STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2019-130
February 2019

BAKER COUNTY DISTRICT SCHOOL BOARD

For the Fiscal Year Ended
June 30, 2018

Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2017-18 fiscal year, Sherrie Raulerson served as Superintendent of the Baker County Schools and the following individuals served as School Board Members:

	District No.
Tiffany McInarnay	1
Richard Dean Griffis, Vice Chair	2
Paula T. Barton, Chair	3
Charlie M. Burnett	4
Patricia C. Weeks	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 Nicole Lee, and the audit was supervised by Glenda K. Hart, CPA.

Please address inquiries regarding this report to Micah E. Rodgers, CPA, Audit Manager, by e-mail at micahrodgers@aud.state.fl.us or by telephone at (850) 412-2905.

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BAKER COUNTY DISTRICT SCHOOL BOARD

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BAKER COUNTY DISTRICT SCHOOL BOARD

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SUMMARY

Summary of Report on Financial Statements

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

Summary of Report on Internal Control and Compliance

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

Summary of Report on Federal Awards

We audited the District's compliance with applicable Federal awards requirements. The Child Nutrition Cluster was audited as the 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; and
- 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.

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, 2018. 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*.

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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 Baker County District School Board, as of and for the fiscal year ended June 30, 2018, 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 21 percent of the assets and 80 percent of the 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. The financial statement of the school internal funds was not audited in accordance with *Government Auditing Standards*.

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 Baker County District School Board, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note II. to the financial statements, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is a change in accounting principle that addresses accounting and financial reporting for other postemployment benefits. This affects the comparability of amounts reported for the 2017-18 fiscal year with amounts reported for the 2016-17 fiscal year. Our opinion is not modified with respect to this matter.

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 February 14, 2019, 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

Sherrill F. Norman, CPA
Tallahassee, Florida
February 14, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Baker 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, 2018. 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 2017-18 fiscal year are as follows:

- The District's total net position decreased by $2,913,479, which represents a 12.6 percent decrease from the 2016-17 fiscal year.
- General revenues total $43,204,006 or 93.2 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total $3,141,117, or 6.8 percent of all revenues.
- The sum of the assigned and unassigned fund balances of the General Fund, representing the net current financial resources available for general appropriation by the Board, totaled $5,438,602 at June 30, 2018, or 14.4 percent of General Fund expenditures. The prior year sum of the assigned and unassigned fund balances in the General Fund was $4,293,718, or 11.6 percent of total General Fund expenditures.
- During the current year, General Fund revenues and other financial sources exceeded expenditures by $1,189,331. This may be compared to last year's results, in which General Fund revenues and other financial sources exceeded expenditures by $438,339.

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.

The Baker County School Board Leasing Corporation (Leasing Corporation), although a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government.

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 – Other Federal Programs Fund, Debt Service – Other Debt Service 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.

Proprietary Fund: Proprietary funds may be established to account for activities in which a fee is charged for services. The District uses an internal service fund to account for its employee supplemental insurance program. Since these services predominantly benefit governmental rather than business type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

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.

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 net pension liability and changes in its total other postemployment benefits (OPEB) liability.

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, 2018, compared to net position as of June 30, 2017:

Net Position, End of Year

	Governmental Activities	
	6-30-18	**6-30-17**
Current and Other Assets	$ 14,235,979	$ 11,844,747
Capital Assets	37,455,121	38,596,741
Total Assets	51,691,100	50,441,488
Deferred Outflows of Resources	10,642,709	9,584,822
Long-Term Liabilities	38,294,266	34,372,100
Other Liabilities	1,147,252	1,158,352
Total Liabilities	39,441,518	35,530,452
Deferred Inflows of Resources	2,728,965	1,419,053
Net Position:		
Net Investment in Capital Assets	33,321,229	34,006,721
Restricted	6,982,573	5,827,698
Unrestricted (Deficit)	(20,140,476)	(16,757,614)
Total Net Position	$ 20,163,326	$ 23,076,805

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 District's combined net position decreased by $2,913,479 from $23,076,805 at June 30, 2017, to $20,163,326 at June 30, 2018. The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position has a deficit and can be attributed to the net pension liability of $25,312,835 and the OPEB liability of $4,980,435.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2018, and June 30, 2017, are as follows:

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-18	**6-30-17**
Program Revenues:		
Charges for Services	$ 480,223	$ 559,846
Operating Grants and Contributions	2,383,024	2,396,134
Capital Grants and Contributions	277,870	337,236
General Revenues:		
Property Taxes, Levied for Operational Purposes	4,781,958	4,918,887
Property Taxes, Levied for Capital Projects	1,459,305	1,397,300
Grants and Contributions Not Restricted to Specific Programs	35,410,648	33,913,671
Unrestricted Investment Earnings	83,170	77,919
Miscellaneous	1,468,925	689,942
Total Revenues	46,345,123	44,290,935
Functions/Program Expenses:		
Instruction	23,930,226	23,095,961
Student Support Services	2,296,996	2,230,556
Instructional Media Services	578,326	682,414
Instruction and Curriculum Development Services	1,046,417	1,051,550
Instructional Staff Training Services	555,725	557,890
Instruction-Related Technology	175,557	186,988
Board	548,059	558,008
General Administration	446,923	440,547
School Administration	2,319,935	2,158,716
Facilities Acquisition and Construction	459,890	364,403
Fiscal Services	681,261	675,613
Food Services	2,641,199	2,796,944
Central Services	380,666	454,363
Student Transportation Services	3,157,636	2,936,309
Operation of Plant	3,451,607	3,533,075
Maintenance of Plant	1,078,918	933,344
Administrative Technology Services	914,597	818,473
Community Services	185,981	199,376
Unallocated Interest on Long-Term Debt	42,435	60,678
Unallocated Depreciation	1,365,083	1,349,777
Total Functions/Program Expenses	46,257,437	45,084,985
Change in Net Position	87,686	(794,050)
Net Position - Beginning	23,076,805	23,870,855
Adjustment to Beginning Net Position (1)	(3,001,165)	-
Net Position - Beginning, as Restated	20,075,640	23,870,855
Net Position - Ending	$ 20,163,326	$ 23,076,805

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

The largest revenue source is the State of Florida (70 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.

Grants and contributions not restricted to specific programs revenues increased by $1,496,977, or 4.4 percent, primarily due to an increase in State per student funding. FEFP revenues increased by $800,586, or 3.3 percent.

