Total assessed value, after deducting exemptions, for purposes of levying tax for the School District's general obligation bonds.

Source: State of Georgia Department of Revenue, Property Tax Division

Largest Taxpayers

Set forth below is information concerning the largest taxpayers in the School District in calendar year 2015.

Taxpayer	Type of Business	2015 Assessed Value for the School District	Assessed Value as a Percent of 2015 Gross Assessed Values[1]	2015 Taxes Levied for the School District
Brunswick Cellulose Inc.	Manufacturing	$150,153,577	44.64%	$2,426,031.34
Georgia Power Company	Public Utility	73,831,512	21.95%	1,192,895.74
Sea Island Acquisition	Resort/Real Estate	43,113,825	12.82%	696,590.07
Pinova	Manufacturing	21,426,254	6.37%	346,183.99
Exclusive Resorts	Real Estate	15,719,604	4.67%	253,981.64
King & Prince Seafood	Manuf./Seafood	12,814,536	3.81%	207,044.46
Mercedes-Benz USA	Imports	7,660,830	2.28%	123,776.03
Plum Creek	Timber/Real Estate	6,177,532	1.84%	99,810.38
GP Mall LLC	Retail	3,836,884	1.14%	61,992.53
Little St Simons Island	Residential	1,605,138	0.48%	25,934.21
Total:		$336,339,692	100.00%	$5,434,240.39

1 Based on calendar year 2015 Gross Tax Digest of $5,096,639,730

Source: Glynn County Tax Commissioner.

Millage Rates

Set forth below is information concerning the rate of levy of property taxes per $1,000 of assessed value, or millage rates, of the School District, unincorporated and incorporated Glynn County, and the State of Georgia for the past five calendar years.

Millage Rates by Category	2011	2012	2013	2014	2015
State of Georgia	0.250	0.200	0.150	0.100	0.050
County School	15.230	15.230	16.230	16.157	16.157
County Incorporated	5.673	5.673	5.673	5.673	5.673
City of Brunswick	12.719	12.719	12.719	13.219	13.219
Fire District 3,4,5 (Unincorporated)	1.344	1.680	1.680	1.680	1.680
Fire District 2 Rural (Unincorporated)	0.000	0.000	0.000	0.000	0.000
County Unincorporated - Jekyll Island	4.981	4.981	4.981	4.981	4.981
County Unincorporated	5.673	5.673	5.673	5.673	5.673
SSD Sea Island Police	0.224	0.220	0.220	0.220	0.220
SSD Capital Projects	0.250	0.490	0.490	0.490	0.490

Source: State of Georgia Department of Revenue, Local Government Services Division.

M&O Tax Levies and Collections

Glynn County levies M&O taxes on behalf of the School District on January 1 of each year and normally bills said taxes by September. M&O taxes are due and payable on the earlier of November 15th or 60 days after the tax bill is mailed. Set forth below is information concerning total real and personal property tax and public utilities tax collections of the School District reported as of the School District's fiscal years ended June 30, 2011, through June 30, 2015, for the prior calendar year's tax levy. The figures below exclude taxes levied and collected on motor vehicles, mobile homes, heavy equipment and timber.

	2011	2012	2013	2014	2015
Current Year's M&O Tax Levy[1]	$69,819,500.71	$61,174,707.93	$57,081,809.78	$60,458,683.78	$60,486,066.20
Less 2.5% Collection Fee	1,745,487.52	1,529,367.70	1,427,045.24	1,511,467.09	1,512,151.66
Current Year's Net M&O Tax Levy	68,074,013.19	59,645,340.23	55,654,764.54	58,947,216.69	58,973,914.54
Tax Collections Distributed to School District					
Distribution Current Year's Taxes	65,275,615.27	57,596,622.63	53,853,416.18	57,245,109.38	57,798,355.75
Distribution of Prior Year's Taxes	2,469,755.32	1,842,083.22	2,248,693.13	1,642,585.81	1,859,381.96
Total Tax Collections	$67,745,370.59	$59,438,705.85	$56,102,109.31	$58,887,695.19	$59,657,737.71
Current Years' Tax Collections as a Percent of Current Year's Net M&O Tax Levy	96%	97%	97%	97%	98%
Total Tax Collections as a Percent of Current Year's Net M&O Tax Levy	100%	100%	100%	100%	100%
Uncollected Current Year's M&O Property Taxes	$2,798,397.92	$2,048,717.60	$1,801,348.36	$1,702,107.31	$1,175,558.79
Due Date of Taxes	11/15/2011	11/15/2012	11/15/2013	11/15/2014	11/15/2015
Tax Period Begins	01/01/2011	01/01/2012	01/01/2013	01/01/2014	01/01/2015
Tax Period Ends	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015

[1] Current Year's M&O Tax Levy represents the tax levy after errors, omissions and appeals have been deducted from the original bill.

Source: Glynn County Tax Commissioner.

