STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2020-166
March 2020

GILCHRIST COUNTY
DISTRICT SCHOOL BOARD

For the Fiscal Year Ended
June 30, 2019



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2018-19 fiscal year, Robert G. Rankin served as Superintendent of the Gilchrist County Schools and the following individuals served as School Board Members:

	District No.
Christie McElroy, Vice Chair	1
Susan Owens	2
Michelle Walker-Crawford	3
Gina Geiger	4
D. Deen Lancaster, Chair	5

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 team leader was Steve Kwon, CPA, and the audit was supervised by Denita K. Tyre, CPA.

Please address inquiries regarding this report to Edward A. Waller, CPA, Audit Manager by e-mail at tedwaller@aud.state.fl.us or by telephone at (850) 412-2887.

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

GILCHRIST COUNTY DISTRICT SCHOOL BOARD

TABLE OF CONTENTS

	Page No.
SUMMARY	i
INDEPENDENT AUDITOR'S REPORT	
Report on the Financial Statements	1
Other Reporting Required by *Government Auditing Standards*	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	13
Statement of Activities	14
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	22
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	23
Notes to Financial Statements	24
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General and Major Special Revenue Funds	50
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	52
Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan	52
Schedule of District Contributions – Florida Retirement System Pension Plan	52
Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan	53
Schedule of District Contributions – Health Insurance Subsidy Pension Plan	53
Notes to Required Supplementary Information	53
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	56
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	58

GILCHRIST COUNTY DISTRICT SCHOOL BOARD

TABLE OF CONTENTS (CONTINUED)

	Page No.
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	61
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	64
ADDITIONAL MATTER	67
PRIOR AUDIT FOLLOW-UP	69
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	70
CORRECTIVE ACTION PLAN	71

SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statement of the Gilchrist County District School Board (District) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

We noted a certain matter involving the District's internal control over financial reporting and its operation that we consider to be a significant deficiency, as summarized below. However, this significant deficiency is not considered to be a material weakness.

Significant Deficiency

Finding No. 2019-001: An inadequate separation of duties continues to exist as the Director of Finance who had primary responsibility for monitoring District financial activities also served as District security administrator and, thereby, had full update capability to computer files.

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 a certain additional matter as summarized below.

Additional Matter

Finding AM 2019-001: District accountability over school internal funds continues to be deficient.

SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Child Nutrition Cluster was audited as a major Federal program. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on the Child Nutrition Cluster.

AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to determine whether the 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 the District's major Federal program;
- 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 program; and

- Taken corrective actions for findings included in our report No. 2019-181.

The scope of this audit included an examination of the District's basic financial statements and the accompanying Schedule of Expenditures of Federal Awards, as of and for the fiscal year ended June 30, 2019. 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, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

AUDIT METHODOLOGY

We conducted our audit in accordance with 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

Phone: (850) 412-2722
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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gilchrist County District School Board, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statement of the school internal funds, which represents 41 percent and 70 percent, respectively, of the assets and liabilities of the aggregate remaining fund information. The statement was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the school internal funds, is based solely 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 from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of 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 of the Gilchrist County District School Board, as of June 30, 2019, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Budgetary Comparison Schedule – General and Major Special Revenue Funds**, **Schedule of Changes in the District's Total OPEB Liability and Related Ratios**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying 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 accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020, on our consideration of the District'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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 17, 2020

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, 2019. 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 2018-19 fiscal year are as follows:

- As of June 30, 2019, the assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by $22,501,710.03 (net position).
- In total, net position decreased $1,323,365.88, which represents a 5.6 percent decrease from the 2017-18 fiscal year.
- General revenues total $26,967,622.67, or 90.3 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total $2,885,937.71, or 9.7 percent of all revenues.
- Expenses total $31,176,926.26. Only $2,885,937.71 of these expenses was offset by program specific revenues, with the remainder paid from general revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals $1,183,216.62, which is $346,761.45 more than the prior fiscal year balance. The General Fund assigned and unassigned fund balances total $815,489.72, or 3.5 percent of total General Fund revenues.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to financial statements. This report also includes supplementary information intended to furnish additional details to support the basic 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 position 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 position provides information about the District's financial position, its assets, liabilities, and deferred inflows/outflows of resources, using an economic resources measurement focus. Assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, equals net position, which is a measure of the District's financial health. The statement of activities presents information about the change in the District's net position, the results of operations, during the fiscal year. An increase or decrease in net position 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, student support

services, instructional support services, administrative support services, facility maintenance, transportation, and food services. Property taxes and State 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, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and 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, Capital Projects – Public Education Capital Outlay 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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's other postemployment benefits and net pension liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. The following is a summary of the District's net position as of June 30, 2019, compared to net position as of June 30, 2018:

Net Position, End of Year

	Governmental Activities	
	6-30-19	**6-30-18**
Current and Other Assets	$ 5,179,051.92	$ 2,705,508.26
Capital Assets	33,565,539.12	34,291,580.24
Total Assets	38,744,591.04	36,997,088.50
Deferred Outflows of Resources	7,311,138.00	7,507,557.00
Long-Term Liabilities	21,036,091.99	18,661,606.37
Other Liabilities	811,924.02	940,997.22
Total Liabilities	21,848,016.01	19,602,603.59
Deferred Inflows of Resources	1,706,003.00	1,076,966.00
Net Position:		
Net Investment in Capital Assets	31,563,539.12	34,287,580.24
Restricted	3,298,226.56	1,011,431.90
Unrestricted (Deficit)	(12,360,055.65)	(11,473,936.23)
Total Net Position	$ 22,501,710.03	$ 23,825,075.91

The largest portion of the District's net position is 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. Although the investment in capital assets is reported net of related debt, the resources used to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used.

The deficit unrestricted net position was the result, in part, of accruing $1,045,448.99 in compensated absences payable, $1,267,508 in other postemployment benefits payable, and $16,721,135 in net pension liability.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2019, and June 30, 2018, are as follows:

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-19	6-30-18
Program Revenues:		
Charges for Services	$ 400,823.74	$ 293,819.40
Operating Grants and Contributions	2,196,256.23	1,865,148.42
Capital Grants and Contributions	288,857.74	182,724.29
General Revenues:		
Property Taxes, Levied for Operational Purposes	3,770,120.01	3,464,828.35
Property Taxes, Levied for Capital Projects	1,173,134.96	1,033,288.99
Grants and Contributions Not Restricted to Specific Programs	21,402,381.49	21,404,350.53
Unrestricted Investment Earnings	105,565.03	41,942.34
Miscellaneous	516,421.18	490,164.37
Total Revenues	29,853,560.38	28,776,266.69
Functions/Program Expenses:		
Instruction	16,558,949.96	16,487,780.40
Student Support Services	1,689,072.21	1,598,095.04
Instructional Media Services	185,861.72	243,228.42
Instruction and Curriculum Development Services	665,837.44	747,177.75
Instructional Staff Training Services	202,035.69	220,177.66
Instruction-Related Technology	374,721.30	582,485.73
Board	377,102.43	339,351.89
General Administration	455,061.33	431,111.70
School Administration	1,544,615.30	1,532,911.72
Facilities Acquisition and Construction	183,672.66	125,004.99
Fiscal Services	394,058.92	408,182.84
Food Services	2,024,155.50	1,988,981.99
Central Services	713,171.17	1,385,854.76
Student Transportation Services	1,292,339.51	1,307,903.54
Operation of Plant	1,928,556.29	2,009,808.45
Maintenance of Plant	1,266,964.34	892,953.01
Administrative Technology Services	77,586.30	22,431.53
Community Services	28,725.22	35,364.16
Unallocated Interest on Long-Term Debt	241.49	1,237.28
Unallocated Depreciation Expense	1,214,197.48	1,281,460.65
Total Functions/Program Expenses	31,176,926.26	31,641,503.51
Change in Net Position	(1,323,365.88)	(2,865,236.82)
Net Position - Beginning	23,825,075.91	27,103,015.73
Adjustment to Beginning Net Position (1)	-	(412,703.00)
Net Position - Beginning, as Restated	23,825,075.91	26,690,312.73
Net Position - Ending	$ 22,501,710.03	$ 23,825,075.91

(1) Adjustment to beginning net position was due to the implementation of GASB Statement No. 75, which was a change in accounting principle that addressed accounting and financial reporting for other postemployment benefits.