Total governmental expenses for the 2017-18 fiscal year increased by $1,172,452 from the previous fiscal year. Instructional expenses were $23,930,226, or 51.7 percent, of total governmental expenses in the 2017-18 fiscal year, as compared to $23,095,961, or 51.2 percent, of total governmental expenses in the 2016-17 fiscal year.

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 $2,299,106 during the fiscal year to $12,517,394 at June 30, 2018. Approximately 39.7 percent of this amount is unassigned fund balance ($4,968,453), 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 ($196,736), (2) restricted for particular purposes ($6,882,056), or (3) assigned for particular purposes ($470,149).

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 $4,968,453, while the total fund balance is $5,916,045. 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 approximately 14 percent of the total General Fund revenues, while total fund balance represents approximately 15.3 percent of total General Fund revenues. Total fund balance increased by $1,189,331, or 25.2 percent, during the fiscal year primarily due to an increase in State per student funding and an increase in enrollment.

The Special Revenue – Other Federal Programs Fund has total revenues and expenditures of $2,686,817 each and the funding was mainly used for instruction. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Debt Service – Other Debt Service Fund has a total fund balance of $2,303,987, which is restricted for the payment of debt service on the Qualified Zone Academy Bonds (QZABs). The fund balance increased by $209,250 largely due to the transfer in from the Capital Projects – Local Capital Improvement Fund and investment interest for the accumulation of resources for the lump sum QZAB principal payment in the 2021-22 fiscal year.

The Capital Projects – Local Capital Improvement (LCI) Fund has a total fund balance of $2,019,505, an increase of $313,076, or 18.3 percent, over the prior fiscal year due to a decrease in capital outlay expenditures for buses. Revenues from local property taxes in this fund totaled $1,459,305. These funds are restricted for the acquisition, construction, and maintenance of capital assets.

Proprietary Fund

The District's proprietary fund provides the same type of information reported in the government-wide financial statements, but in more detail. Unrestricted net position of the Internal Service Fund increased by $103,225 during the 2017-18 fiscal year to $571,333 at June 30, 2018. The increase is due to an increase in premium revenues and a decrease in claims expense.

General Fund Budgetary Highlights

During the 2017-18 fiscal year, the District amended its General Fund budget primarily to adjust planned expenditures between functional categories. There were no significant variances between the original and final budgeted amounts.

Actual revenues were more than final budgeted amounts by $954,831, or 2.5 percent, while expenditures were $2,308,522, or 5.8 percent, less than final budget amounts. The actual ending fund balance exceeded the estimated fund balance in the final amended budget by $3,163,653 , mainly because local revenues exceeded projected revenues, and expenditures for instruction salaries and benefits and operation of plant were less than anticipated.

Capital Assets and Long-Term Debt

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2018, is $37,455,121 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software. The total decrease in capital assets for the current fiscal year was 3 percent.

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

Long-Term Debt

At June 30, 2018, the District had total long-term debt outstanding of $4,123,353, composed of certificates of participation. During the current fiscal year, retirement of debt was $466,667.

Additional information on the District's long-term debt can be found in Note III.G. to the financial statements.

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 Executive Director for Support Services, Baker County District School Board, 392 South Boulevard East, Macclenny, Florida 32063.

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Baker County District School Board
Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 11,231,120.30
Accounts Receivable	2,421.16
Due from Other Agencies	501,714.72
Inventories	196,735.75
Restricted Investments	2,303,986.58
Capital Assets:	
Nondepreciable Capital Assets	1,277,919.96
Depreciable Capital Assets, Net	36,177,201.30
TOTAL ASSETS	51,691,099.77
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	10,642,709.00
LIABILITIES	
Accrued Salaries and Benefits	58,444.21
Payroll Deductions and Withholdings	770,933.04
Accounts Payable	266,231.20
Construction Contracts Payable	10,538.86
Due to Other Agencies	1,034.56
Deposits Payable	1,162.42
Estimated Insurance Claims Payable	38,908.00
Long-Term Liabilities:	
Portion Due Within 1 Year	1,247,456.74
Portion Due After 1 Year	37,046,808.85
TOTAL LIABILITIES	39,441,517.88
DEFERRED INFLOWS OF RESOURCES	
Other Postemployment Benefits	2,143.00
Pensions	2,726,822.00
TOTAL DEFERRED INFLOWS OF RESOURCES	2,728,965.00
NET POSITION	
Net Investment in Capital Assets	33,321,229.11
Restricted for:	
State Required Carryover Programs	370,685.33
Debt Service	2,303,986.58
Capital Projects	3,371,181.81
Food Service	936,719.17
Unrestricted	(20,140,476.11)
TOTAL NET POSITION	$ 20,163,325.89

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

Baker County District School Board
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**
Governmental Activities:			
Instruction	$ 23,930,225.29	$ 164,359.60	$ -
Student Support Services	2,296,996.40	-	-
Instructional Media Services	578,326.12	-	-
Instruction and Curriculum Development Services	1,046,416.88	-	-
Instructional Staff Training Services	555,724.73	-	-
Instruction-Related Technology	175,556.78	-	-
Board	548,059.16	-	-
General Administration	446,923.20	-	-
School Administration	2,319,934.79	-	-
Facilities Acquisition and Construction	459,889.89	-	-
Fiscal Services	681,261.02	-	-
Food Services	2,641,198.77	105,956.06	2,383,024.72
Central Services	380,665.86	-	-
Student Transportation Services	3,157,636.17	-	-
Operation of Plant	3,451,607.02	-	-
Maintenance of Plant	1,078,918.31	-	-
Administrative Technology Services	914,597.11	-	-
Community Services	185,980.93	209,907.00	-
Unallocated Interest on Long-Term Debt	42,435.31	-	-
Unallocated Depreciation*	1,365,083.40	-	-
Total Governmental Activities	$ 46,257,437.14	$ 480,222.66	$ 2,383,024.72

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
Adjustment to Beginning Net Position
Net Position - Beginning, as Restated

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.

