REPORT NO. 2013-099
FEBRUARY 2013

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD

Financial, Operational, and Federal Single Audit

For the Fiscal Year Ended
June 30, 2012

STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD MEMBERS AND SUPERINTENDENT

Board members and the Superintendent who served during the 2011-12 fiscal year are listed below:

	District No.
Cloud E. Haley, Vice Chair from 11-22-11	1
Robert B. Clemons	2
Robert G. Rankin, Chair to 11-21-11	3
Julie C. Thomas	4
K. Michelle Carter, Vice Chair to 11-21-11, Chair from 11-22-11	5

Donald A. Thomas, Superintendent

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The audit team leader was Micah E. Rodgers, CPA, and the audit was supervised by Philip B. Ciano, CPA. Please address inquiries regarding this report to Gregory L. Centers, CPA, Audit Manager, by e-mail at gregcenters@aud.state.fl.us or by telephone at (850) 487-9039.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

GILCHRIST COUNTY DISTRICT SCHOOL BOARD
TABLE OF CONTENTS

PAGE NO.

EXECUTIVE SUMMARY i

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS 1

MANAGEMENT'S DISCUSSION AND ANALYSIS 3

BASIC FINANCIAL STATEMENTS

- Statement of Net Assets 9
- Statement of Activities 10
- Balance Sheet – Governmental Funds 12
- Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets 14
- Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 16
- Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 18
- Statement of Fiduciary Assets and Liabilities – Fiduciary Funds 19
- Notes to Financial Statements 20

OTHER REQUIRED SUPPLEMENTARY INFORMATION

- Budgetary Comparison Schedule – General and Major Special Revenue Funds 38
- Schedule of Funding Progress – Other Postemployment Benefits Plan 41
- Notes to Required Supplementary Information 42

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 43

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* 44

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 46

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 48

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS 51

EXHIBIT A MANAGEMENT'S RESPONSE 52

EXECUTIVE SUMMARY

Summary of Report on Financial Statements

Our audit disclosed that the District's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* issued by the Comptroller General of the United States; however, we noted an additional matter as summarized below.

ADDITIONAL MATTER

Finding No. 1: The District did not obtain an actuarial valuation supporting the amount of the reported liability for other postemployment benefits provided by the District.

Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Child Nutrition Cluster and Race-to-the-Top Incentive Grants were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs. However, we did note a noncompliance and control deficiency finding as summarized below.

Federal Awards Finding No. 1: Allocations of salaries and benefits charged to the Child Nutrition Cluster programs were not adequately documented.

Audit Objectives and Scope

Our audit objectives were to determine whether the Gilchrist County District School Board and its officers with administrative and stewardship responsibilities for District operations had:

- **Presented the District's basic financial statements in accordance with generally accepted accounting principles;**
- **Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on a major Federal program;**
- **Established internal controls that promote and encourage: 1) compliance with applicable laws, rules, regulations, contracts, and grant agreements; 2) the economic and efficient operation of the District; 3) the reliability of records and reports; and 4) the safeguarding of District assets;**
- **Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs; and**
- **Taken corrective actions for findings included in our report No. 2012-156.**

The scope of this audit included an examination of the District's basic financial statements and the Schedule of Expenditures of Federal Awards as of and for the fiscal year ended June 30, 2012. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, both in manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent District records in connection with the application of procedures required by auditing standards generally accepted in the United States of America; applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-133.

AUDITOR GENERAL
STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S
REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gilchrist County District School Board, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 63 percent of the assets and 100 percent of the liabilities of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the school internal funds, is based on the report of the other auditors.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, 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 for the Gilchrist County District School Board as of June 30, 2012, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Gilchrist County District School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the

heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, BUDGETARY COMPARISON SCHEDULE - GENERAL AND MAJOR SPECIAL REVENUE FUNDS, SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN**, and **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States Office of Management and Budget (OMB) Circular A-133*, Audits of States, Local Governments, and Non-Profit Organizations*, 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 basic 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 stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



David W. Martin, CPA
January 11, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Gilchrist County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2012. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found immediately following the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2011-12 fiscal year are as follows:

- In total, net assets decreased $2,081,576.51, which represents a 4.61 percent decrease from the 2010-11 fiscal year.
- General revenues total $21,438,474.94, or 92.06 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total $1,849,328.21, or 7.94 percent of all revenues.
- Expenses total $25,369,379.66. Only $1,849,328.21 of these expenses were offset by program specific charges, with the remainder paid from general revenues. Total expenses exceeded total revenues by $2,081,576.51.
- The assigned and unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totaled $1,877,654.12 at June 30, 2012, or 9.51 percent of total General Fund expenditures.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements;
- Fund financial statements; and
- Notes to financial statements.

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting. The statement of net assets provides information about the District's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the District's financial health. The statement of activities presents information about the change in the District's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets is an indication of whether the District's financial health is improving or deteriorating.

All of the District's activities and services are reported in the government-wide financial statements as governmental activities. The District's governmental activities include instruction, pupil support services, instructional support services, administrative support services, facility maintenance, transportation, and food services. Property taxes, State revenues, and Federal revenues finance most of these activities. Additionally, all capital and debt financing activities are reported as governmental activities.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entitywide perspective contained in the government-wide statements. All of the District's funds may be classified within one of the broad categories discussed below.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General Fund, Special Revenue – Food Service Fund, Special Revenue – Other Fund, Special Revenue – Federal Economic Stimulus Fund, and Capital Projects – Local Capital Improvement Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General and major Special Revenue Funds to demonstrate compliance with the budget.

Fiduciary Funds: Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

The District uses agency funds to account for resources held for student activities and groups and to account for the activity of the employee medical and dependent child care reimbursement program.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's net assets as of June 30, 2012, compared to net assets as of June 30, 2011:

Net Assets, End of Year

	Governmental Activities	
	6-30-12	6-30-11
Current and Other Assets	$ 3,131,248.14	$ 4,000,507.65
Capital Assets	41,552,120.24	42,816,820.37
Total Assets	44,683,368.38	46,817,328.02
Long-Term Liabilities	1,442,738.05	1,497,180.98
Other Liabilities	140,140.91	138,081.11
Total Liabilities	1,582,878.96	1,635,262.09
Net Assets:		
Invested in Capital Assets - Net of Related Debt	41,222,120.24	42,395,150.17
Restricted	1,111,467.47	994,873.60
Unrestricted	766,901.71	1,792,042.16
Total Net Assets	$ 43,100,489.42	$ 45,182,065.93

The largest portion of the District's net assets (95.64 percent) reflects its investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The restricted portion of the District's net assets (2.58 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net assets (1.78 percent) may be used to meet the District's ongoing obligations to students, employees, and creditors.