The largest revenue source is the State of Florida (63.4 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP funding 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.

Expenses decreased $464,577.25 primarily due to a decrease in central services expenses as a result of the end of the Teacher Incentive Fund grant.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Specifically, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance that has not been limited to a particular purpose by an external party, the District, or a group or individual delegated authority by the Board to assign resources for particular purposes.

The total fund balances of governmental funds increased by $2,602,616.86 during the fiscal year to $4,367,127.90 at June 30, 2019. Approximately 14.1 percent of this amount is unassigned fund balance ($615,490.64), which is available for spending at the District's discretion. The remainder of the fund balance is nonspendable, restricted, or assigned to indicate that it is (1) not in spendable form ($305,209.67), (2) restricted for particular purposes ($3,246,428.51), or (3) assigned for particular purposes ($199,999.08).

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is $615,490.64, while the total fund balance is $1,183,216.62. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is 3.5 percent of the total General Fund revenues, while total fund balance represents 5.1 percent of total General Fund revenues. Total fund balance increased by $346,761.45 because of an increase in State revenues, primarily due to an increase in FEFP funding over the previous fiscal year.

The Special Revenue – Food Service Fund is used to account for food service operation resources and had total revenues and total expenditures and transfers out of $2,362,443.34 and $2,020,983.38, respectively, resulting in a fund balance increase of $341,459.96 to $590,441.63 at June 30, 2019, due to increased school lunch participation.

The Special Revenue – Other Fund accounted for Federal grants administered through the State cash advance system and the Federal Teacher Incentive Fund grant. This fund accounted for $2,581,561.73 in revenues and expenditures, each, for the 2018-19 fiscal year. Since Federal grant revenues are not recognized until expenditures have been incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Public Education Capital Outlay (PECO) Fund has a total fund balance of $1,679,952.26 which is restricted for the new construction, renovation and remodeling projects at Trenton High School. The fund balance increased by $1,679,952.26 due to receiving the PECO Special Facility Construction Account funding as discussed in Note II.H.1. to the financial statements.

The Capital Projects – Local Capital Improvement Fund is used 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, renovation and remodeling projects. The fund balance increased from $508,742.53 to $644,959.79 primarily due to an increase in local property tax revenues. Of the total fund balance, $26,807.95 has been encumbered for various capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2018-19 fiscal year, the District amended its General Fund budget several times due primarily to changes in estimated revenues and corresponding adjustments to planned expenditures to ensure maintenance of adequate fund balance. Final budgeted amounts are in line with original budgeted amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities and as of June 30, 2019, is $33,565,539.12 (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

Additional information on the District's capital assets can be found in Notes I.F.4. and II.C. to the financial statements.

Long-Term Debt

At June 30, 2019, the District had total long-term debt outstanding of $2,000, composed of State Board of Education (SBE) bonds maturing in 2020. During the current fiscal year, retirement of debt was $2,000. These bonds are paid from special State allocations for debt service.

The District has a Special PECO Advance Payable totaling $2,000,000, resulting from the appropriation of funds from the PECO and Debt Service Trust Fund – Special Facility Construction Account, to be used for the new construction, renovation, and remodeling projects at Trenton High School.

Additional information on the District's long-term debt can be found in Note II.H. 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. Full-time equivalent calculations (including recalibrations) are becoming more of a concern as projections for the 2019-20 fiscal year reflect only a slight increase in student population. In light of uncertain economic times, the District will continue to closely monitor its financial position. If revenues

decrease, the District's administration and Board will be faced with challenges to make changes in order to keep the School District financially sound.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Director of Finance, Gilchrist County District School Board, 310 NW 11th Avenue, Trenton, Florida 32693.

THIS PAGE INTENTIONALLY LEFT BLANK.

Gilchrist County District School Board
Statement of Net Position
June 30, 2019

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 2,400,355.49
Cash with Fiscal Agent	67,392.85
Investments	24.52
Due from Other Agencies	2,406,069.39
Prepaid Items	253,411.62
Inventories	51,798.05
Capital Assets:	
Nondepreciable Capital Assets	682,385.79
Depreciable Capital Assets, Net	32,883,153.33
TOTAL ASSETS	38,744,591.04
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	7,311,138.00
LIABILITIES	
Accrued Salaries and Benefits	481,695.78
Payroll Deductions and Withholdings	168,306.83
Accounts Payable	155,336.82
Due to Other Agencies	647.21
Estimated Liability for Self-Insurance Program	2,130.45
Unearned Revenue	3,806.93
Long-Term Liabilities:	
Portion Due Within 1 Year	403,366.69
Portion Due After 1 Year	20,632,725.30
TOTAL LIABILITIES	21,848,016.01
DEFERRED INFLOWS OF RESOURCES	
Pensions	1,706,003.00
NET POSITION	
Net Investment in Capital Assets	31,563,539.12
Restricted for:	
State Required Carryover Programs	49,052.88
Debt Service	24.52
Capital Projects	2,593,445.13
Food Service	590,441.63
Other Purposes	65,262.40
Unrestricted	(12,360,055.65)
TOTAL NET POSITION	$ 22,501,710.03

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, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Governmental Activities:			
Instruction	$ 16,558,949.96	$ 224,815.96	$ -
Student Support Services	1,689,072.21	-	-
Instructional Media Services	185,861.72	-	-
Instruction and Curriculum Development Services	665,837.44	-	-
Instructional Staff Training Services	202,035.69	-	-
Instruction-Related Technology	374,721.30	-	-
Board	377,102.43	-	-
General Administration	455,061.33	-	-
School Administration	1,544,615.30	-	-
Facilities Acquisition and Construction	183,672.66	-	-
Fiscal Services	394,058.92	-	-
Food Services	2,024,155.50	120,861.29	2,196,256.23
Central Services	713,171.17	-	-
Student Transportation Services	1,292,339.51	41,029.49	-
Operation of Plant	1,928,556.29	-	-
Maintenance of Plant	1,266,964.34	-	-
Administrative Technology Services	77,586.30	-	-
Community Services	28,725.22	14,117.00	-
Unallocated Interest on Long-Term Debt	241.49	-	-
Unallocated Depreciation Expense*	1,214,197.48	-	-
Total Governmental Activities	$ 31,176,926.26	$ 400,823.74	$ 2,196,256.23
General Revenues:			
Taxes:			
Property Taxes, Levied for Operational Purposes			
Property Taxes, Levied for Capital Projects			
Grants and Contributions Not Restricted to Specific Programs			
Unrestricted Investment Earnings			
Miscellaneous			
Total General Revenues			
Change in Net Position			
Net Position - Beginning			
Net Position - Ending			

* 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.