	Net (Expense) Revenue and Changes in Net Position
Capital Grants and Contributions	Governmental Activities
$ -	$ (23,765,865.69)
-	(2,296,996.40)
-	(578,326.12)
-	(1,046,416.88)
-	(555,724.73)
-	(175,556.78)
-	(548,059.16)
-	(446,923.20)
-	(2,319,934.79)
277,870.25	(182,019.64)
-	(681,261.02)
-	(152,217.99)
-	(380,665.86)
-	(3,157,636.17)
-	(3,451,607.02)
-	(1,078,918.31)
-	(914,597.11)
-	23,926.07
-	(42,435.31)
-	(1,365,083.40)
$ 277,870.25	(43,116,319.51)
	4,781,958.16
	1,459,304.86
	35,410,647.70
	83,169.98
	1,468,924.72
	43,204,005.42
	87,685.91
	23,076,804.98
	(3,001,165.00)
	20,075,639.98
	$ 20,163,325.89

Baker County District School Board
Balance Sheet – Governmental Funds
June 30, 2018

	General Fund	Special Revenue - Other Federal Programs Fund	Debt Service - Other Debt Service Fund
ASSETS			
Cash and Cash Equivalents	$ 6,110,784.19	$ 135,552.89	$ -
Accounts Receivable	-	2,377.97	-
Due from Other Funds	449,840.61	12,682.36	-
Due from Other Agencies	165,790.30	261,176.24	-
Inventories	106,757.54	-	-
Restricted Investments	-	-	2,303,986.58
TOTAL ASSETS	$ 6,833,172.64	$ 411,789.46	$ 2,303,986.58
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	$ 58,444.21	$ -	$ -
Payroll Deductions and Withholdings	690,999.02	48,707.66	-
Accounts Payable	152,447.41	23,186.54	-
Construction Contracts Payable	-	-	-
Due to Other Funds	13,040.19	339,895.26	-
Due to Other Agencies	1,034.56	-	-
Deposits Payable	1,162.42	-	-
Total Liabilities	917,127.81	411,789.46	-
Fund Balances:			
Nonspendable:			
Inventories	106,757.54	-	-
Restricted for:			
State Required Carryover Programs	370,685.33	-	-
Debt Service	-	-	2,303,986.58
Capital Projects	-	-	-
Food Service	-	-	-
Total Restricted Fund Balance	370,685.33	-	2,303,986.58
Assigned for:			
School Roll Forward Funds	424,636.37	-	-
Purchases on Order	45,513.08	-	-
Total Assigned Fund Balance	470,149.45	-	-
Unassigned Fund Balance	4,968,452.51	-	-
Total Fund Balances	5,916,044.83	-	2,303,986.58
TOTAL LIABILITIES AND FUND BALANCES	$ 6,833,172.64	$ 411,789.46	$ 2,303,986.58

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

Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
$ 2,045,678.38	$ 2,328,864.15	$ 10,620,879.61
-	43.19	2,421.16
139.56	218.27	462,880.80
52,042.96	22,705.22	501,714.72
-	89,978.21	196,735.75
-	-	2,303,986.58
$ 2,097,860.90	$ 2,441,809.04	$ 14,088,618.62
$ -	$ -	$ 58,444.21
-	31,226.36	770,933.04
67,816.82	22,780.43	266,231.20
10,538.86	-	10,538.86
-	109,945.35	462,880.80
-	-	1,034.56
-	-	1,162.42
78,355.68	163,952.14	1,571,225.09
-	89,978.21	196,735.75
-	-	370,685.33
-	-	2,303,986.58
2,019,505.22	1,341,137.73	3,360,642.95
-	846,740.96	846,740.96
2,019,505.22	2,187,878.69	6,882,055.82
-	-	424,636.37
-	-	45,513.08
-	-	470,149.45
-	-	4,968,452.51
2,019,505.22	2,277,856.90	12,517,393.53
$ 2,097,860.90	$ 2,441,809.04	$ 14,088,618.62

Baker County District School Board
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Total Fund Balances - Governmental Funds		$ 12,517,393.53
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.		37,455,121.26
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		571,332.69
Long-term liabilities are not due and payable in the fiscal year and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Certificates of Participation Payable	$ (4,123,353.29)	
Compensated Absences Payable	(3,877,642.30)	
Net Pension Liability	(25,312,835.00)	
Other Postemployment Benefits Payable	(4,980,435.00)	(38,294,265.59)
The deferred inflows of resources related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the governmental funds.		(2,143.00)
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	$ 10,642,709.00	
Deferred Inflows Related to Pensions	(2,726,822.00)	7,915,887.00
Net Position - Governmental Activities		$ 20,163,325.89

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

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Baker County District School Board
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue - Other Federal Programs Fund	Debt Service - Other Debt Service Fund
Revenues			
Intergovernmental:			
Federal Direct	$ 34,021.74	$ -	$ -
Federal Through State and Local	404,268.70	2,686,816.82	-
State	32,285,540.44	-	-
Local:			
Property Taxes	4,781,958.16	-	-
Impact Fees	-	-	-
Charges for Services - Food Service	-	-	-
Miscellaneous	1,266,129.56	-	44,838.83
Total Local Revenues	6,048,087.72	-	44,838.83
Total Revenues	38,771,918.60	2,686,816.82	44,838.83
Expenditures			
Current - Education:			
Instruction	21,598,565.39	1,452,896.69	-
Student Support Services	1,979,251.55	226,767.62	-
Instructional Media Services	556,380.54	-	-
Instruction and Curriculum Development Services	610,748.95	396,873.44	-
Instructional Staff Training Services	175,299.16	362,866.32	-
Instruction-Related Technology	154,967.13	13,198.28	-
Board	353,118.37	-	-
General Administration	279,554.62	157,250.06	-
School Administration	2,224,832.48	-	-
Facilities Acquisition and Construction	2,429.70	-	-
Fiscal Services	654,606.12	-	-
Food Services	5,238.19	-	-
Central Services	437,312.30	36,654.41	-
Student Transportation Services	2,603,348.21	40,310.00	-
Operation of Plant	3,377,934.71	-	-
Maintenance of Plant	1,055,734.25	-	-
Administrative Technology Services	901,341.54	-	-
Community Services	180,951.51	-	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Other Capital Outlay	45,135.16	-	-
Debt Service:			
Principal	466,666.67	-	-
Interest and Fiscal Charges	42,299.41	-	-
Total Expenditures	37,705,715.96	2,686,816.82	-
Excess of Revenues Over Expenditures	1,066,202.64	-	44,838.83
Other Financing Sources (Uses)			
Transfers In	112,829.00	-	164,411.00
Sale of Capital Assets	-	-	-
Loss Recoveries	10,299.77	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	123,128.77	-	164,411.00
Net Change in Fund Balances	1,189,331.41	-	209,249.83
Fund Balances, Beginning	4,726,713.42	-	2,094,736.75
Fund Balances, Ending	$ 5,916,044.83	$ 0.00	$ 2,303,986.58