The key elements of the changes in the District's net assets for the fiscal years ended June 30, 2012, and June 30, 2011, are as follows:

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-12	6-30-11
Program Revenues:		
Charges for Services	$ 625,345.43	$ 617,604.73
Operating Grants and Contributions	1,123,599.09	1,041,664.19
Capital Grants and Contributions	100,383.69	299,680.32
General Revenues:		
Property Taxes, Levied for Operational Purposes	4,066,036.81	4,383,924.93
Property Taxes, Levied for Capital Projects	955,030.29	1,014,524.21
Grants and Contributions Not Restricted to Specific Programs	15,904,057.84	18,580,299.33
Unrestricted Investment Earnings	129,713.12	127,240.40
Miscellaneous	383,636.88	455,488.61
Total Revenues	23,287,803.15	26,520,426.72
Functions/Program Expenses:		
Instruction	13,570,722.36	14,765,060.84
Pupil Personnel Services	1,240,823.87	1,487,470.23
Instructional Media Services	219,648.22	267,731.99
Instruction and Curriculum Development Services	572,767.12	570,072.93
Instructional Staff Training Services	89,907.50	102,805.92
Instruction Related Technology	189,859.92	193,000.69
School Board	274,859.73	279,176.10
General Administration	304,494.73	314,426.70
School Administration	1,115,204.23	1,217,919.14
Facilities Acquisition and Construction	176,669.75	206,289.45
Fiscal Services	324,810.83	342,625.79
Food Services	1,557,670.04	1,475,889.26
Central Services	255,137.20	344,117.91
Pupil Transportation Services	1,241,663.19	1,318,845.37
Operation of Plant	1,981,889.49	2,055,741.91
Maintenance of Plant	814,645.54	877,049.62
Administrative Technology Services	29,742.13	12,531.57
Community Services	102.69	
Unallocated Interest on Long-Term Debt	20,405.10	29,308.96
Unallocated Depreciation Expense	1,352,198.59	1,405,744.54
Loss on Disposal of Capital Assets	36,157.43	144,736.03
Total Functions/Program Expenses	25,369,379.66	27,410,544.95
Decrease in Net Assets	$ (2,081,576.51)	$ (890,118.23)

The largest revenue source is the State of Florida (58.12 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula

utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Grants and contributions not restricted to specific programs revenues decreased by $2,676,241.49, or 14.40 percent, primarily due to a decrease in Federal American Recovery and Reinvestment Act (ARRA) and Education Jobs Act funding received through the Florida Department of Education during the 2011-12 fiscal year. This decrease resulted in a corresponding decrease in related expense functions.

Capital grants and contributions revenue decreased by $199,296.63, or 66.50 percent. These revenues are primarily received from the State and are for the acquisition, construction, and maintenance of educational facilities. The decrease in funding is mainly due to the elimination of Public Education and Capital Outlay – Maintenance funding during the 2011-12 fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance was $1,802,737.34, while the total fund balance was $1,985,878.45. The unassigned fund balance decreased by $990,473.04, while the total fund balance decreased by $982,277.91, during the fiscal year. Key factors impacting the change in fund balance are as follows:

- State revenue decreased by $665,715.05, or 4.74 percent, due in part, to Statewide budget reductions.
- Total expenditures increased by $177,257.57, or 0.91 percent, due in part, to a step increase for employee salaries.

The Special Revenue – Food Service Fund, which accounts for all food service activities, had revenues and expenditures of $1,551,737.84 and $1,552,229.56, respectively, and ended the fiscal year with a fund balance of $221,419.18. It should be noted that $45,498.99 of inventory represents the nonspendable fund balance, while the remaining $175,920.19 fund balance is restricted for food service operations.

The Special Revenue – Other Fund accounted for Federal grants administered through the State's cash advance system. This fund accounted for $2,301,656.75 in revenues and expenditures each for the 2011-12 fiscal year. This represents a decrease of $382,639.21 from the previous fiscal year. The decrease was due to a decrease in Federal funding received through the Florida Department of Education.

The Special Revenue – Federal Economic Stimulus Fund is used to account for the Federal projects authorized by ARRA and the Education Jobs Act. This fund had $159,857.70 in revenues and expenditures each for the 2011-12 fiscal year. Revenues and expenditures each decreased $1,627,815 from the previous fiscal year because most Federal stimulus programs expired during the 2010-11 fiscal year.

The Capital Projects – Local Capital Improvement Fund, which accounts for financial resources of the capital improvement tax levy, had revenues and expenditures of $956,655.64 and $325,182.78, respectively, and ended the fiscal year with a fund balance of $613,579.21. Fund balance increased by $237,751.43, primarily as a result of a decrease in transfers out of $515,127.11 from the previous fiscal year. The financial resources are generally restricted for the acquisition, construction, and maintenance of the District's capital assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted revenues and expenditures were in line with the original budgeted amounts. Actual revenues equal the final budgeted amounts while actual expenditures are $187,918.01 less than final budget amounts. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by $187,918.01.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2012, amounts to $41,552,120.24 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software. The District has two elementary schools and two middle/high schools.

Additional information on the District's capital assets can be found in note 4 to the financial statements.

Long-Term Debt

At June 30, 2012, the District had total long-term debt outstanding of $330,000, comprised of State Board of Education bonds. There are two separate bond issues maturing in fiscal years ended 2016 and 2020. These bonds are paid from special State allocations for debt service. During the fiscal year, the retirement of debt amounted to $91,670.20, and the District paid off its capital lease.

Additional information on the District's long-term debt can be found in notes 5 and 6 to the financial statements.

OTHER MATTERS OF SIGNIFICANCE

The Board is carefully monitoring its financial condition in an environment of uncertain State and Federal resources. Student enrollment is becoming more of a concern as projections for the 2012-13 fiscal year reflect a decrease in revenues compared to the 2010-11 fiscal year that included significantly more Federal economic stimulus appropriations. In light of uncertain economic times, the District will continue to closely monitor its financial position. If revenues continue to fall, the administration and Board will be faced with challenges to make changes to keep the District financially sound.

Effective for the 2009-10 fiscal year, the District received Federal economic stimulus appropriations. The intent of these appropriations was to help stabilize State and local government budgets and minimize or avoid reductions in education and other essential public services. Depending on the program, these funds are generally available for only two to three years. The District plans to contend with this revenue shortfall in the 2012-13 fiscal year by using fund balance resources accumulated in previous fiscal years.

REQUESTS FOR INFORMATION

This report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate compliance and accountability for its resources. Questions concerning information provided in the MD&A, other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to David Dose, Director of Finance, 310 NW 11th Avenue, Trenton, Florida 32693.

