STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2020-133
February 2020

JEFFERSON COUNTY DISTRICT SCHOOL BOARD

For the Fiscal Year Ended
June 30, 2019

Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2018-19 fiscal year, Marianne Arbulu served as Superintendent of the Jefferson County Schools and the following individuals served as School Board Members:

	District No.
Gladys Roann-Watson	1
Sandra Saunders, Chair through 11-19-18	2
Shirley A. Washington, Chair from 11-20-18, Vice Chair through 11-19-18	3
Bill Brumfield, Vice Chair from 11-20-18	4
Charles Boland	5

The team leader was Craig J. Pohlmann, CPA, and the audit was supervised by Edward A. Waller, CPA.

Please address inquiries regarding this report to Gregory L. Centers, CPA, Deputy Audit General, by e-mail at gregcenters@aud.state.fl.us or by telephone at (850) 412-2888.

State of Florida Auditor General

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

JEFFERSON COUNTY DISTRICT SCHOOL BOARD

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JEFFERSON COUNTY DISTRICT SCHOOL BOARD

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SUMMARY

Summary of Report on Financial Statements

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

Summary of Report on Internal Control and Compliance

We noted certain matters involving the District's internal control over financial reporting and its operation that we consider to be significant deficiencies, as summarized below. However, these significant deficiencies are not considered to be material weaknesses.

Significant Deficiencies

Finding No. 2019-001: The District continues to lack an effective control environment that separates incompatible employee duties.

Finding No. 2019-002: District financial reporting procedures need improvement to ensure that, in the annual financial report, account balances and transactions are properly reported and required supplementary information is properly disclosed.

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

Additional Matter

Finding AM 2019-001: District controls over cash continue to be deficient as bank account reconciliations for July 2018 through June 2019 had not been completed for one bank account as of December 2019. At June 30, 2019, the bank statement cash balance of $917,917 for that bank account exceeded by $81,224 the general ledger cash balance of $836,693.

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;
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements; and
- Taken corrective actions for findings included in our report No. 2019-153.

The scope of this audit included an examination of the District's basic financial statements as of and for the fiscal year ended June 30, 2019. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. 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.

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as they relate to the amounts included for those financial statements, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of the Jefferson County District School Board, as of June 30, 2019, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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 Fund**, **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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND 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 25, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Jefferson County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2019. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found immediately following the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2018-19 fiscal year are as follows:

- The District's total net position decreased by $501,455.63, or 2.7 percent, from the 2017-18 fiscal year.
- The unassigned fund balance of the General Fund, representing the net financial resources available for general appropriation by the board, totaled $388,582.52 at June 30, 2019, or 5.1 percent of General Fund revenues. The prior year unassigned fund balance in the General Fund was $237,674.22, or 3.3 percent of total General Fund revenues.
- General Fund revenues exceeded expenditures by $190,653.74. This may be compared to the prior year's results, in which General Fund expenditures exceeded revenues by $376,254.24.

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.

The government-wide statements present the District's activities in the following categories:

- Governmental activities – This represents most of the District's services, including its educational programs such as basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.

- Component units – The District presents three organizations as component units in this report. The Somerset Academy, Inc., d/b/a Jefferson County Elementary, Jefferson County Middle, and Jefferson County High (Somerset Academy Charter Schools), are component units that are included in this report because they meet the criteria for inclusion provided by the Governmental Accounting Standards Board. Financial information for these component units are reported separately from the financial information presented for the primary government.

Over time, changes in the District's net position are an indication of an improving or deteriorating financial condition. This information should be evaluated in conjunction with other non-financial factors, such as changes in the District's property tax base, student enrollment and the condition of the District's capital assets, including its school buildings and administrative facilities.

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, Capital Projects – Public Education Capital Outlay Fund, Capital Projects – Capital Outlay and Debt Service Fund, Capital Projects – Local Capital Improvement Fund, and Capital Projects – Other Fund.

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

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 certain required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position, End of Year

	Governmental Activities	
	6-30-19	**6-30-18**
Current and Other Assets	$ 1,608,082.82	$ 1,479,645.95
Capital Assets	21,599,392.11	22,652,835.58
Total Assets	23,207,474.93	24,132,481.53
Deferred Outflows of Resources	970,485.00	2,112,219.00
Long-Term Liabilities	2,264,725.84	5,449,751.40
Other Liabilities	474,603.94	537,221.35
Total Liabilities	2,739,329.78	5,986,972.75
Deferred Inflows of Resources	3,230,697.00	1,548,339.00
Net Position:		
Investment in Capital Assets	21,599,392.11	22,652,835.58
Restricted	744,896.36	722,883.92
Unrestricted (Deficit)	(4,136,355.32)	(4,666,330.72)
Total Net Position	$ 18,207,933.15	$ 18,709,388.78

The largest portion of the District's net position is investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment). The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

A portion of the District's net position, $744,896.36, represents resources that are subject to external restrictions on how they may be used.

The remaining deficit net position, $4,136,355.32, reflects the shortfall that the District would have faced in the event that it would have had to liquidate all of its non-capital liabilities at June 30, 2019. The liabilities (claims) against the unrestricted assets include the pension liability of $1,968,173 and the OPEB liability of $290,603.