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

Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 34,021.74
-	2,350,074.72	5,441,160.24
-	310,820.25	32,596,360.69
1,459,304.86	-	6,241,263.02
-	551,812.13	551,812.13
-	105,956.06	105,956.06
9,325.91	4,338.32	1,324,632.62
1,468,630.77	662,106.51	8,223,663.83
1,468,630.77	3,323,001.48	46,295,206.50
-	-	23,051,462.08
-	-	2,206,019.17
-	-	556,380.54
-	-	1,007,622.39
-	-	538,165.48
-	-	168,165.41
-	-	353,118.37
-	-	436,804.68
-	-	2,224,832.48
441,092.79	16,367.40	459,889.89
-	-	654,606.12
-	2,588,170.39	2,593,408.58
-	-	473,966.71
-	-	2,643,658.21
-	-	3,377,934.71
-	-	1,055,734.25
-	-	901,341.54
-	-	180,951.51
10,000.00	10,650.00	20,650.00
558,121.00	7,399.83	610,655.99
-	-	466,666.67
-	135.90	42,435.31
1,009,213.79	2,622,723.52	44,024,470.09
459,416.98	700,277.96	2,270,736.41
-	-	277,240.00
18,070.00	-	18,070.00
-	-	10,299.77
(164,411.00)	(112,829.00)	(277,240.00)
(146,341.00)	(112,829.00)	28,369.77
313,075.98	587,448.96	2,299,106.18
1,706,429.24	1,690,407.94	10,218,287.35
$ 2,019,505.22	$ 2,277,856.90	$ 12,517,393.53

Baker 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, 2018

Net Change in Fund Balances - Governmental Funds		$ 2,299,106.18
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.		(1,141,619.72)
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 certificates of participation repayments in the current fiscal year.		466,666.67
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.		(293,406.94)
Governmental funds report District 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	$ (185,237.00)	
Increase in Deferred Inflows of Resources - OPEB	(2,143.00)	(187,380.00)
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	$ 1,627,608.00	
HIS Pension Contribution	416,884.00	
FRS Pension Expense	(2,621,384.00)	
HIS Pension Expense	(582,013.00)	(1,158,905.00)
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of the internal service fund is reported with governmental activities.		103,224.72
Change in Net Position - Governmental Activities		$ 87,685.91

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

Baker County District School Board
Statement of Net Position – Proprietary Fund
June 30, 2018

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 610,240.69
LIABILITIES	
Current Liabilities:	
Estimated Insurance Claims Payable	38,908.00
NET POSITION	
Unrestricted	$ 571,332.69

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

Baker County District School Board
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2018

		Governmental Activities - Internal Service Fund
OPERATING REVENUES		
Premiums	$	535,751.63
OPERATING EXPENSES		
Insurance Claims		434,291.69
Operating Income		101,459.94
NONOPERATING REVENUES		
Investment Income		1,764.78
Change in Net Position		103,224.72
Total Net Position - Beginning		468,107.97
Total Net Position - Ending	$	571,332.69

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

Baker County District School Board
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Premiums	$ 535,751.63
Cash Payments for Insurance Claims	(438,265.18)
Net Cash Provided by Operating Activities	97,486.45
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	1,764.78
Net Increase in Cash and Cash Equivalents	99,251.23
Cash and Cash Equivalents, Beginning	510,989.46
Cash and Cash Equivalents, Ending	$ 610,240.69

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Income	$ 101,459.94
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Estimated Insurance Claims Payable	(3,973.49)
Net Cash Provided by Operating Activities	$ 97,486.45

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

Baker County District School Board
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds
June 30, 2018

	Agency Funds
ASSETS	
Cash and Cash Equivalents	$ 793,570.00
LIABILITIES	
Internal Accounts Payable	$ 793,570.00

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 primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are 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 Baker County School District's (District) 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 Baker 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 Baker 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 the application of these criteria, the following component unit is included within the District's reporting entity:

Blended Component Unit. Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The Baker County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note II.G.1. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

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 and the internal service fund. Separate financial statements are provided for governmental funds, proprietary fund, 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 and blended component unit. Separate statements for each fund category – governmental, proprietary, 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 – Other Federal Programs Fund – to account for certain Federal grant program resources.
- Debt Service – Other Debt Service Fund – to account for the accumulation of resources for, and the payment of Qualified Zone Academy Bonds (QZAB).
- 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 sinking fund payments on QZAB.

Additionally, the District reports the following proprietary and fiduciary fund types:

- Internal Service Fund – to account for the District's individual self-insurance programs.
- 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.

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. Balances between the funds included in governmental activities (i.e., the governmental and internal service fund) are eliminated so that only the net amount is included as internal balances in the governmental activities column. 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 30 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 30 days of year end). Property taxes and interest associated with the current fiscal period are 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 proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting. 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 with the SBA for participation in the Florida PRIME investment pool created by Section 218.405, Florida Statutes, and those made locally. 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.

Investments made locally consist of a Federal Home Loan Mortgage Corporation (FHLMC) discount note reported at fair value.

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

3. Inventories

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at average invoice price, 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 fiscal year and then adjusted at fiscal year end to reflect year-end physical inventories.

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 $5,000. 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	10 - 20 years
Buildings and Fixed Equipment	20 - 50 years
Furniture, Fixtures, and Equipment	5 - 15 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 only has one item that qualifies for reporting in this category. The deferred outflows of resources related to pensions is 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 two types of items that qualify for reporting in this category. The deferred inflows of resources related to pensions and other postemployment benefits (OPEB) are discussed in subsequent notes.

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 and proprietary fund 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, 2018.

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.

In addition, the District has adopted Board Policy 7.010, *School Budget System*, which provides that if feasible, at least 4 percent of the recurring expenditure budget be reserved for unforeseen events including, but not limited to, revenue and student enrollment projection shortfalls.

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 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.

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 Baker County Property Appraiser, and property taxes are collected by the Baker County Tax Collector.

The Board adopted the 2017 tax levy on September 18, 2017. 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 Baker 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. Educational Impact Fees

Baker County (County) imposes an educational impact fee based on an ordinance adopted by the County Commission in 2006. The educational impact fee is collected for most new residential construction by the County and each municipality within the County based on an interlocal agreement. The fees are to be used solely for the purpose of providing capital improvements to the public educational system necessitated by new residential development and are not to be used for any expenditure that would be classified as a maintenance or repair expense. The authorized uses include, but are not limited to, land acquisition; facility design and construction costs; furniture and equipment; and payment of principal, interest, and related costs of indebtedness necessitated by new residential development.

5. 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.

6. 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.