BASIC FINANCIAL STATEMENTS

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 2,662,320.09
Cash with Fiscal Agent	112,532.91
Investments	13,523.21
Accounts Receivable	4,369.56
Due from Other Agencies	287,003.38
Deposits Receivable	6,000.00
Inventories	45,498.99
Capital Assets:	
Nondepreciable Capital Assets	288,351.13
Depreciable Capital Assets, Net	41,263,769.11
TOTAL ASSETS	$ 44,683,368.38
LIABILITIES	
Payroll Deductions and Withholdings	$ 742.60
Accounts Payable	107,853.78
Deferred Revenue	7,637.01
Estimated Insurance Claims Payable	23,907.52
Long-Term Liabilities:	
Portion Due Within One Year	239,351.03
Portion Due After One Year	1,203,387.02
Total Liabilities	1,582,878.96
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	41,222,120.24
Restricted for:	
State Required Carryover Programs	17,613.30
Debt Service	11,537.57
Capital Projects	772,272.03
Food Service	221,419.18
Insurance	88,625.39
Unrestricted	766,901.71
Total Net Assets	43,100,489.42
TOTAL LIABILITIES AND NET ASSETS	$ 44,683,368.38

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

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

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 Assets: Governmental Activities
Governmental Activities:					
Instruction	$ 13,570,722.36	$ 161,422.00	$	$	$ (13,409,300.36)
Pupil Personnel Services	1,240,823.87				(1,240,823.87)
Instructional Media Services	219,648.22				(219,648.22)
Instruction and Curriculum Development Services	572,767.12				(572,767.12)
Instructional Staff Training Services	89,907.50				(89,907.50)
Instruction Related Technology	189,859.92				(189,859.92)
School Board	274,859.73				(274,859.73)
General Administration	304,494.73				(304,494.73)
School Administration	1,115,204.23				(1,115,204.23)
Facilities Acquisition and Construction	176,669.75			22,338.23	(154,331.52)
Fiscal Services	324,810.83				(324,810.83)
Food Services	1,557,670.04	425,500.44	1,123,599.09		(8,570.51)
Central Services	255,137.20				(255,137.20)
Pupil Transportation Services	1,241,663.19	38,422.99			(1,203,240.20)
Operation of Plant	1,981,889.49				(1,981,889.49)
Maintenance of Plant	814,645.54				(814,645.54)
Administrative Technology Services	29,742.13				(29,742.13)
Community Services	102.69				(102.69)
Unallocated Interest on Long-Term Debt	20,405.10			78,045.46	57,640.36
Unallocated Depreciation Expense*	1,352,198.59				(1,352,198.59)
Loss on Disposal of Capital Assets	36,157.43				(36,157.43)
Total Governmental Activities	$ 25,369,379.66	$ 625,345.43	$ 1,123,599.09	$ 100,383.69	(23,520,051.45)
General Revenues:					
Taxes:					
Property Taxes, Levied for Operational Purposes					4,066,036.81
Property Taxes, Levied for Capital Projects					955,030.29
Grants and Contributions Not Restricted to Specific Programs					15,904,057.84
Unrestricted Investment Earnings					129,713.12
Miscellaneous					383,636.88
Total General Revenues					21,438,474.94
Change in Net Assets					(2,081,576.51)
Net Assets - Beginning					45,182,065.93
Net Assets - Ending					$ 43,100,489.42

* This amount excludes the depreciation that is included in the direct expenses of the various functions.

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

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GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Fund
ASSETS			
Cash and Cash Equivalents	$ 1,716,520.58	$ 170,798.48	$
Cash with Fiscal Agent	112,532.91		
Investments	1,985.64		
Accounts Receivable	4,369.56		
Due from Other Funds	87,506.51		
Due from Other Agencies	145,753.16	40,003.32	58,588.04
Deposits Receivable	6,000.00		
Inventories		45,498.99	
TOTAL ASSETS	$ 2,074,668.36	$ 256,300.79	$ 58,588.04
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payroll Deductions and Withholdings	$ 742.60	$	$
Accounts Payable	64,139.79	27,244.60	9,912.39
Due to Other Funds			48,675.65
Deferred Revenue		7,637.01	
Estimated Insurance Claims Payable	23,907.52		
Total Liabilities	88,789.91	34,881.61	58,588.04
Fund Balances:			
Nonspendable:			
Inventory		45,498.99	
Fund B Investments	1,985.64		
Total Nonspendable Fund Balance	1,985.64	45,498.99	
Restricted for:			
State Required Carryover Programs	17,613.30		
Debt Service			
Capital Projects			
Food Service		175,920.19	
Insurance	88,625.39		
Total Restricted Fund Balance	106,238.69	175,920.19	
Assigned for Other Purposes	74,916.78		
Unassigned Fund Balance	1,802,737.34		
Total Fund Balances	1,985,878.45	221,419.18	
TOTAL LIABILITIES AND FUND BALANCES	$ 2,074,668.36	$ 256,300.79	$ 58,588.04

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

Special Revenue - Federal Economic Stimulus Fund	Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
$	$ 616,308.21	$ 158,692.82	$ 2,662,320.09
			112,532.91
		11,537.57	13,523.21
			4,369.56
			87,506.51
42,658.86			287,003.38
			6,000.00
			45,498.99
$ 42,658.86	$ 616,308.21	$ 170,230.39	$ 3,218,754.65
$	$	$	$ 742.60
3,828.00	2,729.00		107,853.78
38,830.86			87,506.51
			7,637.01
			23,907.52
42,658.86	2,729.00		227,647.42
			45,498.99
			1,985.64
			47,484.63
			17,613.30
		11,537.57	11,537.57
	613,579.21	158,692.82	772,272.03
			175,920.19
			88,625.39
	613,579.21	170,230.39	1,065,968.48
			74,916.78
			1,802,737.34
	613,579.21	170,230.39	2,991,107.23
$ 42,658.86	$ 616,308.21	$ 170,230.39	$ 3,218,754.65

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total Fund Balances - Governmental Funds		$ 2,991,107.23
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		41,552,120.24
Long-term liabilities are not due and payable in the fiscal year and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at fiscal year-end consist of:		
Bonds Payable	$ 330,000.00	
Compensated Absences Payable	705,904.05	
Other Postemployment Benefits Payable	406,834.00	(1,442,738.05)
Total Net Assets - Governmental Activities		$ 43,100,489.42

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

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GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Fund
Revenues			
Intergovernmental:			
Federal Direct	$ 56,710.20	$	$
Federal Through State and Local		1,102,106.09	2,301,656.75
State	13,385,525.19	21,801.00	
Local:			
Property Taxes	4,066,036.81		
Impact Fees			
Charges for Services - Food Service		425,500.44	
Miscellaneous	649,489.96	2,330.31	
Total Local Revenues	4,715,526.77	427,830.75	
Total Revenues	18,157,762.16	1,551,737.84	2,301,656.75
Expenditures			
Current - Education:			
Instruction	11,609,889.89		1,907,351.34
Pupil Personnel Services	1,129,311.82		109,193.90
Instructional Media Services	219,237.68		
Instruction and Curriculum Development Services	405,917.09		122,441.35
Instructional Staff Training Services	8,084.94		50,338.90
Instruction Related Technology	174,100.40		15,411.36
School Board	274,859.73		
General Administration	254,602.10		49,401.44
School Administration	1,112,861.96		
Facilities Acquisition and Construction	26,118.40		
Fiscal Services	324,259.44		
Food Services	4,034.82	1,552,229.56	
Central Services	230,528.47		189.79
Pupil Transportation Services	1,084,266.61		26,762.43
Operation of Plant	1,981,459.00		
Maintenance of Plant	813,915.06		
Administrative Technology Services	29,742.13		
Community Services			102.69
Fixed Capital Outlay:			
Facilities Acquisition and Construction	15,090.00		
Other Capital Outlay	40,444.40		20,463.55
Debt Service:			
Principal			
Interest and Fiscal Charges			
Total Expenditures	19,738,723.94	1,552,229.56	2,301,656.75
Excess (Deficiency) of Revenues Over Expenditures	(1,580,961.78)	(491.72)	
Other Financing Sources (Uses)			
Transfers In	550,000.00		
Insurance Loss Recoveries	48,683.87		
Transfers Out			
Total Other Financing Sources (Uses)	598,683.87		
Net Change in Fund Balances	(982,277.91)	(491.72)	
Fund Balances, Beginning	2,968,156.36	221,910.90	
Fund Balances, Ending	$ 1,985,878.45	$ 221,419.18	$ 0.00