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
$ -	$ (16,334,134.00)
-	(1,689,072.21)
-	(185,861.72)
-	(665,837.44)
-	(202,035.69)
-	(374,721.30)
-	(377,102.43)
-	(455,061.33)
-	(1,544,615.30)
203,248.04	19,575.38
-	(394,058.92)
-	292,962.02
-	(713,171.17)
-	(1,251,310.02)
-	(1,928,556.29)
83,631.00	(1,183,333.34)
-	(77,586.30)
-	(14,608.22)
1,978.70	1,737.21
-	(1,214,197.48)
$ 288,857.74	(28,290,988.55)
	3,770,120.01
	1,173,134.96
	21,402,381.49
	105,565.03
	516,421.18
	26,967,622.67
	(1,323,365.88)
	23,825,075.91
	$ 22,501,710.03

Gilchrist County District School Board
Balance Sheet – Governmental Funds
June 30, 2019

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Fund
ASSETS			
Cash and Cash Equivalents	$ 945,655.89	$ 147,665.27	$ -
Cash with Fiscal Agent	67,392.85	-	-
Investments	-	-	-
Due from Other Funds	100,000.00	373,485.62	-
Due from Other Agencies	529,942.59	58,021.09	425,194.91
Prepaid Items	253,411.62	-	-
Inventories	-	51,798.05	-
TOTAL ASSETS	$ 1,896,402.95	$ 630,970.03	$ 425,194.91
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	$ 416,085.40	$ 30,868.44	$ 34,741.94
Payroll Deductions and Withholdings	151,540.30	5,853.03	10,913.50
Accounts Payable	142,782.97	-	6,053.85
Due to Other Funds	-	-	373,485.62
Due to Other Agencies	647.21	-	-
Estimated Liability for Self-Insurance Program	2,130.45	-	-
Unearned Revenue	-	3,806.93	-
Total Liabilities	713,186.33	40,528.40	425,194.91
Fund Balances:			
Nonspendable:			
Prepaid Items	253,411.62	-	-
Inventories	-	51,798.05	-
Total Nonspendable Fund Balance	253,411.62	51,798.05	-
Restricted for:			
State Required Carryover Programs	49,052.88	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Food Service	-	538,643.58	-
Insurance	65,262.40	-	-
Total Restricted Fund Balance	114,315.28	538,643.58	-
Assigned for:			
Purchases on Order	199,999.08	-	-
Unassigned Fund Balance	615,490.64	-	-
Total Fund Balances	1,183,216.62	590,441.63	-
TOTAL LIABILITIES AND FUND BALANCES	$ 1,896,402.95	$ 630,970.03	$ 425,194.91

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

Capital Projects - Public Education Capital Outlay Fund	Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
$ 431,452.26	$ 608,891.67	$ 266,690.40	$ 2,400,355.49
-	-	-	67,392.85
-	-	24.52	24.52
-	-	-	473,485.62
1,255,000.00	36,068.12	101,842.68	2,406,069.39
-	-	-	253,411.62
-	-	-	51,798.05
$ 1,686,452.26	$ 644,959.79	$ 368,557.60	$ 5,652,537.54
$ -	$ -	$ -	$ 481,695.78
-	-	-	168,306.83
6,500.00	-	-	155,336.82
-	-	100,000.00	473,485.62
-	-	-	647.21
-	-	-	2,130.45
-	-	-	3,806.93
6,500.00	-	100,000.00	1,285,409.64
-	-	-	253,411.62
-	-	-	51,798.05
-	-	-	305,209.67
-	-	-	49,052.88
-	-	24.52	24.52
1,679,952.26	644,959.79	268,533.08	2,593,445.13
-	-	-	538,643.58
-	-	-	65,262.40
1,679,952.26	644,959.79	268,557.60	3,246,428.51
-	-	-	199,999.08
-	-	-	615,490.64
1,679,952.26	644,959.79	268,557.60	4,367,127.90
$ 1,686,452.26	$ 644,959.79	$ 368,557.60	$ 5,652,537.54

Gilchrist County District School Board
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total Fund Balances - Governmental Funds		$ 4,367,127.90
Amounts reported for governmental activities in the statement of net position 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.		33,565,539.12
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Bonds Payable	$ (2,000.00)	
Compensated Absences	(1,045,448.99)	
Net Pension Liability	(16,721,135.00)	
Other Postemployment Benefits Payable	(1,267,508.00)	
Special PECO Advance Payable	(2,000,000.00)	(21,036,091.99)
The deferred outflows of resources and deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Pensions	$ 7,311,138.00	
Deferred Inflows Related to Pensions	(1,706,003.00)	5,605,135.00
Net Position - Governmental Activities		$ 22,501,710.03

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

THIS PAGE INTENTIONALLY LEFT BLANK

Gilchrist County District School Board
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Fund
Revenues			
Intergovernmental:			
Federal Direct	$ 57,246.29	$ -	$ 438,445.06
Federal Through State and Local	163,585.91	2,165,729.23	2,143,116.67
State	18,599,987.56	31,466.45	-
Local:			
Property Taxes	3,770,120.01	-	-
Charges for Services - Food Service	-	120,861.29	-
Miscellaneous	689,310.15	44,386.37	-
Total Local Revenues	4,459,430.16	165,247.66	-
Total Revenues	23,280,249.92	2,362,443.34	2,581,561.73
Expenditures			
Current - Education:			
Instruction	14,244,839.37	-	1,517,903.67
Student Support Services	1,404,042.73	-	191,220.35
Instructional Media Services	176,217.47	-	-
Instruction and Curriculum Development Services	465,511.05	-	157,966.47
Instructional Staff Training Services	32,280.79	-	162,998.37
Instruction-Related Technology	363,064.01	-	-
Board	356,881.93	-	-
General Administration	301,196.49	-	110,748.97
School Administration	1,499,234.33	-	-
Facilities Acquisition and Construction	96,667.13	-	-
Fiscal Services	384,103.31	-	-
Food Services	3,914.92	1,972,943.86	-
Central Services	256,989.96	-	438,445.06
Student Transportation Services	1,192,373.90	-	2,278.84
Operation of Plant	1,919,523.49	-	-
Maintenance of Plant	1,248,025.01	-	-
Administrative Technology Services	77,586.30	-	-
Community Services	27,581.53	-	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Other Capital Outlay	11,559.97	18,665.22	-
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	24,061,593.69	1,991,609.08	2,581,561.73
Excess (Deficiency) of Revenues Over Expenditures	(781,343.77)	370,834.26	-
Other Financing Sources (Uses)			
Transfers In	989,062.22	-	-
Proceeds from Special Facility Construction Account	-	-	-
Loss Recoveries	139,043.00	-	-
Transfers Out	-	(29,374.30)	-
Total Other Financing Sources (Uses)	1,128,105.22	(29,374.30)	-
Net Change in Fund Balances	346,761.45	341,459.96	-
Fund Balances, Beginning	836,455.17	248,981.67	-
Fund Balances, Ending	$ 1,183,216.62	$ 590,441.63	$ 0.00

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

Capital Projects - Public Education Capital Outlay Fund	Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 495,691.35
-	-	-	4,472,431.81
83,631.00	-	205,226.74	18,920,311.75
-	1,173,134.96	-	4,943,254.97
-	-	-	120,861.29
6,259.74	18,108.19	3,901.76	761,966.21
6,259.74	1,191,243.15	3,901.76	5,826,082.47
89,890.74	1,191,243.15	209,128.50	29,714,517.38
-	-	-	15,762,743.04
-	-	-	1,595,263.08
-	-	-	176,217.47
-	-	-	623,477.52
-	-	-	195,279.16
-	-	-	363,064.01
-	-	-	356,881.93
-	-	-	411,945.46
-	-	-	1,499,234.33
26,307.48	52,036.97	8,661.08	183,672.66
-	-	-	384,103.31
-	-	-	1,976,858.78
-	-	-	695,435.02
-	-	-	1,194,652.74
-	-	-	1,919,523.49
-	-	-	1,248,025.01
-	-	-	77,586.30
-	-	-	27,581.53
300,000.00	-	-	300,000.00
-	219,032.00	7,900.00	257,157.19
-	-	2,000.00	2,000.00
-	-	241.49	241.49
326,307.48	271,068.97	18,802.57	29,250,943.52
(236,416.74)	920,174.18	190,325.93	463,573.86
-	-	-	989,062.22
2,000,000.00	-	-	2,000,000.00
-	-	-	139,043.00
(83,631.00)	(783,956.92)	(92,100.00)	(989,062.22)
1,916,369.00	(783,956.92)	(92,100.00)	2,139,043.00
1,679,952.26	136,217.26	98,225.93	2,602,616.86
-	508,742.53	170,331.67	1,764,511.04
$ 1,679,952.26	$ 644,959.79	$ 268,557.60	$ 4,367,127.90