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

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-19	**6-30-18**
Program Revenues:		
Capital Grants and Contributions	$ 74,114.96	$ 73,648.39
General Revenues:		
Property Taxes, Levied for Operational Purposes	3,172,139.85	3,152,438.86
Property Taxes, Levied for Capital Projects	935,371.44	931,471.31
Grants and Contributions Not Restricted to Specific Programs	4,108,091.35	3,678,802.03
Unrestricted Investment Earnings	-	1,108.25
Miscellaneous	272,523.96	266,951.84
Total Revenues	8,562,241.56	8,104,420.68
Functions/Program Expenses:		
Instruction	6,645,383.71	6,457,573.03
Instruction and Curriculum Development Services	-	32.32
Instructional Staff Training Services	-	70,094.18
Board	78,746.00	486,460.13
General Administration	95,661.61	369,862.88
School Administration	-	40.00
Facilities Acquisition and Construction	1,038,239.28	1,266,575.08
Fiscal Services	60,653.91	6,403.79
Food Services	-	258,327.55
Student Transportation Services	25,282.16	162,572.34
Operation of Plant	60,725.03	111,186.33
Maintenance of Plant	3,474.52	3,450.09
Administrative Technology Services	2,087.50	12,570.85
Unallocated Depreciation Expense	1,053,443.47	1,064,608.12
Total Functions/Program Expenses	9,063,697.19	10,269,756.69
Change in Net Position	(501,455.63)	(2,165,336.01)
Net Position - Beginning	18,709,388.78	27,569,703.99
Adjustment to Beginning Net Position (1)	-	(6,694,979.20)
Net Position - Beginning, as Restated	18,709,388.78	20,874,724.79
Net Position - Ending	$ 18,207,933.15	$ 18,709,388.78

(1) Adjustments to beginning net position are due to the implementation of Governmental Accounting Standards Board Statement No. 75, which was a change in accounting principle that addresses accounting and financial reporting for other postemployment benefits and the correction of accumulated depreciation.

The largest revenue source is the State of Florida (48.8 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school Districts, taking into consideration the District's funding ability based on the local property tax base.

Instruction expenses represent 73.3 percent of total governmental expenses in the 2018-19 fiscal year. The majority of remaining functional expenses decreased significantly from the prior year due to most functions related to general operations and student instruction and supervision being performed by Somerset Academy Charter Schools during the 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 $191,054.28 during the fiscal year to $1,133,478.88 at June 30, 2019. Approximately 34.3 percent of this amount is unassigned fund balance, $388,582.52, which is available for spending at the District's discretion. The remainder of the fund balance is designated as restricted to indicate that it is restricted for particular purposes ($744,896.36).

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the fiscal year, unassigned fund balance is $388,582.52, while the total fund balance is $868,562.61. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to General Fund total revenues. The unassigned fund balance is 5.1 percent of the total General Fund revenues, while total fund balance represents 11.5 percent of total General Fund revenues.

The Capital Projects – Capital Outlay and Debt Service Fund has a fund balance totaling $264,916.27. These funds are restricted for the acquisition, construction, and maintenance of capital assets.

The fund balance of the Capital Projects – Local Capital Improvement Fund decreased by $73,644 primarily because of disbursements to the charter schools to upgrade facilities.

The fund balances of the Capital Projects – Public Education Capital Outlay Fund and Capital Projects – Other Fund increased by $10,750 and $7,384, respectively, because of transfers from the General Fund to eliminate deficit fund balances.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year ended June 30, 2019, the General Fund budget was amended to reflect adjustments to appropriations and incurred costs, primarily due to ongoing uncertainty of the ultimate costs to be incurred related to the transition of K-12 instructional and the majority of operational responsibilities from the District to Somerset Academy Charter Schools. These amendments were made as part of the routine budget process of the District and were deemed to be necessary and appropriate by management.

CAPITAL ASSETS

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2019, is $21,599,392.11 (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 fiscal year was 4.7 percent, primarily due to depreciation expense applied. No additions or disposals occurred in the 2018-19 fiscal year.

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 Superintendent of Schools, Jefferson County District School Board, 1490 West Washington Street, Monticello, Florida 32344.

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

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	$ 1,148,984.83	$ 540,369.00
Investments	-	717,400.00
Due from Other Agencies	459,097.99	2,661,129.00
Deposits Receivable	-	29,715.00
Prepaid Items	-	135,530.00
Capital Assets:		
Nondepreciable Capital Assets	1,044,597.18	-
Depreciable Capital Assets, Net	20,554,794.93	2,706,150.00
TOTAL ASSETS	23,207,474.93	6,790,293.00
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	40,150.00	-
Pensions	930,335.00	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	970,485.00	-
LIABILITIES		
Accrued Salaries and Benefits	20,653.94	318,514.00
Accounts Payable	-	160,029.00
Due to Other Agencies	136,404.00	-
Revolving Loan - Line of Credit	-	1,950,000.00
Unearned Revenue	317,546.00	-
Long-Term Liabilities:		
Portion Due Within 1 Year	8,672.00	331,211.00
Portion Due After 1 Year	2,256,053.84	5,026,772.00
TOTAL LIABILITIES	2,739,329.78	7,786,526.00
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	111,962.00	-
Pensions	3,118,735.00	-
TOTAL DEFERRED INFLOWS OF RESOURCES	3,230,697.00	-
NET POSITION		
Net Investment in Capital Assets	21,599,392.11	1,179,751.00
Restricted for:		
State Required Carryover Programs	327,419.57	-
Workforce Development	139,427.73	-
Fuel Tax Refunds	13,132.79	-
Capital Projects	264,916.27	-
Unrestricted (Deficit)	(4,136,355.32)	(2,175,984.00)
TOTAL NET POSITION	$ 18,207,933.15	$ (996,233.00)

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

Jefferson County District School Board
Statement of Activities
For the Fiscal Year Ended June 30, 2019

		Program Revenues	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**
Primary Government			
Governmental Activities:			
Instruction	$ 6,645,383.71	$ -	$ -
Board	78,746.00	-	-
General Administration	95,661.61	-	-
Facilities Acquisition and Construction	1,038,239.28	-	-
Fiscal Services	60,653.91	-	-
Student Transportation Services	25,282.16	-	-
Operation of Plant	60,725.03	-	-
Maintenance of Plant	3,474.52	-	-
Administrative Technology Services	2,087.50	-	-
Unallocated Depreciation Expense	1,053,443.47	-	-
Total Primary Government	$ 9,063,697.19	$ 0.00	$ 0.00
Component Units			
Charter Schools	$ 13,846,240.00	$ 15,055.00	$ 4,618,595.00