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

Special Revenue - Federal Economic Stimulus Fund	Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
$	$	$	$ 56,710.20
159,857.70			3,563,620.54
		100,383.69	13,507,709.88
	955,030.29		5,021,067.10
		10,687.50	10,687.50
			425,500.44
	1,625.35	378.00	653,823.62
	956,655.64	11,065.50	6,111,078.66
159,857.70	956,655.64	111,449.19	23,239,119.28
28,283.77			13,545,525.00
			1,238,505.72
			219,237.68
43,325.57			571,684.01
31,483.66			89,907.50
			189,511.76
			274,859.73
			304,003.54
			1,112,861.96
	148,662.92	1,888.43	176,669.75
			324,259.44
			1,556,264.38
24,032.04			254,750.30
			1,111,029.04
			1,981,459.00
			813,915.06
			29,742.13
			102.69
	41,588.21		56,678.21
32,732.66	102,439.65		196,080.26
	31,670.20	60,000.00	91,670.20
	821.80	19,583.30	20,405.10
159,857.70	325,182.78	81,471.73	24,159,122.46
	631,472.86	29,977.46	(920,003.18)
			550,000.00
			48,683.87
	(393,721.43)	(156,278.57)	(550,000.00)
	(393,721.43)	(156,278.57)	48,683.87
	237,751.43	(126,301.11)	(871,319.31)
	375,827.78	296,531.50	3,862,426.54
$ 0.00	$ 613,579.21	$ 170,230.39	$ 2,991,107.23

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

Net Change in Fund Balances - Governmental Funds		$ (871,319.31)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds 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 of depreciation expense in excess of capital outlays in the current period:		
Fixed Capital Outlay	$ 252,758.47	
Depreciation Expense	(1,481,301.17)	(1,228,542.70)
The loss on the disposal of capital assets during the current fiscal year is reported in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the year purchased. Thus, the change in net assets differs from the change in fund balance by the undepreciated cost of the disposed assets.		(36,157.43)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments in the current period:		
Principal Payment - Bonds Payable	$ 60,000.00	
Principal Payment - Obligation Under Capital Lease	31,670.20	91,670.20
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences paid in excess of the amount earned in the current fiscal year.		76,400.73
Other postemployment benefits costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net increase in the other postemployment benefits liability for the current fiscal year.		(113,628.00)
Change in Net Assets - Governmental Activities		$ (2,081,576.51)

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

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - FIDUCIARY FUNDS
June 30, 2012

	Agency Funds
ASSETS	
Cash and Cash Equivalents	$ 326,326.27
LIABILITIES	
Accounts Payable	9,890.27
Deposits Payable	6,000.00
Internal Accounts Payable	310,436.00
TOTAL LIABILITIES	$ 326,326.27

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

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The Gilchrist County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Gilchrist County School District (District) is considered part of the Florida system of public education. The governing body of the District is the Board, which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Gilchrist County.

Criteria for determining if other entities are potential component units that should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the District's reporting entity.

Basis of Presentation:

- Government-wide Financial Statements - Government-wide financial statements, i.e., the statement of net assets and the statement of activities, present information about the District as a whole. These statements include the nonfiduciary financial activity of the District.

  Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the District's transportation department is allocated to the pupil transportation services function, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

  Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

  The effects of interfund activity have been eliminated from the government-wide financial statements.

- Fund Financial Statements - Fund financial statements report detailed information about the District in the governmental and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Food Service Fund – to account for the financial resources of the District's food service program.
- Special Revenue – Other Fund – to account for certain Federal grant program resources.
- Special Revenue – Federal Economic Stimulus Fund – to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act (ARRA) and the Education Jobs Act.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.

Additionally, the District reports the following fiduciary fund type:

- Agency Funds – to account for resources of the school internal funds, which are used to administer moneys collected at several schools in connection with school, student athletic, class, and club activities and to account for the District employees' medical and dependent care reimbursement program.

Basis of Accounting. Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide financial statements are prepared using the accrual basis of accounting, as are the fiduciary funds financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 45 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, other postemployment benefits, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in governmental fund financial statements, it is the District's intention to use committed resources first, followed by assigned resources, and then unassigned resources as they are needed.

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Deposits and Investments. The District's cash and cash equivalents are considered to be demand deposits, and short-term, highly liquid investments with original maturities of three months or less. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME, formerly known as the Local Government Surplus Funds Trust Fund Investment Pool.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Investments consist of amounts placed in the SBA debt service accounts for investment of debt service moneys and amounts placed with the SBA for participation in the Florida PRIME and Fund B Surplus Funds Trust Fund (Fund B) investment pools created by Sections 218.405 and 218.417, Florida Statutes. These investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

The District's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.83481105 at June 30, 2012. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within Florida PRIME.

Types and amounts of investments held at fiscal year-end are described in a subsequent note.

Inventories. Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost on the first-in, first-out basis, except that the United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when purchased during the year, and are adjusted at fiscal year-end to reflect year-end physical inventory.

Capital Assets. Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than $1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Improvements Other Than Buildings	15 years
Buildings and Fixed Equipment	50 years
Furniture, Fixtures, and Equipment	5 years
Motor Vehicles	5 - 10 years
Audio Visual Materials and Computer Software	5 years

Current year information relative to changes in capital assets is described in a subsequent note.

Long-Term Liabilities. Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net assets.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements.

Changes in long-term liabilities for the current year are reported in a subsequent note.

State Revenue Sources. Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of the FTE and related data, and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of five months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting the FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The State provides financial assistance to administer certain educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same educational programs. The Department generally requires that these educational program revenues be accounted for in the General Fund. A portion of the fund balance of

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

the General Fund is restricted in the governmental fund financial statements for the balance of categorical and earmarked educational program resources.

A schedule of revenue from State sources for the current year is presented in a subsequent note.

District Property Taxes. The Board is authorized by State law to levy property taxes for district school operations, capital improvements, and debt service.

Property taxes consist of ad valorem taxes on real and personal property within the District. Property values are determined by the Gilchrist County Property Appraiser, and property taxes are collected by the Gilchrist County Tax Collector.

The Board adopted the 2011 tax levy on September 13, 2011. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

Taxes become a lien on the property on January 1, and are delinquent on April 1, of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes, and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Gilchrist County Tax Collector at fiscal year-end but not yet remitted to the District. Millages and taxes levied for the current year are presented in a subsequent note.