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, 2019

Net Change in Fund Balances - Governmental Funds		$ 2,602,616.86
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 fiscal year.		(726,041.12)
Special facility construction advances provide current financial resources to the governmental funds, but increase long-term liabilities in the statement of net position.		(2,000,000.00)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of long-term debt that was repaid in the current fiscal year.		2,000.00
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 earned in excess of the amount paid in the current fiscal year.		(53,924.62)
Governmental funds report District other postemployment benefits (OPEB) contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions, as determined through an actuarial valuation, is reported as an OPEB expense.		
Increase in OPEB Liability	$ (64,316.00)	
Decrease in Deferred Inflows of Resources - OPEB	510.00	(63,806.00)
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.		
FRS Pension Contribution	$ 1,182,628.00	
HIS Pension Contribution	255,603.00	
FRS Pension Expense	(2,118,387.00)	
HIS Pension Expense	(404,055.00)	(1,084,211.00)
Change in Net Position - Governmental Activities		$ (1,323,365.88)

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, 2019

	Agency Funds
ASSETS	
Cash	$ 285,127.84
LIABILITIES	
Deposits Held in Custody	$ 13,885.84
Internal Accounts Payable	271,242.00
TOTAL LIABILITIES	$ 285,127.84

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Gilchrist County School District (District). All fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

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 student transportation services function, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

B. 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 District is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education (SBE) rules. 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 legally separate 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. Based on these criteria, no component units are included within the District's reporting entity.

C. Basis of Presentation: Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The effects of interfund activity have been eliminated from the government-wide financial statements except for interfund services provided and used.

D. Basis of Presentation: Fund Financial Statements

The fund financial statements provide information about the District's funds, including the fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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 operation of the food service program.
- Special Revenue – Other Fund – to account for certain Federal grant program resources.
- Capital Projects – Public Education Capital Outlay Fund – to account for the financial resources generated by the State Public Education and Capital Outlay (PECO) Trust Funds to be used, in part, for the construction of the Trenton High School Cafeteria.
- 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, renovation and remodeling projects, new and replacement equipment, motor vehicle purchases, and risk management premiums for property and casualty insurance.

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 resources of the employee medical and dependent care reimbursement program.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at fiscal year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, transfers between the funds are eliminated in the preparation of the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both 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. For this purpose, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 45 days of year end). Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 3 months or less from the date of acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME.

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.

2. Investments

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 investment pool created by Section 218.405, Florida Statutes. The investment pool operates 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.

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

3. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption in the course of District food service operations. Inventories are stated at cost on the first-in, first-out basis, except that 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 year end to reflect year-end physical inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. 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 position 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 acquisition value at the date of donation.

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

Description	Estimated Useful 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.

5. Pensions

In the government-wide statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to

pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The District's retirement plans and related amounts are described in a subsequent note.

6. 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 position.

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The District has one item that qualifies for reporting in this category. The deferred outflows of resources related to pensions are discussed in a subsequent note.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. The deferred inflows of resources related to pensions are discussed in a subsequent note.

8. Net Position Flow Assumption

The District occasionally funds outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Consequently, it is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

9. Fund Balance Flow Assumptions

The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the

governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances at June 30, 2019.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by approval of the annual financial report, authorized the assignment of fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues. 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.

2. State Revenue Sources

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the FDOE 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 FDOE. The FDOE performs certain edit checks on the reported number of FTE and related data and calculates the allocation of funds to the District. The District is permitted to amend its original reporting during specified time periods following the date of the original reporting. The FDOE may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the fiscal year when the adjustments are made.

The State provides financial assistance to administer certain educational programs. SBE 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 fiscal year to be expended for the same educational programs. The FDOE generally requires that these educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the balance of categorical and earmarked educational program resources.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay (PECO) money, to the District on an annual basis. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE.

Pursuant to Section 1013.64, Florida Statutes, the District received a special allocation in the 2018-19 fiscal year for specific construction needs through the PECO and Debt Service Trust Fund – Special Facility Construction account. As a condition for receiving these funds, other construction funding must be pledged for the project, including the capital outlay millage levied pursuant to Section 1011.71(2), Florida Statutes, for the following 3 fiscal years. During the 3-year period, reductions to the special allocations are made to the extent of collections from the required pledged sources.

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

3. 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 2018 tax levy on September 18, 2018. 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.

4. 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. The FDOE may require adjustments to subsequent fiscal period expenditures and related revenues based upon an audit of the District's compliance with applicable Federal awards requirements. Normally, such adjustments are treated as reductions of expenditures and related revenues in the fiscal year when the adjustments are made.

5. Compensated Absences

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. The liability for compensated absences includes salary-related benefits, where applicable.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk. In the case of deposits, this is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk. All bank balances of the District are fully insured or collateralized as required by Chapter 280, Florida Statutes.

B. Investments

The District's investments at June 30, 2019, are reported as follows:

Investments	Maturities	Fair Value
SBA:		
Florida PRIME (1)	28 Day Average	$ 1,717,951.49
Debt Service Accounts	6 Months	24.52
Total Investments		$ 1,717,976.01

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

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District's investments in SBA debt service accounts are valued using Level 1 inputs.

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 use a weighted average days to maturity (WAM). 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.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2019, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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 Local Government Surplus Funds Trust Fund [Florida PRIME], or any 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 or savings accounts 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 investment to bids from qualified depositories, certificates of deposit, time deposits, securities of the United States Government, State managed cooperative investment plans, and other forms of investments as authorized by Section 218.415, Florida Statutes.

The District's investments in the SBA debt service accounts are to provide for debt service payments on bond debt issued by the SBE 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. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

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

C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	Beginning Balance	Adjustments (1)	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES					
Capital Assets Not Being Depreciated:					
Land	$ 367,385.79	$ -	$ -	$ -	$ 367,385.79
Construction in Progress	15,000.00	-	300,000.00	-	315,000.00
Total Capital Assets Not Being Depreciated	382,385.79	-	300,000.00	-	682,385.79
Capital Assets Being Depreciated:					
Improvements Other Than Buildings	2,263,483.22	(79,610.84)	-	-	2,183,872.38
Buildings and Fixed Equipment	57,198,659.39	(3,861.00)	-	-	57,194,798.39
Furniture, Fixtures, and Equipment	2,419,081.43	(36,613.48)	38,125.19	50,384.49	2,370,208.65
Motor Vehicles	2,529,961.00	(164,844.00)	219,032.00	40,750.00	2,543,399.00
Audio Visual Materials and Computer Software	600,521.54	(26,585.00)	-	-	573,936.54
Total Capital Assets Being Depreciated	65,011,706.58	(311,514.32)	257,157.19	91,134.49	64,866,214.96
Less Accumulated Depreciation for:					
Improvements Other Than Buildings	1,937,593.44	(79,457.54)	31,922.70	-	1,890,058.60
Buildings and Fixed Equipment	23,993,847.76	(397.06)	1,134,340.61	-	25,127,791.31
Furniture, Fixtures, and Equipment	2,171,563.02	(67,800.25)	47,934.17	50,384.49	2,101,312.45
Motor Vehicles	2,398,986.37	(137,274.47)	69,000.83	40,750.00	2,289,962.73
Audio Visual Materials and Computer Software	600,521.54	(26,585.00)	-	-	573,936.54
Total Accumulated Depreciation	31,102,512.13	(311,514.32)	1,283,198.31	91,134.49	31,983,061.63
Total Capital Assets Being Depreciated, Net	33,909,194.45	-	(1,026,041.12)	-	32,883,153.33
Governmental Activities Capital Assets, Net	$ 34,291,580.24	$ 0.00	$ (726,041.12)	$ 0.00	$ 33,565,539.12

(1) Capital assets and the related accumulated depreciation balances were adjusted to correct errors in the subsidiary records.

