

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2020-175
March 2020

**GLADES 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, Scott Bass served as Superintendent of the Glades County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Crystal Drake from 11-20-18	1
Janet Storey, Vice Chair through 11-19-18	1
Jenny Allen, Vice Chair from 11-20-18	2
Jeri Wilson	3
Gloria Reese from 11-20-18	4
Mike Pressley, Chair through 11-19-18	4
Patricia Pearce, Chair from 11-20-18	5

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

The team leader was Xiaowen Chen, and the audit was supervised by Ramon L. Bover, CPA.

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

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

We noted a certain matter involving the District's internal control over financial reporting and its operation that we consider to be a material weakness, as summarized below.

Material Weakness

Finding No. 2019-001: District accountability over school internal funds needs to be enhanced.

We also 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. 2019-002: District financial reporting procedures continue to need improvement to ensure financial statement account balances and transactions are properly reported and required schedules are properly disclosed in the annual financial report.

Finding No. 2019-003: The Finance Director, who also served as the District security administrator, and another employee continued to have full update access privileges to certain information technology applications or components that allowed them to perform functions incompatible or inconsistent with their assigned job responsibilities.

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

SUMMARY OF REPORT ON FEDERAL AWARDS

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

AUDIT OBJECTIVES AND SCOPE

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

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;

- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on the District's major Federal program;
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal program; and
- Taken corrective actions for financial statement findings included in our report No. 2019-150.

The scope of this audit included an examination of the District's basic financial statements and the accompanying Schedule of Expenditures of Federal Awards, as of and for the fiscal year ended June 30, 2019. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

AUDIT METHODOLOGY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.



Sherrill F. Norman, CPA
Auditor General

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Tallahassee, Florida 32399-1450



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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Glades County District School Board, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements. We were not engaged to audit the financial statement of the school internal funds. These financial statements 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 it relates 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. Because of the matter described

in the Basis for Disclaimer of Opinion paragraph on the Aggregate Remaining Fund Information, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate remaining fund information.

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.

Except for the matter described in the Basis for Disclaimer of Opinion paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinions.

Basis for Disclaimer of Opinion on the Aggregate Remaining Fund Information

The financial statements of the school internal funds have not been audited, and we were not engaged to audit these financial statements as part of our audit of the Glades County District School Board's basic financial statements. The financial activities of the school internal funds are included in the District's basic financial statements as Fiduciary Funds and represent 28 percent of the assets and 100 percent of the liabilities of the District aggregate remaining fund information.

Disclaimer of Opinion on the Aggregate Remaining Fund Information

Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Aggregate Remaining Fund Information paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate remaining fund information of the Glades County District School Board. Accordingly, we do not express an opinion on these financial statements.

Unmodified 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 Glades County District School Board, as of June 30, 2019, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Budgetary Comparison Schedule – General and Major Special**

Revenue Funds, Schedule of Changes in the District’s Total OPEB Liability and Related Ratios, Schedule of the District’s Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan, Schedule of District Contributions – Florida Retirement System Pension Plan, Schedule of the District’s Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan, Schedule of District Contributions – Health Insurance Subsidy Pension Plan, and Notes to Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 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 ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or

on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large, sweeping initial "S".

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

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

- As of June 30, 2019, the assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by \$43.3 million.
- General revenues total \$18.7 million, or 93.2 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$1.4 million, or 6.8 percent of all revenues.
- Expenses total \$21.4 million. Only \$1.4 million of these expenses was offset by program specific revenues, with the remainder paid from general revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$3.6 million, which is \$432,997 more than the prior fiscal year balance. The General Fund assigned and unassigned fund balances total \$3.2 million, or approximately 19.8 percent of total General Fund revenues.
- The total long-term liabilities increased by \$0.4 million, or 4.1 percent, mainly because of an increase in the net pension liability related to the District's participation in the Florida Retirement System.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements.

Government-Wide Financial Statements

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

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

The 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 two separate charter schools in this report, which are operated by the Pemayetv Emahakv, Inc. (Corporation). The Corporation is a not-for-profit corporation organized and operated as a direct-support organization under Section 1002.33, Florida Statutes. The Corporation operates the Pemayetv Emahakv Charter "Our Way School" and Pemayetv Emahakv Charter Middle School under charters approved by their sponsor, the Board. Based on generally accepted accounting principles, as discussed in the notes to financial statements, these entities have been included as an integral part of the primary government.