Educational Impact Fees. Gilchrist County (County) imposes an educational impact fee based on an ordinance adopted by the County Commission in 2005. The educational impact fee is collected by the County for most new residential construction. The fees are collected by the County and each municipality within the County based on an interlocal agreement. The fees shall be used solely for the purpose of providing capital improvements to the public educational system necessitated by new residential development, and shall not be used for any expenditure that would be classified as a maintenance or repair expense. The authorized uses include, but are not limited to, land acquisition; facility design and construction costs; furniture and equipment; and payment of principal, interest, and related costs of indebtedness necessitated by new residential development.

Federal Revenue Sources. The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

Budgetary Information. The Board follows procedures established by State statutes and State Board of Education rules in establishing budget balances for governmental funds, as described below:

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

3. INVESTMENTS

As of June 30, 2012, the District has the following investments and maturities:

Investments	Maturities	Fair Value
SBA:		
Florida PRIME (1)	38 Day Average	$ 2,623,993.77
Fund B	5.73 Year Average	1,985.64
Debt Service Accounts	6 Months	11,537.57
Total Investments, Reporting Entity		$ 2,637,516.98

Note: (1) This investment is reported as a cash equivalent for financial statement reporting purposes.

- Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair 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 from increasing interest rates.

Florida PRIME had a weighted average days to maturity (WAM) of 38 days at June 30, 2012. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

Due to the nature of the securities in Fund B, the interest rate risk information required by GASB Statement No. 40 (i.e., specific identification, duration, weighted average maturity, segmented time distribution, or simulation model) is not available. An estimate of the weighted average life (WAL) is available. In the calculation of the WAL, the time at which an expected principal amount is to be received, measured in years, is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. At June 30, 2012, based on expected future cash flows, the WAL of Fund B is estimated at 5.73 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the WAL. Participation in Fund B is involuntary.

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

- Credit Risk

  Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the SBA's Florida PRIME, or any other intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District's investment policy limits investments to United States Treasury securities, certificates of deposit in State qualified public depositories, as well as the Local Government Surplus Funds Trust Fund.

  The District's investments in the SBA debt service accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate risk and credit risk for this account.

  The District's investment in Florida PRIME is rated AAAm by Standard & Poor's. Fund B is unrated.

4. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	$ 288,351.13	$	$	$ 288,351.13
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	1,916,736.55	51,690.21	775.00	1,967,651.76
Buildings and Fixed Equipment	57,266,899.25		71,239.86	57,195,659.39
Furniture, Fixtures, and Equipment	2,229,045.38	109,189.26	320,996.17	2,017,238.47
Motor Vehicles	2,429,095.00	91,879.00	850.00	2,520,124.00
Property Under Capital Lease (1)	227,858.19		227,858.19	
Audio Visual Materials and Computer Software	593,078.53	227,858.19	220,415.18	600,521.54
Total Capital Assets Being Depreciated	64,662,712.90	480,616.66	842,134.40	64,301,195.16
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	1,575,393.67	74,161.16	775.00	1,648,779.83
Buildings and Fixed Equipment	16,082,459.63	1,143,307.51	35,284.43	17,190,482.71
Furniture, Fixtures, and Equipment	1,982,325.65	89,158.28	320,794.17	1,750,689.76
Motor Vehicles	1,809,842.90	129,102.58	850.00	1,938,095.48
Property Under Capital Lease (1)	91,143.28		91,143.28	
Audio Visual Materials and Computer Software	593,078.53	136,714.92	220,415.18	509,378.27
Total Accumulated Depreciation	22,134,243.66	1,572,444.45	669,262.06	23,037,426.05
Total Capital Assets Being Depreciated, Net	42,528,469.24	(1,091,827.79)	172,872.34	41,263,769.11
Governmental Activities Capital Assets, Net	$ 42,816,820.37	$ (1,091,827.79)	$ 172,872.34	$ 41,552,120.24

Note: (1) During the 2011-12 fiscal year, property under capital lease was paid off and the asset and related accumulated depreciation were reclassified as audio visual materials and computer software. As a result, capital asset additions exceed fixed capital outlay expenditures on the statement of revenues, expenditures, and changes in fund balances by $227,858.19, and additions to accumulated depreciation exceed depreciation expense on the statement of activities by $91,143.28.

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Pupil Transportation Services	$ 129,102.58
Unallocated	1,352,198.59
Total Depreciation Expense - Governmental Activities	$ 1,481,301.17

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

5. BONDS PAYABLE

Bonds payable at June 30, 2012, are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:			
Series 2005A	$ 240,000	5.0	2016
Series 2005B, Refunding	90,000	5.0	2020
Total Bonds Payable	$ 330,000		

These bonds were issued by the State Board of Education on behalf of the District to finance capital outlay projects of the District. The bonds mature serially, and are secured by a pledge of the District's portion of the State-assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2012, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2013	$ 81,500	$ 65,000	$ 16,500
2014	78,250	65,000	13,250
2015	80,000	70,000	10,000
2016	81,500	75,000	6,500
2017	12,750	10,000	2,750
2018-2020	49,500	45,000	4,500
Total	$ 383,500	$ 330,000	$ 53,500

6. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Obligation Under Capital Lease	$ 31,670.20	$	$ 31,670.20	$	$
Bonds Payable	390,000.00		60,000.00	330,000.00	65,000.00
Compensated Absences Payable	782,304.78	97,950.30	174,351.03	705,904.05	174,351.03
Other Postemployment Benefits Payable	293,206.00	177,909.00	64,281.00	406,834.00	
Total Governmental Activities	$ 1,497,180.98	$ 275,859.30	$ 330,302.23	$ 1,442,738.05	$ 239,351.03

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

For the governmental activities, compensated absences and other postemployment benefits are generally liquidated with resources of the General Fund.

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following is a summary of interfund receivables and payables reported in the fund financial statements:

Funds	Interfund	
	Receivables	Payables
Major:		
General	$87,506.51	$
Special Revenue:		
Other		48,675.65
Federal Economic Stimulus		38,830.86
Total	$87,506.51	$87,506.51

The receivables in the General Fund were established for payments of Special Revenue – Other Fund and Special Revenue – Federal Economic Stimulus Fund obligations, prior to receipt of funding from the grantor agency. These amounts are expected to be repaid within one year.

The following is a summary of interfund transfers reported in the fund financial statements:

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	$550,000.00	$
Capital Projects:		
Local Capital Improvement		393,721.43
Nonmajor Governmental		156,278.57
Total	$550,000.00	$550,000.00

Interfund transfers represent the permanent transfer of moneys between funds. The transfers from the Capital Projects – Local Capital Improvement Fund and nonmajor governmental funds were to reimburse the General Fund for allowable expenditures for property and casualty insurance, and for maintenance-related salaries and expenditures.

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

8. FUND BALANCE REPORTING

The District reports its governmental fund balances in the following categories, as applicable:

- Nonspendable

  The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash.

- Restricted

  The portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance. The District classifies most of its fund balances other than General Fund as restricted, as well as unspent State categorical and earmarked educational funding and amounts restricted for insurance reported in the General Fund, that are legally or otherwise restricted.