General Revenues:
Taxes:
Property Taxes, Levied for Operational Purposes
Property Taxes, Levied for Capital Projects
Grants and Contributions Not Restricted to Specific Programs
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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	Primary Government Governmental Activities	Component Units
$ -	$ (6,645,383.71)	$ -
-	(78,746.00)	-
-	(95,661.61)	-
74,114.96	(964,124.32)	-
-	(60,653.91)	-
-	(25,282.16)	-
-	(60,725.03)	-
-	(3,474.52)	-
-	(2,087.50)	-
-	(1,053,443.47)	-
$ 74,114.96	(8,989,582.23)	-
$ 929,439.00	-	(8,283,151.00)
	3,172,139.85	-
	935,371.44	-
	4,108,091.35	6,844,076.00
	272,523.96	129,265.00
	8,488,126.60	6,973,341.00
	(501,455.63)	(1,309,810.00)
	18,709,388.78	313,577.00
	$ 18,207,933.15	$ (996,233.00)

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

	General Fund	Capital Projects - Public Education Capital Outlay Fund	Capital Projects - Capital Outlay and Debt Service Fund
ASSETS			
Cash	$ 885,366.48	$ -	$ 263,618.35
Due from Other Agencies	107,601.47	146,805.00	1,297.92
TOTAL ASSETS	$ 992,967.95	$ 146,805.00	$ 264,916.27
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	$ 20,653.94	$ -	$ -
Due to Other Agencies	103,751.40	-	-
Unearned Revenue	-	146,805.00	-
Total Liabilities	124,405.34	146,805.00	-
Fund Balances:			
Restricted for:			
State Required Carryover Programs	327,419.57	-	-
Workforce Development	139,427.73	-	-
Fuel Tax Refunds	13,132.79	-	-
Capital Projects	-	-	264,916.27
Total Restricted Fund Balance	479,980.09	-	264,916.27
Unassigned Fund Balance	388,582.52	-	-
Total Fund Balances	868,562.61	-	264,916.27
TOTAL LIABILITIES AND FUND BALANCES	$ 992,967.95	$ 146,805.00	$ 264,916.27

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

Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Total Governmental Funds
$ -	$ -	$ 1,148,984.83
32,652.60	170,741.00	459,097.99
$ 32,652.60	$ 170,741.00	$ 1,608,082.82
$ -	$ -	$ 20,653.94
32,652.60	-	136,404.00
-	170,741.00	317,546.00
32,652.60	170,741.00	474,603.94
-	-	327,419.57
-	-	139,427.73
-	-	13,132.79
-	-	264,916.27
-	-	744,896.36
-	-	388,582.52
-	-	1,133,478.88
$ 32,652.60	$ 170,741.00	$ 1,608,082.82

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

Total Fund Balances - Governmental Funds		$ 1,133,478.88
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.		21,599,392.11
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:		
Compensated Absences Payable	$ (5,949.84)	
Net Pension Liability	(1,968,173.00)	
Other Postemployment Benefits Payable	(290,603.00)	(2,264,725.84)
The deferred outflows of resources and deferred inflows of resources related to other postemployment benefits (OPEB) and pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to OPEB	$ 40,150.00	
Deferred Outflows Related to Pensions	930,335.00	
Deferred Inflows Related to OPEB	(111,962.00)	
Deferred Inflows Related to Pensions	(3,118,735.00)	(2,260,212.00)
Net Position - Governmental Activities		$ 18,207,933.15

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

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

	General Fund	Capital Projects - Public Education Capital Outlay Fund	Capital Projects - Capital Outlay and Debt Service Fund
Revenues			
Intergovernmental:			
State	$ 4,108,091.35	$ -	$ 74,114.96
Local:			
Property Taxes	3,172,139.85	-	-
Miscellaneous	271,754.40	-	-
Total Local Revenues	3,443,894.25	-	-
Total Revenues	7,551,985.60	-	74,114.96
Expenditures			
Current - Education:			
Instruction	6,649,894.77	-	-
Board	252,457.84	-	-
General Administration	278,301.42	-	70.85
Facilities Acquisition and Construction	28,454.71	-	-
Fiscal Services	60,653.91	-	-
Student Transportation Services	25,282.16	-	-
Operation of Plant	60,725.03	-	-
Maintenance of Plant	3,474.52	-	-
Administrative Technology Services	2,087.50	-	-
Total Expenditures	7,361,331.86	-	70.85
Excess (Deficiency) of Revenues Over Expenditures	190,653.74	-	74,044.11
Other Financing Sources (Uses)			
Transfers In	-	10,749.59	-
Transfers Out	(18,133.54)	-	-
Total Other Financing Sources (Uses)	(18,133.54)	10,749.59	-
Net Change in Fund Balances	172,520.20	10,749.59	74,044.11
Fund Balances, Beginning	696,042.41	(10,749.59)	190,872.16
Fund Balances, Ending	$ 868,562.61	$ 0.00	$ 264,916.27

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

Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Total Governmental Funds
$ -	$ -	$ 4,182,206.31
935,371.44	-	4,107,511.29
769.56	-	272,523.96
936,141.00	-	4,380,035.25
936,141.00	-	8,562,241.56
-	-	6,649,894.77
-	-	252,457.84
-	-	278,372.27
1,009,784.57	-	1,038,239.28
-	-	60,653.91
-	-	25,282.16
-	-	60,725.03
-	-	3,474.52
-	-	2,087.50
1,009,784.57	-	8,371,187.28
(73,643.57)	-	191,054.28
-	7,383.95	18,133.54
-	-	(18,133.54)
-	7,383.95	-
(73,643.57)	7,383.95	191,054.28
73,643.57	(7,383.95)	942,424.60
$ 0.00	$ 0.00	$ 1,133,478.88