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	$ 69,000.83
Unallocated	1,214,197.48
Total Depreciation Expense - Governmental Activities	$1,283,198.31

D. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree HIS Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the District are eligible to enroll as members of the State-administered 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 FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of 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 Web site (www.dms.myflorida.com).

The District's FRS and HIS pension expense totaled $2,522,442 for the fiscal year ended June 30, 2019.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are:

- *Regular* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers* – Members who hold specified elective offices in local government.

- *Senior Management Service* – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 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 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. Employees enrolled in the Plan 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 to eligible participants.

The 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 participating 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. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
Regular Members Initially Enrolled Before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Members Initially Enrolled On or After July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Elected County Officers	3.00
Senior Management Service	2.00

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2018-19 fiscal year were as follows:

	Percent of Gross Salary	
Class	**Employee**	**Employer** (1)
FRS, Regular	3.00	8.26
FRS, Elected County Officers	3.00	48.70
FRS, Senior Management Service	3.00	24.06
DROP – Applicable to Members from All of the Above Classes	0.00	14.03
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.
(2) Contribution rates are dependent upon retirement class in which reemployed.

The District's contributions to the Plan totaled $1,182,628 for the fiscal year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the District reported a liability of $11,707,735 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017-18 fiscal year contributions

relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was 0.038869634 percent, which was an increase of 0.000159251 from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized the Plan pension expense of $2,118,387. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 991,821	$ 35,998
Change of Assumptions	3,825,519	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	904,565
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	264,106	197,382
District FRS Contributions Subsequent to the Measurement Date	1,182,628	-
Total	$ 6,264,074	$ 1,137,945

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling $1,182,628, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2020	$ 1,608,603
2021	1,052,233
2022	107,852
2023	653,189
2024	452,058
Thereafter	69,566
Total	$ 3,943,501

Actuarial Assumptions. The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	2.9%	2.9%	1.8%
Fixed Income	18%	4.4%	4.3%	4.0%
Global Equity	54%	7.6%	6.3%	17.0%
Real Estate (Property)	11%	6.6%	6.0%	11.3%
Private Equity	10%	10.7%	7.8%	26.5%
Strategic Investments	6%	6.0%	5.7%	8.6%
Total	100%			
Assumed inflation - Mean			2.6%	1.9%

(1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 7 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2018 valuation was updated from 7.1 percent to 7 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6 percent) or 1 percentage point higher (8 percent) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
District's Proportionate Share of the Net Pension Liability	$ 21,367,107	$ 11,707,735	$ 3,685,055

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan. At June 30, 2019, the District reported a payable of $211,848.02 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2019.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2019, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled $255,603 for the fiscal year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the District reported a net pension liability of $5,013,400 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was 0.047367209 percent, which was an increase of 0.000487278 from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized the HIS Plan pension expense of $404,055. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 76,753	$ 8,518
Change of Assumptions	557,552	530,058
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	3,026	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	154,130	29,482
District HIS Contributions Subsequent to the Measurement Date	255,603	-
Total	$ 1,047,064	$ 568,058

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling $255,603 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2020	$ 99,993
2021	99,738
2022	80,891
2023	28,859
2024	(62,584)
Thereafter	(23,494)
Total	$ 223,403

Actuarial Assumptions. The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.87 percent

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 3.87 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.58 percent to 3.87 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.87 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
District's Proportionate Share of the Net Pension Liability	$ 5,710,053	$ 5,013,400	$ 4,432,769

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan. At June 30, 2019, the District reported a payable of $38,950.92 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2019.

2. FRS – Defined Contribution Pension Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State's Comprehensive Annual Financial Report.

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 the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various

approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2018-19 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled $233,654.87 for the fiscal year ended June 30, 2019.

Payables to the Pension Plan. At June 30, 2019, the District reported a payable of $37,646.44 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2019.

E. Other Postemployment Benefit Obligations

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District that provides OPEB for all employees who satisfy the District's retirement eligibility provisions. Pursuant to Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical, prescription drug, dental, vision, and life insurance coverage.

Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. 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 retiree healthcare costs are generally greater than active employee healthcare costs. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through recommendations of the Benefits Committee and action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides healthcare and life insurance benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above. The plan also provides retirees with $10,000 life insurance benefits.

Employees Covered by Benefit Terms. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	60
Active Employees	321
Total	381

Total OPEB Liability. The District's total OPEB liability of $1,267,508 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3 percent, annually
Discount Rate	3 percent
Healthcare Cost Trend Rates	9.5 percent for 2019, decreasing 0.5 percent biannually to an ultimate rate of 5 percent for 2037 and later years
Plan Participation of Retirees	Retirees pay 100 percent of the rate for the coverage selected

The discount rate was based on the Bond Buyer General Obligation 20-Year AA Municipal Bond Index.

Mortality rates were based on the Generational RP-2014 Mortality Fully Generational using Projection Scale MP-2017.

Changes in the Total OPEB Liability.

	Amount
Balance at June 30, 2018	$ 1,203,192
Changes for the year:	
Service Cost	63,226
Interest	37,447
Benefit Payments	(36,357)
Net Changes	64,316
Balance at June 30, 2019	$ 1,267,508

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2 percent) or 1 percentage point higher (4 percent) than the current rate:

	1% Decrease (2%)	Current Discount Rate (3%)	1% Increase (4%)
Total OPEB Liability	$ 1,425,455	$ 1,267,508	$ 1,132,043

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (8.5 percent decreasing to 4 percent) or 1 percentage point higher (10.5 percent decreasing to 6 percent) than the current healthcare cost trend rates:

	1% Decrease (8.5% decreasing to 4%)	Healthcare Cost Trend Rates (9.5% decreasing to 5%)	1% Increase (10.5% decreasing to 6%)
Total OPEB Liability	$ 1,126,799	$ 1,267,508	$ 1,435,459

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2019, the District recognized OPEB expense of $100,633. At June 30, 2019, the District did not report any deferred outflows of resources or deferred inflows of resources related to OPEB.

F. Construction and Other Significant Commitments

Construction Contract. The following is the construction contract commitment at June 30, 2019:

Project	Contract Amount	Completed to Date	Balance Committed
Additions, Renovations, and Remodeling at Trenton High School	$ 395,000	$ 300,000	$ 95,000

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 fiscal year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2019:

Major Funds				
General	Special Revenue - Food Service	Capital Projects - Public Education Capital Outlay	Capital Projects - Local Capital Improvement	Total Governmental Funds
$ 199,999.08	$ 58,727.28	$ 92,405.60	$ 26,807.95	$ 377,939.91

G. 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 (Consortium) 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. The Consortium 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 the Consortium is composed of superintendents of all participating districts. The Putnam County District School Board serves as fiscal agent for the Consortium.

The District's health and hospitalization insurance program is being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

The District is self-insured with regards to group dental and vision insurance. This program is administered through a third-party administrator.

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

The following schedule represents the changes in claims liability for the past 2 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
2017-18	$ 2,742.07	$ 168,548.05	$ (168,745.68)	$ 2,544.44
2018-19	2,544.44	204,268.16	(204,682.15)	2,130.45

H. Long-Term Liabilities

1. Special Public Education Capital Outlay Advance Payable

The liability at June 30, 2019, of $2,000,000 represents the amount of the PECO Special Facilities allocation expected to be replaced by other District capital outlay sources that are committed under Section 1013.64, Florida Statutes, for funding specific construction needs. The liability is expected to be retired by the close of the 2020-21 fiscal year.