- Committed

  The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority (i.e., the Board). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to previously commit the amounts. The District did not have any committed fund balances at June 30, 2012.

- Assigned

  The portion of fund balance that is intended to be used for specific purposes, but is neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as nonspendable, restricted, or committed. The District also classifies amounts as assigned that are constrained to be used for specific purposes based on actions of the Board and not included in other categories.

- Unassigned

  The portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

9. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue sources for the 2011-12 fiscal year:

Source	Amount
Florida Education Finance Program	$ 10,341,114.71
Categorical Educational Programs - Class Size Reduction	2,813,188.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	100,383.69
Food Service Supplement	21,493.00
Mobile Home License Tax	17,779.32
Miscellaneous	213,751.16
Total	$ 13,507,709.88

Accounting policies relating to certain State revenue sources are described in Note 1.

10. PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2011 tax roll for the 2011-12 fiscal year:

	Millages	Taxes Levied
GENERAL FUND		
Nonvoted School Tax:		
Required Local Effort	5.640	$ 3,695,517.60
Basic Discretionary Local Effort	0.748	490,114.75
CAPITAL PROJECTS FUNDS		
Nonvoted Tax:		
Local Capital Improvements	1.500	982,850.43
Total	7.888	$ 5,168,482.78

11. FLORIDA RETIREMENT SYSTEM

Essentially all regular employees of the District are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2011-12 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	4.91
Florida Retirement System, Elected County Officers	3.00	11.14
Florida Retirement System, Senior Management Service	3.00	6.27
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	4.42
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.

(B) Contribution rates are dependent upon retirement class in which reemployed.

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions including employee contributions for the fiscal year ended June 30, 2010, June 30, 2011, and June 30, 2012, totaled $1,361,679.59, $1,384,898.80, and $914,545.53, respectively, which were equal to the required contributions for each fiscal year.

There were 43 District participants in the Investment Plan during the 2011-12 fiscal year. Required District and employee contributions to the Investment Plan totaled $96,518.49 and $54,023.24, respectively, which were equal to the required contributions for the 2011-12 fiscal year.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

12. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical, prescription drug, dental, and vision coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The District does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB Plan does not issue a stand-alone report, and is not included in the report of a public employee retirement system or other entity.

Funding Policy. Plan contribution requirements of the District and OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the 2011-12 fiscal year, 30 retirees received other postemployment benefits. The District provided required contributions of $64,281 toward the annual OPEB cost, net of retiree contributions totaling $155,791.06, which represents 1.4 percent of covered payroll.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC). The District has elected to calculate the ARC and related information using the same assumptions as the June 30, 2008, actuarial study. The ARC 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 over a period not to exceed 30 years. The following table shows the District's annual OPEB

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

cost for the fiscal year, the amount actually contributed to the OPEB Plan, and changes in the District's net OPEB obligation:

Description	Amount
Normal Cost (service cost for one year)	$ 92,581
Amortization of Unfunded Actuarial Accrued Liability	73,600
Annual Required Contribution	166,181
Interest on Net OPEB Obligation	11,728
Annual OPEB Cost (Expense)	177,909
Contribution Toward the OPEB Cost	(64,281)
Increase in Net OPEB Obligation	113,628
Net OPEB Obligation, Beginning of Year	293,206
Net OPEB Obligation, End of Year	$406,834

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation as of June 30, 2012, and the two preceding years, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009-10	$ 160,030	40.2%	$ 187,372
2010-11	170,115	37.8%	293,206
2011-12	177,909	36.1%	406,834

Funded Status and Funding Progress. As of June 30, 2008, the most recent valuation date, the actuarial accrued liability for benefits was $1,272,697, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $1,272,697 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was $11,371,290, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 11.2 percent.

Actuarial valuations of an ongoing OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to financial statements presents multiyear trend information about whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District's OPEB actuarial valuation as of June 30, 2008, used the projected unit credit actuarial cost method to estimate the unfunded actuarial liability as of June 30, 2009, and the District's 2008-09 fiscal year annual required contribution. The District used the same assumptions as the actuary for the determination of the estimated unfunded actuarial liability as of June 30, 2012, and the District's 2011-12 annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets. The actuarial assumptions also included an annual healthcare cost trend rate of 10 percent initially for the 2008-09 fiscal year, downgraded to 5 percent over 20 years. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2012, was 26 years.

13. SIGNIFICANT COMMITMENTS

Encumbrances. Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2012:

Major Funds						
General	Special Revenue - Food Service	Special Revenue - Other	Special Revenue - Federal Economic Stimulus	Capital Projects - Local Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
$74,916.78	$ 15,008.33	$ 0.00	$44,918.65	$ 765.00	$ 0.00	$135,608.76

14. RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Gilchrist County District School Board is a member of the North East Florida Educational Consortium (NEFEC) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members of the Consortium. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. NEFEC is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

NEFEC is composed of superintendents of all participating districts. The Putnam County District School Board serves as fiscal agent for NEFEC.

The District also participates in an employee group dental, vision, life, and short-term disability insurance program administered through NEFEC. Premiums charged to the districts are based on each individual district's claims experience, and the program operates as an individually-funded plan by each participating district with shared administrative costs and a pooling of plan assets for working capital.

Health and hospitalization coverage is being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

The following schedule represents the changes in claims liability for the past two fiscal years for the District's self-insurance program:

Fiscal Year	Beginning-of-Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2010-11	$ 22,991.23	$ 184,333.30	$ (182,603.08)	$ 24,721.45
2011-12	24,721.45	161,372.13	(162,186.06)	23,907.52