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

Net Change in Fund Balances - Governmental Funds		$ 191,054.28
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.		(1,053,443.47)
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 used in the current fiscal year.		(3,661.44)
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. This is the net increase in OPEB liability for the current fiscal year.		(41,468.00)
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	$ 140,810.00	
HIS Pension Contribution	14,758.00	
FRS Pension Expense	19,796.00	
HIS Pension Expense	230,699.00	406,063.00
Change in Net Position - Governmental Activities		$ (501,455.63)

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 activities of the primary government and its component units. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Jefferson 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 is not readily associated with a particular function and is reported as unallocated.

B. Reporting Entity

The Jefferson County District School Board (Board) has direct responsibility for the 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 Jefferson 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 units are included within the District's reporting entity:

Discretely Presented Component Units. The component units columns in the government-wide financial statements include the financial data of the District's component units. A separate column is used to emphasize that they are legally separate from the District.

The Somerset Academy, Inc. is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The Somerset Academy, Inc. operates the Jefferson County Elementary, Jefferson County Middle, and Jefferson County High (Somerset Academy Charter Schools). The Board entered into an agreement with Somerset Academy, Inc. to turn over day-to-day operations of the District schools. Each charter school operates under a separate charter approved by their sponsor, the Jefferson County District School Board. The charter schools are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charter, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District.

The financial data reported on the accompanying statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2019. The audit reports are filed in the District's administrative offices at 1490 West Washington Street, Monticello, Florida 32344.

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.

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 report detailed information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

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.
- Capital Projects – Public Education Capital Outlay Fund – to account for the financial resources generated by Public Education Capital Outlay and Debt Service Trust Fund to be used for facilities maintenance.
- Capital Projects – Capital Outlay and Debt Service Fund – to account for the District's allocation of the State of Florida's Capital Outlay and Debt Service Program funds to be used for construction of new schools, including capital equipment and additions to existing schools.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used by the charter schools for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, and motor vehicle purchases.
- Capital Projects – Other Fund – to account for the financial resources generated by various State and local sources, including Classrooms First Program appropriations, for use by the charter schools.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at fiscal year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made 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 60 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 60 days of year end). Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

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

1. Cash

The District's cash is considered to be cash on hand and demand deposits. 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. 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 $750. 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 - 35 years
Buildings and Fixed Equipment	50 years
Furniture, Fixtures, and Equipment	3 - 20 years
Motor Vehicles	5 - 10 years
Audio Visual Materials and Computer Software	3 - 5 years

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

3. 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.

4. 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, 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.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position has 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 will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category. The deferred outflows of resources related to pensions and other postemployment benefits (OPEB) are discussed in subsequent notes.

In addition to liabilities, the statement of net position has 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 items that qualify for reporting in this category. The deferred inflows of resources related to pensions and OPEB are discussed in subsequent notes.

6. Net Position Flow Assumption

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

7. 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.

8. Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by approval of the annual financial report, authorized the assignment of fund balance. The Board may 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. The District reported no assigned fund balances at June 30, 2019.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include State appropriations for capital outlay and debt service. 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 also received an allocation under the Educational Facilities Security Grant. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE. Accordingly, the District recognizes the allocation of Public Education Capital Outlay and Educational Facilities Security Grant funds as unearned revenue until such time as an encumbrance authorization is received.

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

The Board adopted the 2018 tax levy on September 10, 2018. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the 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 Jefferson 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. Compensated Absences

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

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. 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. 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	$ 1,044,597.18	$ -	$ -	$ 1,044,597.18
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	1,056,982.73	-	-	1,056,982.73
Buildings and Fixed Equipment	37,216,720.95	-	-	37,216,720.95
Furniture, Fixtures, and Equipment	2,958,346.02	-	-	2,958,346.02
Motor Vehicles	1,901,582.32	-	-	1,901,582.32
Audio Visual Materials and Computer Software	361,606.34	-	-	361,606.34
Total Capital Assets Being Depreciated	43,495,238.36	-	-	43,495,238.36
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	920,422.89	19,154.14	-	939,577.03
Buildings and Fixed Equipment	16,513,764.68	782,920.46	-	17,296,685.14
Furniture, Fixtures, and Equipment	2,545,915.32	135,808.90	-	2,681,724.22
Motor Vehicles	1,558,440.64	102,410.06	-	1,660,850.70
Audio Visual Materials and Computer Software	348,456.43	13,149.91	-	361,606.34
Total Accumulated Depreciation	21,886,999.96	1,053,443.47	-	22,940,443.43
Total Capital Assets Being Depreciated, Net	21,608,238.40	(1,053,443.47)	-	20,554,794.93
Governmental Activities Capital Assets, Net	$ 22,652,835.58	$ (1,053,443.47)	$ 0.00	$ 21,599,392.11

The District's capital assets serve multiple functions; however, depreciation expense is not allocated to the various functions on the statement of activities, but shown as unallocated depreciation expense.