Fund Financial Statements

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

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

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

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

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

The District uses private-purpose trust funds to account for scholarship funds established by private donors.

The District uses agency funds to account for resources held for student activities and groups.

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position, End of Year

	Governmental Activities	
	6-30-19	6-30-18
Current and Other Assets	\$ 4,921,110	\$ 4,726,862
Capital Assets	44,985,618	45,995,111
Total Assets	49,906,728	50,721,973
Deferred Outflows of Resources	3,791,584	3,754,504
Long-Term Liabilities	9,489,707	9,115,993
Other Liabilities	34,721	156,243
Total Liabilities	9,524,428	9,272,236
Deferred Inflows of Resources	830,146	506,996
Net Position:		
Investment in Capital Assets	44,985,618	45,995,111
Restricted	1,654,470	1,719,315
Unrestricted (Deficit)	(3,296,350)	(3,017,181)
Total Net Position	\$ 43,343,738	\$ 44,697,245

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.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was the result, in part, of accruing \$555,214 in compensated absences payable, \$486,118 in other postemployment benefit payable, and \$8,448,375 in net pension liability.

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

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	<u>6-30-19</u>	<u>6-30-18</u>
Program Revenues:		
Charges for Services	\$ 84,297	\$ 87,611
Operating Grants and Contributions	1,009,565	909,002
Capital Grants and Contributions	261,638	151,028
General Revenues:		
Property Taxes, Levied for Operational Purposes	3,059,717	3,044,950
Property Taxes, Levied for Capital Projects	972,919	930,989
Grants and Contributions Not Restricted to Specific Programs	14,080,888	12,657,646
Unrestricted Investment Earnings	36,626	24,174
Miscellaneous	550,510	348,357
Total Revenues	<u>20,056,160</u>	<u>18,153,757</u>
Functions/Program Expenses:		
Instruction	11,727,020	10,717,510
Student Support Services	660,503	616,935
Instructional Media Services	227,735	222,451
Instruction and Curriculum Development Services	398,767	331,066
Instructional Staff Training Services	162,149	213,771
Instruction-Related Technology	197,728	115,328
Board	433,144	376,490
General Administration	317,541	325,221
School Administration	996,447	900,268
Facilities Acquisition and Construction	651,008	216,508
Fiscal Services	259,741	263,509
Food Services	1,009,395	972,319
Central Services	314,424	33,763
Student Transportation Services	617,224	554,989
Operation of Plant	1,218,759	1,197,313
Maintenance of Plant	554,651	525,077
Administrative Technology Services	309,938	258,770
Unallocated Interest on Long-Term Debt	60	-
Unallocated Depreciation Expense	1,353,433	1,249,484
Total Functions/Program Expenses	<u>21,409,667</u>	<u>19,090,772</u>
Change in Net Position	<u>(1,353,507)</u>	<u>(937,015)</u>
Net Position - Beginning	44,697,245	45,930,831
Adjustment to Beginning Net Position (1)	-	(296,571)
Net Position - Beginning, as Restated	<u>44,697,245</u>	<u>45,634,260</u>
Net Position - Ending	<u>43,343,738</u>	<u>44,697,245</u>

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

The largest revenue source is the State of Florida (61.5 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP funding formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Grants and contributions not restricted to specific programs increased by \$1,423,242, or 11.2 percent, primarily due to increases in FEFP funding and Federal grants.

Instruction expenses increased by \$1,009,510, or 9.4 percent, primarily due to increases in salaries and pension expense.

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 \$315,770 during the fiscal year to \$4.9 million at June 30, 2019. Approximately 65 percent of this amount is unassigned fund balance (\$3.2 million), which is available for spending at the District's discretion. The remainder of the fund balance is nonspendable, restricted, or assigned to indicate that it is (1) not in spendable form, (2) restricted for particular purposes, or (3) assigned for particular purposes.

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is \$3.2 million, while the total fund balance is \$3.6 million. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is 19.8 percent of the total General Fund revenues, while total fund balance represents 22.2 percent of total General Fund revenues.

Total General Fund balance increased by \$432,997 during the fiscal year primarily due to an increase in revenues from State sources.