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2012

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Direct	$ 57,000.00	$ 56,710.20	$ 56,710.20	$
Federal Through State and Local				
State	13,823,356.58	13,385,525.19	13,385,525.19	
Local:				
Property Taxes	4,105,843.00	4,066,036.81	4,066,036.81	
Charges for Services - Food Service				
Miscellaneous	287,905.00	649,489.96	649,489.96	
Total Local Revenues	4,393,748.00	4,715,526.77	4,715,526.77	
Total Revenues	18,274,104.58	18,157,762.16	18,157,762.16	
Expenditures				
Current - Education:				
Instruction	12,213,188.12	11,665,934.84	11,609,889.89	56,044.95
Pupil Personnel Services	1,228,277.83	1,136,441.81	1,129,311.82	7,129.99
Instructional Media Services	255,977.31	223,281.54	219,237.68	4,043.86
Instruction and Curriculum Development Services	405,198.00	407,297.62	405,917.09	1,380.53
Instructional Staff Training Services	18,794.00	19,907.09	8,084.94	11,822.15
Instruction Related Technology	189,081.47	177,725.80	174,100.40	3,625.40
School Board	262,636.49	276,238.40	274,859.73	1,378.67
General Administration	242,558.27	256,539.38	254,602.10	1,937.28
School Administration	1,121,147.41	1,129,370.29	1,112,861.96	16,508.33
Facilities Acquisition and Construction	893.00	26,118.40	26,118.40	
Fiscal Services	322,327.50	324,372.65	324,259.44	113.21
Food Services	3,593.00	4,048.42	4,034.82	13.60
Central Services	239,348.43	233,497.36	230,528.47	2,968.89
Pupil Transportation Services	1,102,843.00	1,101,952.34	1,084,266.61	17,685.73
Operation of Plant	2,152,891.72	1,991,508.89	1,981,459.00	10,049.89
Maintenance of Plant	852,062.00	865,218.93	813,915.06	51,303.87
Administrative Technology Services	6,643.00	29,742.13	29,742.13	
Community Services				
Fixed Capital Outlay:				
Facilities Acquisition and Construction		16,163.61	15,090.00	1,073.61
Other Capital Outlay		41,282.45	40,444.40	838.05
Total Expenditures	20,617,460.55	19,926,641.95	19,738,723.94	187,918.01
Excess (Deficiency) of Revenues Over Expenditures	(2,343,355.97)	(1,768,879.79)	(1,580,961.78)	187,918.01
Other Financing Sources				
Transfers In	550,000.00	550,000.00	550,000.00	
Insurance Loss Recoveries		48,683.87	48,683.87	
Total Other Financing Sources	550,000.00	598,683.87	598,683.87	
Net Change in Fund Balances	(1,793,355.97)	(1,170,195.92)	(982,277.91)	187,918.01
Fund Balances, Beginning	2,968,156.36	2,968,156.36	2,968,156.36	
Fund Balances, Ending	$ 1,174,800.39	$ 1,797,960.44	$ 1,985,878.45	$ 187,918.01

Special Revenue - Food Service Fund				Special Revenue - Other Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
$	$	$	$	$ 781,989.00	$ 2,668,598.54	$ 2,301,656.75	$ (366,941.79)
1,020,000.00	1,102,106.09	1,102,106.09					
23,700.00	21,801.00	21,801.00					
452,620.00	425,500.44	425,500.44					
	2,330.31	2,330.31					
452,620.00	427,830.75	427,830.75					
1,496,320.00	1,551,737.84	1,551,737.84		781,989.00	2,668,598.54	2,301,656.75	(366,941.79)
				633,731.00	2,178,964.79	1,907,351.34	271,613.45
				11,901.00	147,747.91	109,193.90	38,554.01
				26,800.00	124,246.88	122,441.35	1,805.53
				41,621.00	79,137.69	50,338.90	28,798.79
					15,411.36	15,411.36	
				36,073.00	60,066.77	49,401.44	10,665.33
1,517,555.00	1,595,136.48	1,552,229.56	42,906.92				
				1,856.00	7,600.00	189.79	7,410.21
				30,007.00	26,819.95	26,762.43	57.52
					200.00	102.69	97.31
					28,403.19	20,463.55	7,939.64
1,517,555.00	1,595,136.48	1,552,229.56	42,906.92	781,989.00	2,668,598.54	2,301,656.75	366,941.79
(21,235.00)	(43,398.64)	(491.72)	42,906.92				
(21,235.00)	(43,398.64)	(491.72)	42,906.92				
221,910.90	221,910.90	221,910.90					
$ 200,675.90	$ 178,512.26	$ 221,419.18	$ 42,906.92	$ 0.00	$ 0.00	$ 0.00	$ 0.00

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
GENERAL AND MAJOR SPECIAL REVENUE FUNDS (Continued)
For the Fiscal Year Ended June 30, 2012

	Special Revenue - Federal Economic Stimulus Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Direct	$	$	$	$
Federal Through State and Local		317,613.39	159,857.70	(157,755.69)
State				
Local:				
Property Taxes				
Charges for Services - Food Service				
Miscellaneous				
Total Local Revenues				
Total Revenues		317,613.39	159,857.70	(157,755.69)
Expenditures				
Current - Education:				
Instruction		87,075.39	28,283.77	58,791.62
Pupil Personnel Services				
Instructional Media Services				
Instruction and Curriculum Development Services		52,102.80	43,325.57	8,777.23
Instructional Staff Training Services		68,081.47	31,483.66	36,597.81
Instruction Related Technology		3,802.93		3,802.93
School Board				
General Administration				
School Administration				
Facilities Acquisition and Construction				
Fiscal Services				
Food Services				
Central Services		62,900.80	24,032.04	38,868.76
Pupil Transportation Services				
Operation of Plant				
Maintenance of Plant				
Administrative Technology Services				
Community Services				
Fixed Capital Outlay:				
Facilities Acquisition and Construction				
Other Capital Outlay		43,650.00	32,732.66	10,917.34
Total Expenditures		317,613.39	159,857.70	157,755.69
Excess (Deficiency) of Revenues Over Expenditures				
Other Financing Sources				
Transfers In				
Insurance Loss Recoveries				
Total Other Financing Sources				
Net Change in Fund Balances				
Fund Balances, Beginning				
Fund Balances, Ending	$ 0.00	$ 0.00	$ 0.00	$ 0.00

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (1) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
June 30, 2008	$ 0	$ 1,272,697	$ 1,272,697	0.0%	$ 11,371,290	11.2%

Note (1): The District did not obtain an actuarial valuation to support the other postemployment benefits liability reported at June 30, 2012. However, the District's OPEB actuarial valuation dated June 30, 2008, used the projected unit credit cost method to estimate the actuarial accrued liability.

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

1. BUDGETARY BASIS OF ACCOUNTING

Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
United States Department of Agriculture:			
Indirect:			
Child Nutrition Cluster:			
Florida Department of Education:			
School Breakfast Program	10.553	321	$ 87,715.83
National School Lunch Program	10.555	300, 350	275,951.99
Summer Food Service Program for Children	10.559	323	23,861.34
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	321	157,301.61
National School Lunch Program	10.555 (2)(A)	300, 350	557,809.73
Summer Food Service Program for Children	10.559	323	13,681.80
Total United States Department of Agriculture			1,116,322.30
United States Department of Education:			
Indirect:			
Special Education Cluster:			
Florida Department of Education:			
Special Education - Grants to States	84.027	263	562,317.46
Special Education - Preschool Grants	84.173	267	33,615.09
Marion County District School Board:			
Special Education - Grants to States	84.027	None	10,422.00
Special Education - Preschool Grants	84.173	None	2,700.00
Total Special Education Cluster			609,054.55
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212, 222, 226, 228	664,946.58
Career and Technical Education - Basic Grants to States	84.048	161	58,929.13
Twenty-First Century Community Learning Centers	84.287	244	767,006.32
Education Technology State Grants	84.318	122	44,832.59
Rural Education	84.358	110	36,304.99
Improving Teacher Quality State Grants	84.367	224	133,704.59
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	127	8,303.40
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	RL111, RD211	136,827.86
Education Jobs Fund	84.410	541	7,581.00
Putnam County District School Board:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397 (2)(B)	None	7,145.44
Total United States Department of Education			2,474,636.45
United States Department of Defense:			
Direct:			
Army Junior Reserve Officers Training Corps	None	N/A	56,710.20
Total Expenditures of Federal Awards			$ 3,647,668.95

Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

(2) Noncash Assistance:

(A) National School Lunch Program - Includes $94,307.42 of donated foods used during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

(B) State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act - Represents instructional materials purchased with Federal moneys and donated to the District during the fiscal year.