2. Bonds Payable

Bonds payable at June 30, 2019, are as follows:

Bond Type	Amount Outstanding	Interest Rate (Percent)	Annual Maturity To
State School Bonds:			
Series 2014B, Refunding	$ 2,000	2	2020

These bonds are issued by the SBE on behalf 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 SBE and the SBA.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2019, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2020	$ 2,040	$ 2,000	$ 40

3. 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					
Bonds Payable	$ 4,000.00	$ -	$ 2,000.00	$ 2,000.00	$ 2,000.00
Compensated Absences Payable	991,524.37	296,221.31	242,296.69	1,045,448.99	242,296.69
Net Pension Liability	16,462,890.00	8,935,216.00	8,676,971.00	16,721,135.00	122,713.00
Other Postemployment Benefits Payable	1,203,192.00	100,673.00	36,357.00	1,267,508.00	36,357.00
Special PECO Advance Payable	-	2,000,000.00	-	2,000,000.00	-
Total Governmental Activities	$ 18,661,606.37	$ 11,332,110.31	$ 8,957,624.69	$ 21,036,091.99	$ 403,366.69

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

I. Fund Balance Reporting

In addition to committed and assigned fund balance categories discussed in Note I.F.10., fund balances may be classified as follows:

- **Nonspendable Fund Balance**. Nonspendable fund balance is 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 Fund Balance**. Restricted fund balance is 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.
- **Unassigned Fund Balance**. The unassigned fund balance is 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.

J. Interfund Receivables and Payables

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

	Interfund	
Funds	**Receivables**	**Payables**
Major:		
General	$ 100,000.00	$ -
Special Revenue:		
Food Service	373,485.62	-
Other	-	373,485.62
Nonmajor Governmental	-	100,000.00
Total	$ 473,485.62	$ 473,485.62

The receivable in the Special Revenue – Food Service Fund was established when paying obligations of the Special Revenue – Other Fund prior to the receipt of funding from various grantor agencies.

The receivable in the General Fund represents payments made on behalf of the nonmajor Capital Projects – Other Fund. The amounts are expected to be repaid within 1 year.

K. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2018-19 fiscal year:

Florida Education Finance Program	$ 14,627,273.00
Categorical Educational Program - Class Size Reduction	2,819,763.00
Florida Best and Brightest Scholarship Program	265,245.00
Voluntary Prekindergarten Program	248,928.98
School Recognition	197,703.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	105,226.74
Educational Facilities Security Grant	100,000.00
Gross Receipts Tax (Public Education Capital Outlay)	83,631.00
Food Service Supplement	30,527.00
Mobile Home License Tax	18,410.54
Miscellaneous	423,603.49
Total	$ 18,920,311.75

Accounting policies relating to certain State revenue sources are described in Note I.G.2.

2. Property Taxes

The following is a summary of millages and taxes levied on the 2018 tax roll for the 2018-19 fiscal year:

	Millages	Taxes Levied
General Fund		
Nonvoted School Tax:		
Required Local Effort	4.072	$ 3,341,735
Basic Discretionary Local Effort	0.748	613,855
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	1.500	1,230,993
Total	6.320	$ 5,186,583

L. Interfund Transfers

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

Funds	Interfund Transfers In	Interfund Transfers Out
Major:		
General	$ 989,062.22	$ -
Special Revenue:		
Food Service	-	29,374.30
Capital Projects:		
Public Education Capital Outlay	-	83,631.00
Local Capital Improvement Fund	-	783,956.92
Nonmajor Governmental	-	92,100.00
Total	$ 989,062.22	$ 989,062.22

Interfund transfers represent the permanent transfer of moneys between funds. Transfers from the Special Revenue – Food Service Fund, Capital Projects – PECO Fund, and the Capital Projects – Local Capital Improvement Fund to the General Fund were to reimburse the General Fund for allowable expenditures for risk management property and casualty insurance and for maintenance-related salaries and expenditures. Transfers from the nonmajor governmental funds to the General Fund were to reimburse the General Fund for allowable non-capitalized expenditures.

Budgetary Comparison Schedule
General and Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Direct	$ 68,000.00	$ 57,246.29	$ 57,246.29	$ -
Federal Through State and Local	100,000.00	163,585.91	163,585.91	-
State	17,761,247.50	18,699,987.56	18,599,987.56	(100,000.00)
Local:				
Property Taxes	3,762,822.00	3,770,120.01	3,770,120.01	-
Charges for Services - Food Service	-	-	-	-
Miscellaneous	592,955.00	689,310.15	689,310.15	-
Total Local Revenues	4,355,777.00	4,459,430.16	4,459,430.16	-
Total Revenues	22,285,024.50	23,380,249.92	23,280,249.92	(100,000.00)
Expenditures				
Current - Education:				
Instruction	13,631,353.29	14,521,739.66	14,244,839.37	276,900.29
Student Support Services	1,498,356.00	1,470,228.00	1,404,042.73	66,185.27
Instructional Media Services	186,087.00	176,850.00	176,217.47	632.53
Instruction and Curriculum Development Services	484,070.00	466,075.00	465,511.05	563.95
Instructional Staff Training Services	37,520.03	33,175.00	32,280.79	894.21
Instruction-Related Technology	523,636.00	365,075.00	363,064.01	2,010.99
Board	315,902.00	357,125.00	356,881.93	243.07
General Administration	311,034.00	301,525.00	301,196.49	328.51
School Administration	1,456,373.00	1,497,220.00	1,499,234.33	(2,014.33)
Facilities Acquisition and Construction	-	96,800.00	96,667.13	132.87
Fiscal Services	391,900.00	384,350.00	384,103.31	246.69
Food Services	10,005.00	3,975.00	3,914.92	60.08
Central Services	261,264.00	257,475.00	256,989.96	485.04
Student Transportation Services	1,222,486.00	1,179,550.00	1,192,373.90	(12,823.90)
Operation of Plant	1,984,143.00	1,920,650.00	1,919,523.49	1,126.51
Maintenance of Plant	901,748.00	1,249,950.00	1,248,025.01	1,924.99
Administrative Technology Services	22,950.00	79,700.00	77,586.30	2,113.70
Community Services	26,720.00	27,700.00	27,581.53	118.47
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	7,900.00	-	7,900.00
Other Capital Outlay	-	11,575.00	11,559.97	15.03
Total Expenditures	23,265,547.32	24,408,637.66	24,061,593.69	347,043.97
Excess (Deficiency) of Revenues Over Expenditures	(980,522.82)	(1,028,387.74)	(781,343.77)	247,043.97
Other Financing Sources (Uses)				
Transfers In	900,000.00	896,962.22	989,062.22	92,100.00
Loss Recoveries	-	139,043.00	139,043.00	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	900,000.00	1,036,005.22	1,128,105.22	92,100.00
Net Change in Fund Balances	(80,522.82)	7,617.48	346,761.45	339,143.97
Fund Balances, Beginning	872,905.17	836,450.00	836,455.17	5.17
Fund Balances, Ending	$ 792,382.35	$ 844,067.48	$ 1,183,216.62	$ 339,149.14