7. Proprietary Fund Operating and Nonoperating Revenues and Expenses

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

II. ACCOUNTING CHANGE

Governmental Accounting Standards Board Statement No. 75. The District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. This Statement addresses accounting and financial reporting for postemployment benefits other than pensions (OPEB) provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; requires governments to report a liability, deferred outflows of resources, deferred inflows of resources, and expenses on the face of the financial statement for the OPEB that they provide; and requires more extensive note disclosures and supplementary information about a government's OPEB liability. The beginning net position of the District was decreased by $3,001,165 due to implementation of GASB Statement No. 75. The District's total OPEB liability reported at June 30, 2017, increased by $3,001,165 to $4,795,198 as of July 1, 2017, due to the transition in the valuation methods under GASB Statement No. 45 to GASB Statement No. 75, and beginning balances for deferred inflows of resources were not restated.

III. 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, 2018, are reported as follows:

Investments	Maturities	Fair Value
SBA:		
Florida PRIME (1)	30 Day Average	$ 371,182.50
United States Instrumentality Obligations:		
FHLMC Discount Note (2)	12-21-2018	2,303,986.58
Total Investments		$ 2,675,169.08

(1) This investment is reported as a cash equivalent for financial statement reporting purposes.
(2) This investment is held under a paying agent agreement in connection with the Qualified Zone Academy Bonds (QZAB) financing arrangement (see Note III.G.1.)

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 investment in the FHLMC discount note totaling $2,303,986.58 is 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 had 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, the Investment Advisory Council, and the Participant Local Government 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, 2018, 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 SBA's 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 does not have a formal investment policy that limits its investment choices.

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

The District's investment in the FHLMC discount note is authorized under a forward delivery agreement with the QZABs paying agent. The investment must have a maturity date on or before December 21, 2021. The District's investment in the FHLMC discount note was rated A-1+ by Standard & Poor's and P-1 by Moody's Investors Service.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; (2) if in book-entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or (3) if physically issued to the holder but not registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a secured vault. The District does not have a formal investment policy that addresses custodial credit risk.

The District's investment in the FHLMC discount note is held by the trustee in the name of the District.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not have a formal investment policy that limits the amount the District may invest in any one issuer.

More than 5 percent of the District's investments are in a FHLMC discount note. These investments are 86 percent of the District's total investments and 100 percent of the investments in the Debt

Service – Other Debt Service Fund. This investment is made pursuant to a forward delivery agreement related to the District's QZAB (see Note III.G.1).

C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	$ 1,273,919.96	$ 4,000.00	$ -	$ 1,277,919.96
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	3,478,098.86	23,082.00	-	3,501,180.86
Buildings and Fixed Equipment	63,568,606.02	6,650.00	-	63,575,256.02
Furniture, Fixtures, and Equipment	1,477,955.31	59,234.99	34,208.80	1,502,981.50
Motor Vehicles	6,970,471.16	558,121.00	279,103.00	7,249,489.16
Audio Visual Materials and Computer Software	415,702.60	-	77,510.92	338,191.68
Total Capital Assets Being Depreciated	75,910,833.95	647,087.99	390,822.72	76,167,099.22
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	2,825,427.16	37,666.19	-	2,863,093.35
Buildings and Fixed Equipment	29,556,902.52	1,227,112.39	-	30,784,014.91
Furniture, Fixtures, and Equipment	1,079,385.15	100,304.82	34,208.80	1,145,481.17
Motor Vehicles	4,710,595.50	427,624.31	279,103.00	4,859,116.81
Audio Visual Materials and Computer Software	415,702.60	-	77,510.92	338,191.68
Total Accumulated Depreciation	38,588,012.93	1,792,707.71	390,822.72	39,989,897.92
Total Capital Assets Being Depreciated, Net	37,322,821.02	(1,145,619.72)	-	36,177,201.30
Governmental Activities Capital Assets, Net	$ 38,596,740.98	$ (1,141,619.72)	$ 0.00	$ 37,455,121.26

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	$ 427,624.31
Unallocated	1,365,083.40
Total Depreciation Expense - Governmental Activities	$ 1,792,707.71

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 $3,203,397 for the fiscal year ended June 30, 2018.

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 2017-18 fiscal year were as follows:

Class	Percent of Gross Salary Employee	Employer (1)
FRS, Regular	3.00	7.92
FRS, Elected County Officers	3.00	45.50
FRS, Senior Management Service	3.00	22.71
DROP – Applicable to Members from All of the Above Classes	0.00	13.26
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, including employee contributions, to the Plan totaled $1,627,608 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the District reported a liability of $16,946,433 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportionate share of the net pension liability was based on the District's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the District's proportionate share was 0.057291468 percent, which was a decrease of 0.002586299 from its proportionate share measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized the Plan pension expense of $2,621,384. 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	$ 1,555,275	$ 93,874
Change of Assumptions	5,695,198	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	419,975
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	146,200	1,160,518
District FRS Contributions Subsequent to the Measurement Date	1,627,608	-
Total	$ 9,024,281	$ 1,674,367

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling $1,627,608, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. 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
2019	$ 678,150
2020	2,135,970
2021	1,388,470
2022	111,721
2023	1,010,133
Thereafter	397,862
Total	$ 5,722,306

Actuarial Assumptions. The total pension liability in the July 1, 2017, 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	7.10 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, 2017, 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%	3.0%	3.0%	1.8%
Fixed Income	18%	4.5%	4.4%	4.2%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate (Property)	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%
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 7.1 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 2017 valuation was updated from 7.6 percent to 7.1 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 7.1 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 (6.1 percent) or 1 percentage point higher (8.1 percent) than the current rate:

	1% Decrease (6.1%)	Current Discount Rate (7.1%)	1% Increase (8.1%)
District's Proportionate Share of the Net Pension Liability	$ 30,672,018	$ 16,946,433	$ 5,551,051

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.

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, 2018, 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, 2018, 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 $416,884 for the fiscal year ended June 30, 2018.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>. At June 30, 2018, the District reported a net pension liability of $8,366,402 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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, and update procedures were used to determine liabilities as of July 1, 2017. The District's proportionate share of the net pension liability was based on the District's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the District's proportionate share was 0.078245795 percent, which was a decrease of 0.001419235 from its proportionate share measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized the HIS Plan pension expense of $582,013. 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	$ -	$ 17,420
Change of Assumptions	1,176,028	723,452
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	4,640	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	20,876	311,583
District HIS Contributions Subsequent to the Measurement Date	416,884	-
Total	$ 1,618,428	$ 1,052,455

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling $416,884, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. 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
2019	$	82,756
2020		81,874
2021		81,457
2022		42,248
2023		(4,659)
Thereafter		(134,587)
Total	$	149,089

Actuarial Assumptions. The total pension liability in the July 1, 2016, 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	3.58 percent

Mortality rates were based on the Generational RP-2000 with Projected 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 3.58 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 2.85 percent to 3.58 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 3.58 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 (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
District's Proportionate Share of the Net Pension Liability	$ 9,547,172	$ 8,366,402	$ 7,382,885

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.