Insurance Coverage. The School District is self-insured for unemployment compensation claims. It carries commercial insurance for risk of loss associated with assets, and has neither significantly reduced coverage for this risk nor incurred losses which exceeded its insurance coverage in the current fiscal year or the past two fiscal years. Automobile coverage with Georgia School Board Association Risk Management Fund is summarized as follows:

AUTOMOBILE	
Bodily Injury:	$500,000 per person / per accident
Property Damage:	$500,000 per accident
Medical:	$5,000 per person
Uninsured Motor Vehicle	$75,000 per accident
SURETY BONDS	
School Superintendent:	$50,000
Drivers Education:	$2,500 per bond

The School District is a participating member of the Georgia School Board Association Risk Management Fund ("**GSBA-RMF**"), an interlocal risk management agency established for Georgia school districts to pool liability and property risks. GSBA-RMF serves as the agent of its members for claims adjustment and administration of the risk sharing pool. GSBA-RMF offers its members risk management services in order to reduce losses. Annual contributions by members are weighted to reflect the exposures of the member, the level of proprietary services offered to the member and the member's claim history. The School District's estimated total contribution for the period from July 1, 2011, to June 30, 2015, was $3,227,261.48. Although protected by reinsurance purchased directly by GSBA-RMF, the solvency of the pool is assured through retained surplus funds and the agreement of its members to be jointly and severally liable for the self-insurance pool's obligations.


GLYNN
SCHOOLS
COUNTY

COMPLIANCE AND INTERNAL CONTROL REPORTS


GLYNN
SCHOOLS
COUNTY

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Superintendent and Members of the
Board of Education of Glynn County, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Glynn County, Georgia (the "District') as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 20, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's control and compliance. Accordingly, this communication is not suitable for any other purpose.

KRT, CPAs P.C.

KRT, CPAs P.C.

Savannah, Georgia
February 20, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITUES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Superintendent and Members of the
Board of Education of Glynn County, Georgia

Report on Compliance for Each Major Federal Program

We have audited the Board of Public Education of Glynn County, Georgia, (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express opinions on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated February 20, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly presented in all material respects in relation to the basic financial statements as a whole.

KRT, CPAs P.C.



Savannah, Georgia
February 20, 2017


GLYNN
SCHOOLS
COUNTY

Glynn County Board of Education

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

Grant Title	CFDA Number	Grantor's Number	Federal Expenditures
U.S. Department of Agriculture			
Pass-Through Georgia Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	556	$ 1,926,423
National School Lunch Program - cash assistance	10.555	556	4,435,621
National School Lunch Program - non-cash assistance	10.555	556	328,683 (1)
Total Child Nutrition Cluster			6,690,727
Total U.S. Department of Agriculture			6,690,727
U.S. Department of Defense			
Direct Program			
Department of the Navy ROTC Program	12.000	n/a	123,316
U.S. Department of Education			
Direct Program			
Impact Aid	84.041	n/a	10,996
Pass-Through Georgia Department of Education			
Special Education Cluster:			
Special Education - Grants to States	84.027	553	2,690,246
Special Education - Preschool Grants	84.173	553	89,079
Total Special Education Cluster			2,779,325
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	551	3,760,411
Total Title I, Part A Cluster			3,760,411
Other Programs:			
Migrant Education - State Grant Program	84.011	628	13,052
Career and Technical Education - Basic Grants to States	84.048	562	124,163
English Language Acquisition Grants	84.365	632	80,782
Improving Teacher Quality State Grants	84.367	630	727,811
Striving Readers Birth to Age 5	84.371	637	101,244
Total U.S. Department of Education			7,597,784
Total Federal Financial Assistance			$ 14,411,827

(1) The amount shown for non-cash assistance represents the Federally assigned value of donated commodities received during the current fiscal year under the USDA Food Distribution program.

Glynn County Board of Education

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Board of Public Education of Glynn County, Georgia (the "District") under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The District has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 – Non-cash Awards

The District received non-cash awards under the National School Lunch Program, CFDA 10.555, in the amount of $328,683 for the year ended June 30, 2016.

I. SCHEDULE OF FINDINGS AND QUESTIONED COSTS

A. SUMMARY OF AUDITORS RESULTS

1. An unmodified opinion, dated February 20, 2017, was issued on the financial statements for the year ended June 30, 2016.
2. The "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards" dated February 20, 2017 disclosed no significant deficiencies or material weaknesses for the year ended June 30, 2016.
3. The "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards" dated February 20, 2017 disclosed no instances of noncompliance for the year ended June 30, 2016.
4. The "Independent Auditor's Report on Compliance for Each Major Federal Program; on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance," dated February 20, 2017 disclosed no significant deficiencies or material weaknesses in internal control over major federal award programs for the year ended June 30, 2016.
5. An unmodified opinion, dated February 20, 2017, was issued on the District's compliance with its major federal programs in the "Independent Auditor's Report on Compliance for Each Major Federal Program; on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance," for the year ended June 30, 2016.
6. No audit findings were disclosed that are required to be reported in accordance with 2 CFR 200.516(a) for the year ended June 30, 2016.
7. The major programs of the District for the year ending June 30, 2016 were as follows:

Name of Federal Program	CFDA Number
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
Striving Readers Birth to Age 5	84.371

8. The dollar threshold used to distinguish between Type A and Type B programs was $750,000.
9. Under Circular A-133, Section .530, the District did qualify as a low-risk auditee.

B. FINDINGS RELATING TO THE FINANCIAL STATEMENTS

The "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards" dated February 20, 2017, disclosed no findings required to be reported in accordance with GAGAS for the year ended June 30, 2016.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

The "Independent Auditor's Report on Compliance for Each Major Federal Program; on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance" dated February 20, 2017, disclosed no findings or questioned costs for Federal awards in accordance with 2 CFR 200.516(a), for the year ended June 30, 2016.

II. STATUS OF PRIOR YEAR AUDIT FINDINGS

No findings were reported relative to Major Federal Award Programs for the year ended June 30, 2015.