Special Revenue - Food Service				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)
$ -	$ -	$ -	$ -	$ 255,150.30	$ 438,445.06	$ 438,445.06	$ -
2,077,030.18	2,198,622.02	2,165,729.23	(32,892.79)	1,187,849.67	2,570,282.51	2,143,116.67	(427,165.84)
32,267.00	31,466.45	31,466.45	-	-	-	-	-
-	-	-	-	-	-	-	-
89,425.00	120,861.29	120,861.29	-	-	-	-	-
-	44,386.37	44,386.37	-	-	-	-	-
89,425.00	165,247.66	165,247.66	-	-	-	-	-
2,198,722.18	2,395,336.13	2,362,443.34	(32,892.79)	1,442,999.97	3,008,727.57	2,581,561.73	(427,165.84)
-	-	-	-	650,576.41	1,797,399.15	1,517,903.67	279,495.48
-	-	-	-	164,052.59	206,275.64	191,220.35	15,055.29
-	-	-	-	-	-	-	-
-	-	-	-	115,259.25	190,701.77	157,966.47	32,735.30
-	-	-	-	197,582.43	239,633.16	162,998.37	76,634.79
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	311,864.72	133,391.29	110,748.97	22,642.32
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,039,266.00	1,974,734.95	1,972,943.86	1,791.09	-	-	-	-
-	-	-	-	2,900.00	438,445.06	438,445.06	-
-	-	-	-	764.57	2,881.50	2,278.84	602.66
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	18,665.22	18,665.22	-	-	-	-	-
2,039,266.00	1,993,400.17	1,991,609.08	1,791.09	1,442,999.97	3,008,727.57	2,581,561.73	427,165.84
159,456.18	401,935.96	370,834.26	(31,101.70)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(29,374.30)	(29,374.30)	-	-	-	-	-
-	(29,374.30)	(29,374.30)	-	-	-	-	-
159,456.18	372,561.66	341,459.96	(31,101.70)	-	-	-	-
248,981.67	248,981.67	248,981.67	-	-	-	-	-
$ 408,437.85	$ 621,543.33	$ 590,441.63	$ (31,101.70)	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

	2019	2018
Total OPEB Liability		
Service Cost	$ 63,226	$ 59,597
Interest	37,447	35,554
Differences Between Expected and Actual Experience	-	(510)
Benefit Payments	(36,357)	(33,979)
Net Change in Total OPEB Liability	64,316	60,662
Total OPEB Liability - Beginning	1,203,192	1,142,530
Total OPEB Liability - Ending	$ 1,267,508	$ 1,203,192
Covered-Employee Payroll	$ 14,318,638	$ 14,318,638
Total OPEB Liability as a Percentage of Covered-Employee Payroll	8.85%	8.40%

Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan (1)

	2018	2017	2016	2015	2014	2013
District's Proportion of the FRS Net Pension Liability	0.038869634%	0.038710383%	0.039616983%	0.040963852%	0.039336858%	0.035184999%
District's Proportionate Share of the FRS Net Pension Liability	$ 11,707,735	$ 11,450,272	$ 10,003,319	$ 5,291,031	$ 2,400,127	$ 6,056,904
District's Covered Payroll	$ 15,522,395	$ 14,943,979	$ 14,562,266	$ 14,064,939	$ 13,305,905	$ 13,061,915
District's Proportionate Share of the FRS Net Pension Liability as a Percentage of Its Covered Payroll	75.42%	76.62%	68.69%	37.62%	18.04%	46.37%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

(1) The amounts presented for each fiscal year were determined as of June 30.

Schedule of District Contributions – Florida Retirement System Pension Plan (1)

	2019	2018	2017	2016	2015	2014
Contractually Required FRS Contribution	$ 1,182,628	$ 1,107,753	$ 1,007,727	$ 966,123	$ 998,734	$ 861,644
FRS Contributions in Relation to the Contractually Required Contribution	(1,182,628)	(1,107,753)	(1,007,727)	(966,123)	(998,734)	(861,644)
FRS Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$15,394,824	$15,522,395	$14,943,979	$14,562,266	$14,064,939	$13,305,905
FRS Contributions as a Percentage of Covered Payroll	7.68%	7.14%	6.74%	6.63%	7.10%	6.48%

(1) The amounts presented for each fiscal year were determined as of June 30.

Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan (1)

	2018	2017	2016	2015	2014	2013
District's Proportion of the HIS Net Pension Liability	0.047367209%	0.046879931%	0.047227651%	0.046295226%	0.044783769%	0.044962497%
District's Proportionate Share of the HIS Net Pension Liability	$ 5,013,400	$ 5,012,618	$ 5,504,186	$ 4,721,385	$ 4,187,392	$ 3,914,577
District's Covered Payroll	$ 15,522,395	$ 14,943,979	$ 14,562,266	$ 14,064,939	$ 13,305,905	$ 13,061,915
District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	32.30%	33.54%	37.80%	33.57%	31.47%	29.97%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

(1) The amounts presented for each fiscal year were determined as of June 30.

Schedule of District Contributions – Health Insurance Subsidy Pension Plan (1)

	2019	2018	2017	2016	2015	2014
Contractually Required HIS Contribution	$ 255,603	$ 256,874	$ 248,102	$ 242,072	$ 176,969	$ 153,414
HIS Contributions in Relation to the Contractually Required Contribution	(255,603)	(256,874)	(248,102)	(242,072)	(176,969)	(153,414)
HIS Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 15,394,824	$ 15,522,395	$ 14,943,979	$ 14,562,266	$ 14,064,939	$ 13,305,905
HIS Contributions as a Percentage of Covered Payroll	1.66%	1.65%	1.66%	1.66%	1.26%	1.15%

(1) The amounts presented for each fiscal year were determined as of June 30.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Budgetary Basis of Accounting

The Board follows procedures established by State law and State Board of Education (SBE) 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 State law and SBE rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, student transportation services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- 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.

2. Expenditures Over Appropriations In Individual Funds

For the fiscal year ended June 30, 2019, expenditures exceeded appropriations for the following individual funds:

	Expenditures		
Fund/Activity	**Budget**	**Actual**	**Variance**
General:			
School Administration	$ 1,497,220.00	$ 1,499,234.33	$ (2,014.33)
Student Transportation Services	1,179,550.00	1,192,373.90	(12,823.90)

3. Schedule of Changes in the District's Total Other Postemployment Benefits Liability and Related Ratios

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

4. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan

Changes of Assumptions. The long-term expected rate of return was decreased from 7.1 percent to 7 percent, and the active member mortality assumption was updated.

5. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan

Changes of Assumptions. The municipal bond rate used to determine total pension liability was increased from 3.58 percent to 3.87 percent.

PAGE LEFT INTENTIONALLY BLANK.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Gilchrist County District School Board
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal CFDA Number	Pass - Through Entity Identifying Number	Total Expenditures
Clustered			
Child Nutrition Cluster			
United States Department of Agriculture:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	19002	$ 609,827.24
National School Lunch Program	10.555	19001, 19003	1,504,367.98
Summer Food Service Program for Children	10.559	18006, 18007, 19006, 19007	45,699.50
Total Child Nutrition Cluster			2,159,894.72
Special Education Cluster			
United States Department of Education:			
Special Education - Grants to States:	84.027		
Florida Department of Education		263	689,549.01
Marion County District School Board		None	4,914.07
Total Special Education - Grants to States	84.027		694,463.08
Special Education - Preschool Grants:			
Florida Department of Education	84.173	267	36,228.00
Total Special Education Cluster			730,691.08
Not Clustered			
United States Department of Defense			
Army Junior Reserve Officers Training Corps	12.UNK	N/A	57,246.29
United States Department of Education			
Teacher Incentive Fund	84.374	N/A	438,445.06
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212	702,373.35
Career and Technical Education - Basic Grants to States	84.048	161	58,134.55
Twenty-First Century Community Learning Centers	84.287	244	461,880.16
Rural Education	84.358	110	58,050.54
Supporting Effective Instruction State Grants	84.367	224	101,369.02
Student Support and Academic Enrichment Program	84.424	241	35,532.04
Total United States Department of Education			1,855,784.72
United States Department of Homeland Security			
Florida Division of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0282	16,456.51
Total Expenditures of Federal Awards			$ 4,820,073.32

The accompanying notes are an integral part of this Schedule.

Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Gilchrist County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

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

(3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

(4) Noncash Assistance – National School Lunch Program. Includes $149,941.10 of donated food used during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

(5) Disaster Grants – Public Assistance (Presidentially Declared Disasters). The District incurred $16,456.51 in expenditures for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) grant in the 2017-18 fiscal year.

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

Phone: (850) 412-2722
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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gilchrist County District School Board as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 17, 2020, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statement of the school internal funds as described in our report on the District'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 of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material

misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Financial Statement Finding No. 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 identified a certain additional matter finding which is described on pages 67 and 68.