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 2017-18 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, 2018, 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 $250,840 for the fiscal year ended June 30, 2018.

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. 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, and life insurance coverage. Retirees and their eligible dependents shall be offered the same health and hospitalization 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, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended by 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, prescription drug, dental, and life insurance benefits for retirees and their dependents. In addition to the implicit subsidy described above, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees pursuant to Board approval on July 16, 2007. Under this incentive, retirees receive contributions based on their years of service ranging from $169.81 per month for 10 to 19 years of service to $212.56 per month for 30 years or more of service. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

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	272
Active Employees	607
Total	879

Total OPEB Liability. The District's total OPEB liability of $4,980,435 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 in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3 percent, 20-Year AA Municipal Bonds
Municipal Bond Rate Basis	S&P Municipal Bond 20-year High Grade Index
Salary Increase	3 percent
Mortality Rates	RP-2014 Mortality Fully Generational using Projection Scale MP-2017
Healthcare Cost Trend Rates Retirement Age: Pre-65	9 percent for fiscal year 2019, decreasing an average of 0.5 percent per year to a rate of 5 percent in 2027
Plan Participation of Future Retirees	40 percent of active participants who retire prior to age 65 are assumed to elect medical coverage into retirement.

Changes in the Total OPEB Liability.

	Amount
Balance at June 30, 2017, as Restated	$ 4,795,198
Changes for the year:	
Service Cost	183,021
Interest	147,204
Differences Between Expected and Actual Experience	(2,143)
Benefit Payments	(142,845)
Net Changes	185,237
Balance at June 30, 2018	$ 4,980,435

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	$ 5,639,083	$ 4,980,435	$ 4,422,340

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 percent decreasing to 4 percent) or 1 percentage point higher (10 percent decreasing to 6 percent) than the current healthcare cost trend rates:

	1% Decrease (8% decreasing to 4%)	Healthcare Cost Trend Rates (9% decreasing to 5%)	1% Increase (10% decreasing to 6%)
Total OPEB Liability	$ 4,549,937	$ 4,980,435	$ 5,498,989

OPEB Expense and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2018, the District recognized OPEB expense of $330,225. At June 30, 2018, the District reported deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ (2,143)

The amount reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2019	$ (274)
2020	(274)
2021	(274)
2022	(274)
2023	(274)
Thereafter	(773)
Total	$ (2,143)

F. 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 District 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, 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 Board contracted with a commercial insurance company to provide employee group health insurance. In addition, the Board has established self-insurance plans to provide District employees with supplemental dental, hospital indemnity, disability, and vision coverage. The dental and hospital indemnity plans are for District employees and retirees, and their dependents, and the disability and vision plans are for District employees. The plans are administered through an internal service fund. Under the dental, hospital indemnity, and vision plans, the Board contributes employee premiums as a fringe benefit. The Board also contributes specified amounts for qualifying retirees to the hospital indemnity plan. Employee dependent coverage and other coverage for retirees and their dependents are by prepaid premium.

The claims liability of $38,908 is reported in the internal service fund at June 30, 2018, to cover estimated incurred, but not reported, insurance claims payable of the employee supplemental insurance plans. The following schedule represents the changes in claims liability for the past two fiscal years for the District's self-insurance program.

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2016-17	$ 46,853.09	$ 485,470.35	$ (489,441.95)	$ 42,881.49
2017-18	42,881.49	434,291.69	(438,265.18)	38,908.00

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

G. Long-Term Liabilities

1. Certificates of Participation

Certificates of participation at June 30, 2018, are as follows:

Series	Amount Outstanding	Interest Rates (Percent)	Lease Term Maturity	Original Amount
2005A	$ 933,333.29	3.65	2020	$ 7,000,000
2005-QZAB	3,190,020.00	(1)	2021	3,190,020
Total Certificates of Participation	$ 4,123,353.29			$10,190,020

(1) Interest on this debt is paid by the United States Government through the issuance of Federal income tax credits to the holder of the QZAB. The rate of return to the holders was established by the United States Government at the time of sale.

The District entered into a master financing arrangement on March 1, 2005, which was characterized as a lease-purchase agreement, with the Leasing Corporation, whereby the District secured financing of various educational facilities, improvements, and equipment. The financing was accomplished through the issuance of certificates of participation by the Leasing Corporation to third-party investors to be repaid from the proceeds of rents paid by the District.

Series 2005A Certificates. The District secured financing of a prekindergarten through kindergarten educational facility in the total amount of $7,000,000 through the issuance of Master Lease Program Obligations, Series 2005A. As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation, with a rental fee of $10 per year. The initial term of the lease is 20 years commencing on March 1, 2005. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the certificates.

The District properties included in the Series 2005A ground lease under this arrangement include portions of land underlying the buildings constructed for the prekindergarten through kindergarten educational facility and related property together with premises rights on the servient property.

Series 2005-QZAB Certificates. The Series 2005-QZAB certificates were issued under a special program whereby the certificates, bearing an original issue date of December 21, 2005, will mature in full on December 21, 2021, for the original $3,190,020 issue amount. There is no interest cost for borrowing moneys under this program. The financing proceeds were used for facilities upgrades, safety improvements, transportation equipment, and technology improvements at several designated schools, which were leased by the District from the Leasing Corporation. The schools designated for the improvements and equipment include Baker County Middle, Westside Elementary, Keller Intermediate, and Macclenny Elementary Schools. The District entered into a forward delivery agreement under which mandatory deposits (rent payments) of $164,411 are required for 16 consecutive years beginning December 21, 2006. The forward delivery agreement provides a guaranteed investment return whereby the required deposits, along with accrued interest, will be sufficient to redeem the certificates at maturity. The invested assets accumulated pursuant to the forward delivery agreement are held under a custodial agreement until the certificates mature. The Series 2005-QZAB issue is secured by the assets held under the trust agreement in the event of cancellation or default.