AUDITOR GENERAL
STATE OF FLORIDA

DAVID W. MARTIN, CPA
AUDITOR GENERAL

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

PHONE: 850-488-5534
FAX: 850-488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gilchrist County District School Board as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the basic financial statements includes a reference to other auditors. 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. Other auditors audited the financial statements of the school internal funds, as described in our report on the Gilchrist County District School Board's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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, rules, 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*.

We noted certain additional matters that are discussed in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report.

Management's response to the findings described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report is included as Exhibit A. We did not audit management's response and, accordingly, we express no opinion on it.

Our **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA
January 11, 2013

AUDITOR GENERAL
STATE OF FLORIDA

DAVID W. MARTIN, CPA
AUDITOR GENERAL

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the Gilchrist County District School Board's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2012. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of District management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding No. 1.

Internal Control Over Compliance

District management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding No. 1. A *significant deficiency in internal control over compliance* is a deficiency, or 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.

Management's response to the findings described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report is included as Exhibit A. We did not audit management's response and, accordingly, we express no opinion on the response.

Restricted Purpose Relating to Testing of Internal Control Over Compliance

The purpose of the provisions of this report addressing internal control over compliance is solely to describe the scope of our testing of internal control over compliance with the requirements that could have a direct and material effect on a major Federal program, and the results of that testing, and not to provide an opinion on the effectiveness of internal control over compliance. These provisions of our report are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Circular A-133 in considering the entity's internal control over compliance. Accordingly, these provisions of our report are not suitable for any other purpose.

Respectfully submitted,



David W. Martin, CPA
January 11, 2013

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	Yes
Type of report the auditor issued on compliance for major programs:	Unqualified for all major programs
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	Yes
Identification of major programs:	Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559) and State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants (CFDA No. 84.395 - ARRA)
Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	Yes

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

ADDITIONAL MATTER

Finding No. 1: Actuary Valuation

Generally accepted accounting principles (GAAP) require the District to report an OPEB liability for its coverage of retired employees who continue to receive health benefits offered by the District, and note disclosures to describe the OPEB plan, funding status and progress, and actuarial methods and assumptions. GAAP further require that the District obtain an actuarial valuation of its OPEB plan at least biennially since, at June 30, 2012, its plan had 312 plan members, exceeding the minimum 200-member plan requirement for the actuarial study. In addition, according to GAAP, certain Actuarial Standards of Practice (ASOPs) must guide preparation of the actuarial study. For example, Section 3.1.5 of the *Introduction to the Actuarial Standards of Practice, October 2008*, provides, in part, that actuarial standards should be used by actuaries who have the necessary education and experience to understand and apply them, and other individuals should consider obtaining the advice of a qualified actuary before making use of or otherwise relying upon ASOPs.

As of October 2012, the most recent actuary study obtained by the District contained an OPEB liability valuation date of June 30, 2008; however, contrary to GAAP, the District did not obtain an updated actuarial valuation for the OPEB liability reported at June 30, 2012. The District paid $4,650 for the June 30, 2008, actuary study and, as a cost savings measure due to budget constraints, District personnel applied the same assumptions used by the actuary to compute the June 30, 2012, liability of $406,834. District personnel initially estimated that the actuary study would have cost over $13,000 for the June 30, 2012, liability; however, in November 2012, the District received an estimate of $2,500 for the study. While the June 30, 2012, liability increased $113,628 over the prior fiscal year, the difference between the reported amount and the amount that would have been reported based on an actuarially-prepared study does not appear quantitatively material to total net assets of $43 million based on our analytical comparison with other similarly-sized districts. However, there is an increased need for the District to obtain an actuarially-prepared study as OPEB amounts rise in future years due to the cumulative nature of this expense and related liability. A similar finding was noted in our report No. 2012-156.

Recommendation: The District should obtain an actuarial valuation of its OPEB plan biennially in accordance with GAAP.

FEDERAL AWARDS FINDING

Federal Awards Finding No. 1:
Federal Agency: United States Department of Agriculture
Pass-Through Entities: Florida Department of Education and Florida Department of Agriculture and Consumer Services
Program: Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559)
Finding Type: Noncompliance and Significant Deficiency
Questioned Costs: Not Applicable

Allowable Costs/Cost Principles – Documentation of Time and Effort. United States Office of Management and Budget Circular A-87 requires that charges to Federal awards for salaries and wages be based on payrolls documented in accordance with generally accepted practices of the governmental unit and approved by a responsible official of the governmental unit. Where employees are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by monthly personnel activity reports or equivalent documentation. These reports must reflect an after-the-fact distribution of the actual activity of each employee and must be signed by the employee.

For the 2011-12 fiscal year, the District reported $709,000 of expenditures for salaries and benefits for Child Nutrition Cluster programs. Our tests of salaries and benefits expenditures totaling $202,000 for five employees disclosed that the programs funded the salaries and benefits of one employee 50 percent or $19,100; however, because of an oversight, the District did not maintain the required personnel activity reports or equivalent documentation to evidence the actual time that the employee devoted to program activities. Subsequent to our inquiry in September 2012, the employee signed a confirmation to evidence that the salaries and benefits charged to the program were correct.

When Federally-funded employees do not delineate their job responsibilities and work activities by maintaining required personnel activity reports or equivalent documentation, there is an increased risk that personnel costs may be inappropriately charged to a Federal program.

Recommendation: The District should enhance its procedures to ensure that employees who work on multiple activities or cost objectives maintain required personnel activity reports or equivalent documentation to support salary and benefit expenditures charged to Child Nutrition Cluster programs.

District Contact Person: Danna Tucker, Director of Food Services

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2012-156, except that current Finding No. 1 was also noted as Finding No. 1 in our report No. 2012-156.

MANAGEMENT'S RESPONSE

Management's response is included as Exhibit A.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012

Listed below is the District's summary of the status of prior audit findings on Federal programs:

Audit Report No. and Federal Awards Finding No.	Program/Area	Brief Description	Status	Comments
2012-156		There were no prior Federal audit findings.		

EXHIBIT A
MANAGEMENT'S RESPONSE

GCSD
GILCHRIST COUNTY SCHOOL DISTRICT
Fulfilling Every Student's Potential

Superintendent Rob Rankin

310 NW 11th Avenue, Trenton, FL 32693
Phone: 352-463-3200
Fax: 352-463-3276

http://gilchristschools.org

December 19, 2012

Mr. David W. Martin, Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin,

On behalf of the Gilchrist County School Board let me thank you for your staffs' work in the preparation of this audit. Please accept this response for the findings noted in your report.

Finding No. 1: Actuarial Valuation – The District is in receipt of an OPEB actuarial valuation done through Willis of Wisconsin, Inc.

Finding No. 2: Documentation of Time and Effort – The District has implemented changes in procedures to ensure that time and effort records are being maintained.

Once again, thank you for all you do.

Sincerely,

Rob Rankin
Superintendent of Schools