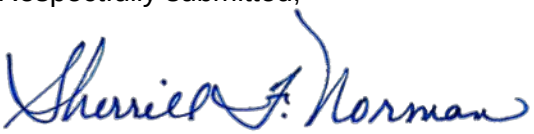
District's Responses to Findings

The District's response to the internal control finding identified in our audit is described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** Financial Statement Finding No. 2019-001. The District is also responsible for preparing a corrective action plan to address this finding. The District's response to the additional matter finding identified in our audit is included as District Response on page 68 in Finding No. AM 2019-001. The District's responses and the **CORRECTIVE ACTION PLAN** were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 17, 2020

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

Phone: (850) 412-2722
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 COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for the Major Federal Program

We have audited the Gilchrist County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major Federal program for the fiscal year ended June 30, 2019. The District's major Federal program is identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the fiscal year ended June 30, 2019.

Report on Internal Control Over Compliance

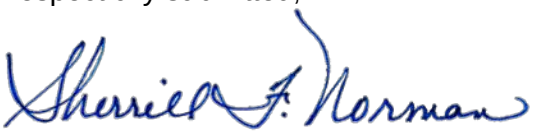
District management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types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

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

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

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 17, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over the major Federal program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for the major Federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of the major the Federal program:	
CFDA Numbers: 10.553, 10.555, and 10.559	Name of Federal Program or Cluster: Child Nutrition Cluster
Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDING

SIGNIFICANT DEFICIENCY

INFORMATION TECHNOLOGY – ACCESS PRIVILEGES

Finding Number	**2019-001**
Opinion Units	Not Applicable
Financial Statements Account Titles	Not Applicable
Fund Names	Not Applicable
Adjustment Amounts	Not Applicable
Prior Year Findings	2018-001, Report No. 2019-181; and 2017-001, Report No. 2018-140

Finding

An inadequate separation of duties continued to exist as the Director of Finance who had primary responsibility for monitoring District financial activities also served as District security administrator and, thereby, had full update capability to computer files.

Criteria

Effective access controls provide employees access to information technology (IT) resources based on a demonstrated need to view, change, or delete data and restrict employees from performing incompatible functions or functions inconsistent with their assigned responsibilities. A security administrator is responsible for granting employee IT access privileges and limiting such IT access privileges based on the employee's job responsibilities. Given the security administrator's level of access, controls designed to timely detect errors or unauthorized use of the system by the administrator are necessary. Such controls should include appropriately separating the security administrator responsibilities from financial input and monitoring responsibilities.

Condition

Our examination of District records and inquiries with District personnel disclosed that the District had certain controls in place, such as documented Superintendent and Board review and approval of monthly expenditures, to reduce the risk of disbursement fraud and errors. However, an inadequate separation of duties existed as the Director of Finance, who had primary responsibility for monitoring District financial activities, such as reviewing and approving payroll and other expenditure transactions, also served as District security administrator. Consequently, the Director of Finance had full update capability to computer files.

Cause

According to District management, the Director of Finance was assigned District security administrator responsibilities due to the size of the District, the need for the security administrator to have a good understanding of various District operations, and staff turnover.

Effect

While District controls compensated, in part, for the inappropriate separation of financial monitoring and security administrator responsibilities, the existence of unnecessary or inappropriate IT access privileges increases the risk that fraud or errors, such as unauthorized disclosure, modification, or destruction of District data and IT resources, may occur and not be timely detected.

Our examination of District records supporting selected transactions, indicated that those transactions were properly supported; however, our procedures cannot substitute for management's responsibility to establish and maintain an adequate system of internal control.

Recommendation

District management should ensure that assigned IT access privileges restrict employees from performing functions incompatible or inconsistent with their

	assigned job functions and transfer the security administrator responsibilities to an employee who does not have financial or payroll monitoring responsibilities.
District Response	As of March 1, 2020, the responsibilities of the security administrator have been transferred to the position of Finance Officer.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

ADDITIONAL MATTER

FINANCIAL REPORTING

Finding Number	**AM 2019-001**
Opinion Unit	Aggregate Remaining Fund Information
Financial Statements Account Titles	Various
Fund Names	Agency Funds
Adjustment Amounts	Not Applicable
Prior Year Findings	AM 2018-001, Report No. 2019-181

Finding

District procedures could be enhanced to ensure school internal funds audit reports are promptly issued and considered in completing the District's financial statements and related audit.

Criteria

Chapter 8 – *School Internal Funds, Financial and Program Cost Accounting and Reporting for Florida Schools* (Red Book), requires an annual audit of school internal funds. The school internal funds are an integral part of the District financial reporting entity and the school internal funds audit report, if timely issued, should be considered in completing the District financial statements and related audit. In addition, as a good business practice, it is important that school internal funds audit contracts specify an expected audit report issue date to aid in the timely completion of the District financial statements and financial audit report.

Condition

School internal funds provide an accounting for various school club and class activities and are reported in the District financial statements as Fiduciary Funds. As of June 30, 2019, District records indicated that the financial activities of the school internal funds represent 41 percent of the assets and 70 percent of the liabilities of the District aggregate remaining fund information. In addition, pursuant to State Board of Education Rule 6A-1.0071, Florida Administrative Code, the District's financial statements were required to be submitted to the Florida Department of Education (FDOE) by September 11, 2019.

The District contracted with a certified public accounting firm (auditors) to audit the school internal funds for the 2018-19 fiscal year. However, the District received the school internal funds audit report on March 16, 2020, which was 6 months after the District's financial statements were required to be submitted to the FDOE.

Cause

The audit contract did not establish an expected issue date for the school internal funds audit report. In addition, as part of the audit process, the school internal funds auditors requested for examination records to support reported school internal fund account balances and related transactions; however, appropriate support for disbursements and journal entries was not always provided, causing the audit report issuance to be delayed.

Effect

Until the school internal funds audit report was issued on March 16, 2020, the District's financial statements contained financial information for the school internal funds that was unaudited.

Professional auditing standards require that when other auditors are required to report on a significant portion of an entity's financial statements, and the reports are not available for consideration during the course of an audit, appropriate disclosures (disclaimer) should be made in the auditor's report. The school internal funds audit report was issued on March 16, 2020, enabling us to consider and make reference to that report in our audit of the District financial statements. Notwithstanding, absent prompt completion of school internal funds audits, there is an increased risk that any school internal fund errors or misappropriations that

may occur will not be timely detected and resolved and that the audit of the District's financial statements will include a disclaimed opinion on the aggregate remaining fund information containing the school internal funds.

Recommendation

The District should maintain appropriate records to support school internal funds reported account balances and related transactions so that the required school internal funds audit can be timely completed and considered in the preparation of the District financial statements. In addition, to promote the timely completion of the District financial statements and District audit report issuance, the District should ensure that school internal funds audit contracts specify an expected audit report issue date.

District Response

The District will include dates and deadlines in our internal account audit contract that will insure the timely issuance of the audit report.

PRIOR AUDIT FOLLOW-UP

The District had not taken corrective actions for findings included in our report No. 2019-181.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Audit Report No. (Finding No.)	Program/Area	Brief Description	Status	Comments
2014-123 (1) 2015-129 (1) 2016-105 (1) 2017-158 (2016-001) 2018-140 (2017-001) 2019-181 (2018-001)	Information Technology (IT) - Access Privileges	Some inappropriate or unnecessary IT access privileges continue to exist.	Not corrected	After numerous key personnel changes the district has not made any changes but will have this item corrected by March 31, 2020

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

March 12, 2020

Gilchrist County District School Board
Management's Corrective Action Plan
For the Fiscal Year Ended June 30, 2019

Finding Number:	*2019-001.*
Planned Corrective Action:	The District has transferred the security administrator duties and responsibilities to the Finance Officer.
Anticipated Completion Date:	March 1, 2020
Responsible Contact Person:	David Dose