Minimum Lease Payments. With the exception of the Series 2005-QZAB issue as discussed above, lease payments are payable by the District, semiannually, on July 15 and January 15, at an interest rate of 3.65 percent. The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

Fiscal Year Ending June 30	Total	Principal	Interest
2019	$ 492,216.67	$ 466,666.67	$ 25,550.00
2020	475,183.34	466,666.62	8,516.72
Total Minimum Lease Payments	$ 967,400.01	$ 933,333.29	$ 34,066.72

2. 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					
Certificates of Participation Payable	$ 4,590,019.96	$ -	$ 466,666.67	$ 4,123,353.29	$ 466,666.67
Compensated Absences Payable	3,584,235.36	604,815.57	311,408.63	3,877,642.30	400,000.00
Net Pension Liability	24,403,812.00	2,953,515.00	2,044,492.00	25,312,835.00	225,089.07
Other Postemployment Benefits Payable (1)	4,795,198.00	330,225.00	144,988.00	4,980,435.00	155,701.00
Total Governmental Activities	$ 37,373,265.32	$ 3,888,555.57	$ 2,967,555.30	$ 38,294,265.59	$ 1,247,456.74

(1) OPEB payable beginning balance adjusted for adoption of GASB Statement No. 75 as described in Note II.

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

H. Fund Balance Reporting

In addition to committed and assigned fund balance categories discussed in the Fund Balance Policies note disclosure, 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.

I. Interfund Receivables and Payables

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

Funds	Interfund Receivables	Interfund Payables
Major:		
General	$ 449,840.61	$ 13,040.19
Special Revenue:		
Other Federal Programs	12,682.36	339,895.26
Capital Projects:		
Local Capital Improvement	139.56	-
Nonmajor Governmental	218.27	109,945.35
Total	$ 462,880.80	$ 462,880.80

These interfund amounts primarily represent loans to cover temporary cash deficits in pooled accounts and expenditures incurred prior to reimbursements from outside parties. These amounts are expected to be repaid within 1 fiscal year.

J. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2017-18 fiscal year:

Source	Amount
Florida Education Finance Program	$ 25,361,349.00
Categorical Educational Program - Class Size Reduction	5,258,011.00
Florida Best and Brightest Teacher Scholarship Program	424,000.00
Voluntary Prekindergarten Program	292,879.63
School Recognition	289,323.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	165,041.25
Workforce Development Program	153,431.00
Gross Receipts Tax (Public Education Capital Outlay)	112,829.00
Miscellaneous	539,496.81
Total	$ 32,596,360.69

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 2017 tax roll for the 2017-18 fiscal year:

	Millages	Taxes Levied
General Fund		
Nonvoted School Tax:		
Required Local Effort	4.161	$ 3,968,346.26
Basic Discretionary Local Effort	0.748	713,367.70
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	1.500	1,430,550.20
Total	6.409	$ 6,112,264.16

The Baker County Tax Collector (Tax Collector) made errors in distributing tax collections for the 2008 through 2012 tax years, resulting in under-distribution of $1,530,262.96 of tax collections to the District. The Tax Collector has agreed to remit these tax moneys to the District over a period not to exceed 6 years, beginning with the 2013 tax year. As of June 30, 2018, the Tax Collector has remitted all of the outstanding taxes.

K. 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	$ 112,829	$ -
Debt Service:		
Other Debt Service	164,411	-
Capital Projects:		
Local Capital Improvement	-	164,411
Nonmajor Governmental	-	112,829
Total	$ 277,240	$ 277,240

Transfers to the General Fund from a nonmajor capital projects fund were to reimburse allowable maintenance and renovation expenditures. The transfer from the Capital Projects – Local Capital Improvement Fund to the Debt Service – Other Debt Service Fund was for the required annual QZAB sinking fund deposit.

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Budgetary Comparison Schedule
General and Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Direct	$ 47,500.00	$ 47,500.00	$ 34,021.74	$ (13,478.26)
Federal Through State and Local	205,000.00	205,000.00	404,268.70	199,268.70
State	31,524,474.00	32,124,491.00	32,285,540.44	161,049.44
Local:				
Property Taxes	4,727,347.00	4,727,347.00	4,781,958.16	54,611.16
Miscellaneous	712,750.00	712,750.00	1,266,129.56	553,379.56
Total Local Revenues	5,440,097.00	5,440,097.00	6,048,087.72	607,990.72
Total Revenues	37,217,071.00	37,817,088.00	38,771,918.60	954,830.60
Expenditures				
Current - Education:				
Instruction	22,015,496.00	22,015,496.00	21,598,565.39	416,930.61
Student Support Services	1,983,294.00	2,058,294.00	1,979,251.55	79,042.45
Instructional Media Services	695,512.00	695,512.00	556,380.54	139,131.46
Instruction and Curriculum Development Services	652,227.00	652,227.00	610,748.95	41,478.05
Instructional Staff Training Services	155,549.00	210,549.00	175,299.16	35,249.84
Instruction-Related Technology	209,538.00	209,538.00	154,967.13	54,570.87
Board	536,135.00	536,135.00	353,118.37	183,016.63
General Administration	348,293.00	349,293.00	279,554.62	69,738.38
School Administration	2,166,198.00	2,291,198.00	2,224,832.48	66,365.52
Facilities Acquisition and Construction	17,800.00	17,800.00	2,429.70	15,370.30
Fiscal Services	664,235.00	664,234.00	654,606.12	9,627.88
Food Services	24,895.00	24,895.00	5,238.19	19,656.81
Central Services	658,434.00	658,434.00	437,312.30	221,121.70
Student Transportation Services	2,617,975.00	2,617,975.00	2,603,348.21	14,626.79
Operation of Plant	3,984,233.00	3,813,830.76	3,377,934.71	435,896.05
Maintenance of Plant	1,110,054.00	1,110,054.00	1,055,734.25	54,319.75
Administrative Technology Services	922,965.00	1,248,232.08	901,341.54	346,890.54
Community Services	258,739.00	258,739.00	180,951.51	77,787.49
Fixed Capital Outlay:				
Other Capital Outlay	-	45,135.16	45,135.16	-
Debt Service:				
Principal	466,667.00	466,667.00	466,666.67	0.33
Interest and Fiscal Charges	70,000.00	70,000.00	42,299.41	27,700.59
Total Expenditures	39,558,239.00	40,014,238.00	37,705,715.96	2,308,522.04
Excess (Deficiency) of Revenues Over Expenditures	(2,341,168.00)	(2,197,150.00)	1,066,202.64	3,263,352.64
Other Financing Sources				
Transfers In	122,829.00	122,829.00	112,829.00	(10,000.00)
Loss Recoveries	-	-	10,299.77	10,299.77
Total Other Financing Sources	122,829.00	122,829.00	123,128.77	299.77
Net Change in Fund Balances	(2,218,339.00)	(2,074,321.00)	1,189,331.41	3,263,652.41
Fund Balances, Beginning	4,826,713.00	4,826,713.00	4,726,713.42	(99,999.58)
Fund Balances, Ending	$ 2,608,374.00	$ 2,752,392.00	$ 5,916,044.83	$ 3,163,652.83