C. 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 negative $250,495 for the fiscal year ended June 30, 2019.

FRS Pension Plan

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

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

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

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

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

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

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

The District's contributions to the Plan totaled $140,810 for the fiscal year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the District reported a liability of $1,613,868 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was 0.005358034 percent, which was a decrease of 0.007039251 from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized negative Plan pension expense of $19,796. 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	$ 136,719	$ 4,962
Change of Assumptions	527,333	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	124,691
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	65,674	1,561,303
District FRS Contributions Subsequent to the Measurement Date	140,810	-
Total	$ 870,536	$ 1,690,956

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling $140,810, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2020	$ (90,790)
2021	(191,900)
2022	(290,657)
2023	(167,829)
2024	(150,951)
Thereafter	(69,103)
Total	$ (961,230)

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

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

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

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

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

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

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

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

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

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
District's Proportionate Share of the Net Pension Liability	$ 2,945,376	$ 1,613,868	$ 507,971

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

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

The District's contributions to the HIS Plan totaled $14,758 for the fiscal year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the District reported a net pension liability of $354,305 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was 0.003347517 percent, which was a decrease of 0.010973719 from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized negative HIS Plan pension expense of $230,699. 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	$ 5,424	$ 602
Change of Assumptions	39,403	37,460
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	214	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	-	1,389,717
District HIS Contributions Subsequent to the Measurement Date	14,758	-
Total	$ 59,799	$ 1,427,779

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling $14,758, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30		Amount
2020	$	(252,182)
2021		(252,200)
2022		(249,772)
2023		(224,693)
2024		(207,553)
Thereafter		(196,338)
Total	$	(1,382,738)

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

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

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

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

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

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

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
District's Proportionate Share of the Net Pension Liability	$ 403,533	$ 354,305	$ 313,271

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 2018-19 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Elected County Officers	11.34

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

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

The District's Investment Plan pension expense totaled $26,484 for the fiscal year ended June 30, 2019.

D. Other Postemployment Benefit Obligations

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District that provides OPEB for all employees who satisfy the District's retirement eligibility provisions. Pursuant to Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical and prescription drug coverage. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The OPEB Plan contribution requirement and benefit terms of the District and the OPEB Plan members are established and may be amended through 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 insurance benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

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	8
Active Employees	7
Total	15

Total OPEB Liability. The District's total OPEB liability of $290,603 was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017.

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

Inflation	2.5 percent
Salary Increases	3.7 to 7.8 percent per year, including inflation.
Discount Rate	3.56 percent
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend rates starting at 7 percent and gradually decreasing to an ultimate rate of 4.24 percent, plus 0.38 percent increase for excise tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death."
Expenses	Administrative expenses are included in the per capita health costs.

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the OPEB Plan actuarial valuation, the municipal bond rate of 3.56 percent was based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date.

Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2016, actuarial valuation of the FRS Pension Plan. These demographic assumptions were developed by FRS from an actuarial experience study, and therefore are appropriate for use in the OPEB Plan actuarial valuation. These include assumed rates of future termination, mortality, disability, and retirement. In addition, salary increase assumptions (for development of the pattern of the normal cost increases) were the same as those used in the July 1, 2016, actuarial valuation of the FRS Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment Plan are the same as for similarly situated participants of the FRS Defined Benefit Pension Plan.

Changes in the Total OPEB Liability.

	Amount
Balance at June 30, 2018	$ 249,135
Changes for the year:	
Service Cost	41,468
Balance at June 30, 2019	$ 290,603

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 (2.56 percent) or 1 percentage point higher (4.56 percent) than the current rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB Liability	$ 304,052	$ 290,603	$ 277,991

<u>Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates</u>. 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 (6 percent decreasing to 3.62 percent) or 1 percentage point higher (8 percent decreasing to 5.62 percent) than the current healthcare cost trend rates:

	1% Decrease (6% decreasing to 3.62%)	Healthcare Cost Trend Rates (7% decreasing to 4.62%)	1% Increase (8% decreasing to 5.62%)
Total OPEB Liability	$ 275,586	$ 290,603	$ 307,039

<u>OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>. For the fiscal year ended June 30, 2018, the District recognized negative OPEB expense of $12,412. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences Between Expected and Actual Experience	$ -	$ 102,545
Changes of Assumptions or Other Inputs	-	9,417
Benefits Paid Subsequent to the Measurement Date	40,150	-
Total	$ 40,150	$ 111,962

The amount reported as deferred outflows of resources related to OPEB, totaling $40,150, resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2020. 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**
2020	$ (41,468)
2021	(70,494)
Total	$ (111,962)

E. 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 Panhandle Area Educational Consortium – Risk Management 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, sabotage and terrorism, cyber liability, employee dishonesty, equipment breakdown, 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 Washington County District School Board serves as fiscal agent for the Consortium.

Employee group health and hospitalization coverage are being provided through purchased commercial insurance, with minimum deductibles for each line of coverage.

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

F. 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					
Compensated Absences Payable	$ 2,288.40	$ 4,576.80	$ 915.36	$ 5,949.84	$ -
Net Pension Liability	5,198,328.00	1,843,608.00	5,073,763.00	1,968,173.00	8,672.00
Other Postemployment Benefits Payable	249,135.00	41,468.00	-	290,603.00	-
Total Governmental Activities	$5,449,751.40	$1,889,652.80	$5,074,678.36	$2,264,725.84	$8,672.00

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

G. Fund Balance Reporting

In addition to committed and assigned fund balance categories discussed in Note I.F.8., 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.

H. Revenues

1. Schedule of State Revenue Sources

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

Source	Amount
Florida Education Finance Program	$ 2,889,887.00
Categorical Educational Program - Class Size Reduction	781,537.00
Workforce Development Program	81,207.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	74,114.96
School Recognition	53,882.00
State License Tax	7,113.42
Discretionary Lottery Funds	2,432.00
Miscellaneous	292,032.93
Total	$ 4,182,206.31

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

2. Property Taxes

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

	Millages	Taxes Levied
General Fund		
Nonvoted School Tax:		
Required Local Effort	4.195	$ 2,779,119
Basic Discretionary Local Effort	0.748	495,538
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	1.500	965,575
Total	6.443	$ 4,240,232

I. Interfund Transfers

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

	Interfund	
Funds	**Transfers In**	**Transfers Out**
Major:		
General	$ -	$ 18,133.54
Capital Projects:		
Public Education Capital Outlay	10,749.59	-
Other	7,383.95	-
Total	$ 18,133.54	$ 18,133.54

The purpose of the interfund transfers between the General Fund and both the Capital Projects – Public Education Capital Outlay Fund and the Capital Projects – Other Fund was to remove the deficit fund balances that existed in both funds.

Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
State	$ 3,338,695.00	$ 4,106,983.54	$ 4,108,091.35	$ 1,107.81
Local:				
Property Taxes	3,171,791.00	3,244,886.04	3,172,139.85	(72,746.19)
Miscellaneous	103,501.00	121,334.53	271,754.40	150,419.87
Total Local Revenues	3,275,292.00	3,366,220.57	3,443,894.25	77,673.68
Total Revenues	6,613,987.00	7,473,204.11	7,551,985.60	78,781.49
Expenditures				
Current - Education:				
Instruction	5,989,296.60	7,637,809.86	6,649,894.77	987,915.09
Board	267,419.96	252,457.84	252,457.84	-
General Administration	355,986.39	278,301.42	278,301.42	-
Facilities Acquisition and Construction	-	28,454.71	28,454.71	-
Fiscal Services	-	60,653.91	60,653.91	-
Student Transportation Services	-	25,282.16	25,282.16	-
Operation of Plant	-	60,725.03	60,725.03	-
Maintenance of Plant	-	3,474.52	3,474.52	-
Administrative Technology Services	-	2,087.50	2,087.50	-
Total Expenditures	6,612,702.95	8,349,246.95	7,361,331.86	987,915.09
Excess (Deficiency) of Revenues Over Expenditures	1,284.05	(876,042.84)	190,653.74	1,066,696.58
Other Financing Sources (Uses)				
Transfers In	-	968,534.07	-	(968,534.07)
Transfers Out	-	(18,133.54)	(18,133.54)	-
Total Other Financing Sources (Uses)	-	950,400.53	(18,133.54)	(968,534.07)
Net Change in Fund Balances	1,284.05	74,357.69	172,520.20	98,162.51
Fund Balances, Beginning	575,531.39	696,042.41	696,042.41	-
Fund Balances, Ending	$ 576,815.44	$ 770,400.10	$ 868,562.61	$ 98,162.51

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

	2019	2018
Total OPEB Liability		
Service Cost	$ 41,468	$ 16,774
Interest	-	12,282
Difference Between Expected and Actual Experience	-	(140,525)
Changes of Assumptions or Other Inputs	-	(12,905)
Benefit Payments	-	(60,651)
Net Change in Total OPEB Liability	41,468	(185,025)
Total OPEB Liability - Beginning	249,135	434,160
Total OPEB Liability - Ending	$ 290,603	$ 249,135
Covered-Employee Payroll	$ 902,150	$ 3,074,350
Total OPEB Liability as a Percentage of Covered-Employee Payroll	32.21%	8.10%

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

	2018	2017	2016	2015	2014	2013
District's Proportion of the FRS Net Pension Liability	0.005358034%	0.012397285%	0.014229271%	0.016664258%	0.018856390%	0.017007561%
District's Proportionate Share of the FRS Net Pension Liability	$ 1,613,868	$ 3,667,035	$ 3,592,903	$ 2,152,412	$ 1,150,517	$ 2,927,758
District's Covered Payroll	$ 1,093,614	$ 4,564,860	$ 5,453,655	$ 5,794,332	$ 6,478,434	$ 6,446,075
District's Proportionate Share of the FRS Net Pension Liability as a Percentage of Its Covered Payroll	147.57%	80.33%	65.88%	37.15%	17.76%	45.42%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

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

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

	2019	2018	2017	2016	2015	2014
Contractually Required FRS Contribution	$ 140,810	$ 152,700	$ 322,732	$ 347,003	$ 406,289	$ 413,035
FRS Contributions in Relation to the Contractually Required Contribution	(140,810)	(152,700)	(322,732)	(347,003)	(406,289)	(413,035)
FRS Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 902,150	$ 1,093,614	$ 4,564,860	$ 5,453,655	$ 5,794,332	$ 6,478,434
FRS Contributions as a Percentage of Covered Payroll	15.61%	13.96%	7.07%	6.36%	7.01%	6.38%

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

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

	2018	2017	2016	2015	2014	2013
District's Proportion of the HIS Net Pension Liability	0.003347517%	0.014321236%	0.017569385%	0.019099022%	0.021769779%	0.022171123%
District's Proportionate Share of the HIS Net Pension Liability	$ 354,305	$ 1,531,293	$ 2,047,639	$ 1,947,800	$ 2,035,527	$ 1,930,288
District's Covered Payroll	$ 1,093,614	$ 4,564,860	$ 5,453,655	$ 5,794,332	$ 6,478,434	$ 6,446,075
District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	32.40%	33.55%	37.55%	33.62%	31.42%	29.95%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

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

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

	2019	2018	2017	2016	2015	2014
Contractually Required HIS Contribution	$ 14,758	$ 18,154	$ 75,792	$ 90,054	$ 73,008	$ 74,546
HIS Contributions in Relation to the Contractually Required Contribution	(14,758)	(18,154)	(75,792)	(90,054)	(73,008)	(74,546)
HIS Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 902,150	$ 1,093,614	$ 4,564,860	$ 5,453,655	$ 5,794,332	$ 6,478,434
HIS Contributions as a Percentage of Covered Payroll	1.64%	1.66%	1.66%	1.65%	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 meet 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 7.1 percent to 7 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 3.58 percent to 3.87 percent.