Special Revenue - Other Federal Programs Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
$ -	$ -	$ -	$ -
2,029,629.00	3,191,128.32	2,686,816.82	(504,311.50)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,029,629.00	3,191,128.32	2,686,816.82	(504,311.50)
956,252.00	1,614,002.34	1,452,896.69	161,105.65
222,285.00	250,800.11	226,767.62	24,032.49
-	540.00	-	540.00
327,550.00	460,965.63	396,873.44	64,092.19
324,246.00	598,240.61	362,866.32	235,374.29
22,800.00	16,823.87	13,198.28	3,625.59
-	-	-	-
82,155.00	158,945.01	157,250.06	1,694.95
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
46,641.00	47,593.87	36,654.41	10,939.46
47,700.00	43,216.88	40,310.00	2,906.88
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,029,629.00	3,191,128.32	2,686,816.82	504,311.50
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
$ 0.00	$ 0.00	$ 0.00	$ 0.00

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

	2018
Total OPEB Liability	
Service Cost	$ 183,021.00
Interest	147,204
Difference Between Expected and Actual Experience	(2,143)
Benefit Payments	(142,845)
Net Change in Total OPEB Liability	185,237
Total OPEB Liability - Beginning, as Restated	4,795,198
Total OPEB Liability - Ending	$ 4,980,435
Covered-Employee Payroll	$ 26,354,122
Total OPEB Liability as a Percentage of Covered-Employee Payroll	18.9%

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

	2017	2016	2015	2014	2013
District's Proportion of the FRS Net Pension Liability	0.057291468%	0.059877767%	0.066298006%	0.068752689%	0.066426382%
District's Proportionate Share of the FRS Net Pension Lliability	$ 16,946,433	$ 15,119,183	$ 8,563,277	$ 4,194,925	$ 11,434,937
District's Covered Payroll	$ 24,942,106	$ 24,639,158	$ 24,583,936	$ 24,643,809	$ 23,933,766
District's Proportionate Share of the FRS Net Pension Liability as a Percentage of Its Covered Payroll	67.94%	61.36%	34.83%	17.02%	47.78%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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)

	2018	2017	2016	2015	2014
Contractually Required FRS Contribution	$ 1,627,608	$ 1,491,438	$ 1,460,215	$ 1,616,402	$ 1,505,976
FRS Contributions in Relation to the Contractually Required Contribution	(1,627,608)	(1,491,438)	(1,460,215)	(1,616,402)	(1,505,976)
FRS Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 25,113,507	$ 24,942,106	$ 24,639,158	$ 24,583,936	$ 24,643,809
FRS Contributions as a Percentage of Covered Payroll	6.48%	5.98%	5.93%	6.58%	6.11%

(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)

	2017	2016	2015	2014	2013
District's Proportion of the HIS Net Pension Liability	0.078245795%	0.079665030%	0.080976849%	0.082922229%	0.082382720%
District's Proportionate Share of the HIS Net Pension Liability	$ 8,366,402	$ 9,284,629	$ 8,258,365	$ 7,753,431	$ 7,172,499
District's Covered Payroll	$ 24,942,106	$ 24,639,158	$ 24,583,936	$ 24,643,809	$ 23,933,766
District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	33.54%	37.68%	33.59%	31.46%	29.97%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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)

	2018	2017	2016	2015	2014
Contractually Required HIS Contribution	$ 416,884	$ 414,099	$ 408,334	$ 309,544	$ 284,064
HIS Contributions in Relation to the Contractually Required Contribution	(416,884)	(414,099)	(408,334)	(309,544)	(284,064)
HIS Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 25,113,507	$ 24,942,106	$ 24,639,158	$ 24,583,936	$ 24,643,809
HIS Contributions as a Percentage of Covered Payroll	1.66%	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. Schedule of Changes in the District's Total Other Postemployment Benefits Liability and Related Ratios

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

3. 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 7.6 percent to 7.1 percent, and the active member mortality assumption was updated.

4. 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 2.85 percent to 3.58 percent.

Baker County District School Board
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

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	18002	$ 524,311.40
National School Lunch Program	10.555	18001, 18003	1,789,104.96
Summer Food Service Program for Children	10.559	17006, 17007, 18006, 18007	36,658.36
Total Child Nutrition Cluster			2,350,074.72
Special Education Cluster:			
United States Department of Education:			
Florida Department of Education:			
Special Education - Grants to States	84.027	263	1,058,946.13
Special Education - Preschool Grants	84.173	267	44,173.99
Total Special Education Cluster			1,103,120.12
Not Clustered			
United States Department of Agriculture:			
Florida Department of Financial Services:			
Schools and Roads - Grants to States	10.665	None	133,110.89
United States Department of Defense:			
Army Junior Reserve Officers Training Corps	12.UNK	N/A	34,021.74
United States Department of Education:			
Florida Department of Education:			
Adult Education - Basic Grants to States	84.002	191, 192	145,010.65
Title I Grants to Local Educational Agencies	84.010	212	1,118,131.41
Career and Technical Education - Basic Grants to States	84.048	161, 164	98,687.48
Rural Education	84.358	110	51,389.99
Supporting Effective Instruction State Grants	84.367	224	143,911.17
Student Support and Academic Enrichment Program	84.424	241	26,566.00
Total United States Department of Education			1,583,696.70
Total Expenditures of Federal Awards			$ 5,204,024.17

The notes below 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 Baker County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows 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 $199,194.09 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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 Baker County District School Board, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 14, 2019, 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. The financial statement of the school internal funds was not audited in accordance with *Government Auditing Standards.*

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.*

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

Sherrill F. Norman, CPA
Tallahassee, Florida
February 14, 2019

AUDITOR GENERAL
STATE OF FLORIDA

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

Sherrill F. Norman, CPA
Auditor General

Phone: (850) 412-2722
Fax: (850) 488-6975

The President of the Senate, the Speaker of the
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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 Baker 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, 2018. 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, 2018.

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

Sherrill F. Norman, CPA
Tallahassee, Florida
February 14, 2019

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?	None reported
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 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 FINDINGS

No matters are reported.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters are reported.

PRIOR AUDIT FOLLOW-UP

There were no prior financial statement or Federal awards findings requiring follow-up.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The District did not have prior audit findings required to be reported under 2 CFR 200.511.