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT ON 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, the aggregate discretely presented component units, and each major fund of the Jefferson County District School Board as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 25, 2020, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying **FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS** as Finding Nos. 2019-001 and 2019-002 that we consider to be significant deficiencies.

Compliance and Other Matter

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

We identified a certain additional matter finding which is described on page 51.

District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying **FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS** Finding Nos. 2019-001 and 2019-002. The District is also responsible for preparing a corrective action plan to address these findings. The District's response to the additional matter finding identified in our audit is included as District Response on page 51 in Finding AM 2019-001. The District's responses and the **CORRECTIVE ACTION PLAN** were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
February 25, 2020

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

SIGNIFICANT DEFICIENCIES

SEPARATION OF INCOMPATIBLE DUTIES

Finding Number	**2019-001**
Opinion Unit	Not Applicable
Financial Statements Account Title	Not Applicable
Fund Name	Not Applicable
Adjustment Amounts	Not Applicable
Prior Year Finding	2018-001, Report No. 2019-153

Finding

The District continues to lack an effective control environment that separates incompatible employee duties.

Criteria

Section 1010.01(5), Florida Statutes, requires each school district to establish and maintain internal controls designed to, among other things, detect fraud, ensure reliability of financial records and reports, and safeguard assets. To reduce the risk of error, misuse, or fraud, effective internal controls require that key duties and responsibilities are appropriately divided among employees so that no one individual controls all key aspects of a transaction or event. This includes separating the responsibilities for recording and reviewing transactions and handling any related assets.

Condition

In August 2016, the Florida Department of Education (FDOE) declared that the District was in a state of financial emergency and the State Board of Education (SBE) appointed a Financial Emergency Board to provide support and financial oversight to the District. While, during the 2018-19 fiscal year, the FDOE required the District to submit expenditures for approval prior to payment and the Financial Emergency Board provided support and oversight, the District had only two full-time positions, the Superintendent and an administrative assistant, and a part-time adult education instructor.

As part of our audit, we inquired of District personnel, observed District processes, and reviewed District procedures to evaluate whether the District maintained an effective control environment that separated incompatible employee duties. We found that, for example, the Superintendent continued to have incompatible duties that allowed her to:

- Prepare and record journal entries in the accounting records without documented, independent review and approval of the entries.
- Receive cash, prepare bank deposit slips, deposit the cash, and record the cash in the accounting records.

To compensate, in part, for these control deficiencies, the School Board reviewed monthly vendor expenditures and monitored the expenditures against the approved budget.

Cause

In response to our inquiry, District personnel indicated that, due to financial constraints, they have not been able to hire additional personnel, but plan to do so once the state of financial emergency has been lifted. Section 218.504, Florida Statutes, authorizes the Commissioner of Education to discontinue the District's state of financial emergency if certain conditions are met. However, as of February 2020, the state of financial emergency remained in effect.

Effect	Absent effective procedures that separate incompatible employee duties, there is an increased risk that theft could occur and not be timely detected and resolved.
Recommendation	The District should continue to communicate with the FDOE to establish an effective control environment that separates incompatible employee duties or to implement adequate controls to compensate for these deficiencies.
District Response	The District concurs with this finding. Due to the recent addition of a part-time adult education staff member, the District is reallocating responsibilities among its 2.5 FTE to effect an improved separation of incompatible duties.

FINANCIAL REPORTING

Finding Number	**2019-002**
Opinion Units	Major Funds: Capital Projects – Public Education Capital Outlay (PECO) and Capital Projects – Other (CPO); and Aggregate Remaining Fund Information
Financial Statements Account Titles	Due From Other Agencies and Unearned Revenue
Fund Names	Capital Projects – PECO Fund, CPO Fund, and Other Governmental Funds
Adjustment Amounts	Governmental fund financial statement adjustments included: • Capital Projects – PECO Fund: Total assets and liabilities each increased by $146,805, total other financing sources increased by $10,750, and beginning fund balance decreased to a deficit balance of $10,750. • CPO Fund: Total assets and liabilities each increased by $170,741, total other financing sources increased by $7,384, and beginning fund balance decreased to a deficit balance of $7,384. • Other Governmental Funds: The accounts and amounts to offset the above entries were adjusted to eliminate this fund.
Prior Year Finding	Not Applicable
Finding	District financial reporting procedures need improvement to ensure that account balances and transactions are properly reported and required schedules are properly disclosed in the annual financial report (AFR) submitted to the FDOE.
Criteria	Section 1010.01, Florida Statutes, requires that State Board of Education (SBE) rules incorporate the requirements of law and accounting principles generally accepted in the United States (GAAP). SBE Rule 6A-1.0071, Florida Administrative Code, and related instructions from the FDOE prescribe the exhibits and schedules that should be prepared as part of the District's AFR. GAAP require that: • Appropriations available but not yet encumbered at fiscal year end be reported as unearned revenue with a corresponding receivable set up as a due from other agencies. • Preparation of fund financial statements include an analysis to determine the major funds. A fund should be reported as major when the fund's assets, liabilities, revenues, or expenditures represent at least 10 percent of the total governmental funds for these respective classifications. • Certain Required Supplementary Information (RSI) about the District's other postemployment benefits (OPEB) and pension plans must be disclosed in the AFR. Such disclosures include the Schedule of Changes in the District's Total OPEB Liability, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of District Contributions for both the Florida Retirement System Pension Plan and the Health Insurance Subsidy Pension Plan.

Condition	The Board contracted with a certified public accountant (CPA) to provide financial and accounting services, including preparation of the District AFR along with RSI. The CPA prepared the AFR; however, for the Capital Projects – PECO and CPO Funds, appropriations available but not encumbered at fiscal year end totaling $119,282 and $70,741, respectively, were not reported as due from other agencies with corresponding amounts as unearned revenue. As a result of these errors, the AFR, which was submitted to the FDOE, excluded both the Capital Projects – PECO and CPO Funds from major fund reporting and erroneously reported these accounts and others in the Other Governmental Funds. In addition, the RSI related to District OPEB and pension plans was omitted from the AFR. We extended our procedures to determine the adjustments necessary to ensure that the financial statements were materially correct in the AFR and that RSI was appropriately disclosed. Although District personnel accepted these adjustments, our procedures cannot substitute for management's responsibility to implement adequate controls over preparation of the AFR.
Cause	The CPA, due to oversights, misreported amounts on the AFR and submitted the AFR without certain RSI disclosures. While the Board approved the AFR, the District had not established procedures to independently verify that the AFR was properly prepared or detect any reporting errors before the AFR is finalized.
Effect	Separately reporting accurate amounts by major fund allows financial statement users to readily identify the District's most significant funds and their related balances and transactions, understand the District's financial activities, and correctly assess the District's financial position. Furthermore, the omission of certain RSI from the AFR decreases the relevance and usefulness of financial reporting for financial statement users.
Recommendation	The District should improve procedures to ensure that financial statement accounts and transactions are properly reported and that all required supplementary information is included in the District AFR. Such procedures should include appropriate review and approval of the AFR to detect and correct reporting errors and ensure completeness of the AFR prior to submittal.
District Response	The District concurs with this finding. The District will work more closely to properly account for all legislatively appropriated funds, and ensure that all required supplementary information is included in the District AFR.

ADDITIONAL MATTER

BANK ACCOUNT RECONCILIATIONS

Finding Number	**AM 2019-001**
Opinion Unit	Not Applicable
Financial Statements Account Title	Not Applicable
Fund Name	Not Applicable
Adjustment Amounts	Not Applicable
Prior Year Findings	AM 2018-001, Report No. 2019-153; and AM 2017-001, Report No. 2018-177
Finding	District controls over cash continue to be deficient as bank account reconciliations for July 2018 through June 2019 had not been completed for one bank account as of December 2019. For that bank account, at June 30, 2019, the bank statement cash balance of $917,917 exceeded by $81,224 the general ledger cash balance of $836,693.
Criteria	Section 1010.01(5), Florida Statutes, requires each school district to establish and maintain internal controls designed to, among other things, detect fraud, ensure reliability of financial records and reports, and safeguard assets. Effective internal controls require that reconciliations of bank account balances to general ledger control accounts be performed on a timely, routine basis with reconciling items promptly identified, thoroughly investigated, adequately documented, and resolved.
Condition	The District maintained three bank accounts during the 2018-19 fiscal year and, at June 30, 2019, the District's adjusted general ledger and financial statement cash balances each totaled $1,148,985. During the 2018-19 fiscal year, the District contracted with a CPA to prepare or review bank reconciliations, on a monthly basis, for all 12 months of the 2018-19 fiscal year. As of December 2019, bank account reconciliations for July 2018 through June 2019 had not been completed for one bank account. For that bank account, at June 30, 2019, the bank statement cash balance of $917,917 exceeded by $81,224 the general ledger cash balance of $836,693. Subsequent to our inquiries, bank reconciliations for that account were completed in January 2020 for all 12 months of the 2018-19 fiscal year.
Cause	Based on discussions with District personnel, the delays in reconciling the General Fund bank account were primarily due to improper accounting entries in the accounting system that created an unreconciled difference.
Effect	Absent effective procedures for the timely preparation of bank account reconciliations, there is an increased risk that any cash transactions errors or fraud that may occur will not be timely detected. Additionally, without such procedures, the reliability of the general ledger financial information throughout the year and the Board's ability to effectively monitor the District's financial position is diminished.
Recommendation	The District should continue efforts to ensure that reconciliations of bank account balances to the general ledger account balances are timely performed with reconciling items promptly identified, thoroughly investigated, adequately documented, and promptly resolved.
District Response	The District concurs with this finding. As of January 2020, all bank reconciliations are complete, and prospectively the District will continue to reconcile the accounts in a timely manner.

PRIOR AUDIT FOLLOW-UP

The District had taken correction actions for findings included in our report No. 2019-153, except as noted in Finding Nos. 2019-001 and AM 2019-001 and shown in Table 1.

Table 1
Findings Also Noted in Previous Audit Reports

Finding	2017-18 Fiscal Year Audit Report No. 2019-153, Finding	2016-17 Fiscal Year Audit Report No. 2018-177, Finding
2019-001	2018-001	Not Applicable
AM 2019-001	AM 2018-001	AM 2017-001

Jefferson County School District
Marianne Arbulu, Superintendent
1490 W. Washington Street
Monticello, FL 32344
www.jeffersonschooldistrict.org

February 20, 2020

Audit Report No. (Finding No.)	Program/Area	Brief Description	Status	Comments
2019-153 (2018-001)	Separation of Incompatible Duties	District procedures did not always provide for an effective control environment that separated incompatible employee duties.	Partially Corrected	The District plans to implement new procedures relating to separation of duties in the 2019-2020 fiscal year.

Jefferson County School District
Marianne Arbulu, Superintendent
1490 W. Washington Street
Monticello, FL 32344
www.jeffersonschooldistrict.org

February 20, 2020

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

Finding Number:	*2019-001.*
Planned Corrective Action:	Due to the recent addition of a part-time adult education staff member, the District is reallocating responsibilities among its 2.5 FTE to effect an improved separation of duties.
Anticipated Completion Date:	Completed
Responsible Contact Person:	Marianne Arbulu

Finding Number:	*2019-002.*
Planned Corrective Action:	The District will work more closely to properly account for legislatively appropriated funds, and ensure that all required supplementary information is included in the District AFR.
Anticipated Completion Date:	Completed
Responsible Contact Person:	Marianne Arbulu