The Special Revenue – Food Service Fund is used to account for the District's food service program activities, including revenues and expenditures totaling \$1.1 million and \$1 million, respectively. The fund balance increased \$119,674 due in part to an increase in school breakfast and lunch Federal reimbursements.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of \$560,054, which is a decrease of \$298,437 from the 2017-18 fiscal year, due in part to renovation and remodeling projects started and completed within the current year and purchase of motor vehicles. These funds are restricted

for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, and motor vehicle purchases.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2018-19 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of \$1,749,142, or 10.8 percent. At the same time, final appropriations are more than the original budgeted amounts by \$494,810, or 2.8 percent. Budget revisions occurred primarily from changes in estimated State funding levels and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

Actual revenues are less than the final budgeted amounts by \$1.6 million, while actual expenditures are \$1.5 million, or 8.2 percent, less than final budget amounts. The decrease in expenditures was primarily due to continued cost containment measures implemented by the District.

CAPITAL ASSETS

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2019, is \$45 million (net of accumulated depreciation). This investment in capital assets includes land; land improvements; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

Additional information on the District's capital assets can be found in Notes I.F.3. and II.B. to the financial statements.

OTHER MATTERS OF SIGNIFICANCE

Employer contributions to the Florida Retirement System increased for regular employees from 8.26 to 8.47 percent of payroll for the 2019-20 fiscal year.

Housing prices are expected to increase the taxable assessed value of real property for the 2019-20 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, Glades County District School Board, Post Office Box 459, Moore Haven, Florida 33471.

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BASIC FINANCIAL STATEMENTS

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

	Primary Government	Component Units
	Governmental Activities	Units
ASSETS		
Cash and Cash Equivalents	\$ 4,793,278.79	\$ 1,816,002.00
Accounts Receivable	109,209.23	24,669.00
Interest Receivable	1,078.67	-
Due from Other Agencies	-	33,766.00
Inventories	17,543.21	-
Prepaid Items		7,816.00
Capital Assets:		
Nondepreciable Capital Assets	2,567,264.44	-
Depreciable Capital Assets, Net	42,418,353.97	751,075.00
TOTAL ASSETS	49,906,728.31	2,633,328.00
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	28,831.00	-
Pensions	3,762,753.00	2,755,027.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,791,584.00	2,755,027.00
LIABILITIES		
Accrued Salaries and Benefits	-	532,491.00
Payroll Deductions and Withholdings	34,112.67	-
Accounts Payable	-	70,528.00
Due to Other Agencies	608.03	-
Long-Term Liabilities:		
Portion Due Within 1 Year	136,045.50	-
Portion Due After 1 Year	9,353,661.74	4,973,300.00
TOTAL LIABILITIES	9,524,427.94	5,576,319.00
DEFERRED INFLOWS OF RESOURCES		
Pensions	830,146.00	510,786.00
NET POSITION		
Investment in Capital Assets	44,985,618.41	751,075.00
Restricted for:		
State Required Carryover Programs	166,101.10	-
Capital Projects	754,684.19	-
Food Service	504,084.87	-
Career and Adult Education	229,599.69	-
Unrestricted	(3,296,349.89)	(1,449,825.00)
TOTAL NET POSITION	\$ 43,343,738.37	\$ (698,750.00)

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

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Instruction	\$ 11,727,020.33	\$ 468.75	\$ -	\$ -
Student Support Services	660,503.40	-	-	-
Instructional Media Services	227,734.70	-	-	-
Instruction and Curriculum Development Services	398,767.22	-	-	-
Instructional Staff Training Services	162,149.25	-	-	-
Instruction-Related Technology	197,728.22	-	-	-
Board	433,144.08	-	-	-
General Administration	317,540.70	-	-	-
School Administration	996,447.36	-	-	-
Facilities Acquisition and Construction	651,007.93	-	-	61,436.88
Fiscal Services	259,741.00	-	-	-
Food Services	1,009,395.49	83,828.07	1,009,565.41	-
Central Services	314,423.66	-	-	-
Student Transportation Services	617,224.13	-	-	-
Operation of Plant	1,218,759.22	-	-	-
Maintenance of Plant	554,650.56	-	-	200,201.00
Administrative Technology Services	309,938.07	-	-	-
Unallocated Interest on Long-Term Debt	58.88	-	-	-
Unallocated Depreciation Expense	1,353,432.71	-	-	-
Total Primary Government	\$ 21,409,666.91	\$ 84,296.82	\$ 1,009,565.41	\$ 261,637.88
Component Units				
Charter Schools	\$ 9,785,248.00	\$ 239,837.00	\$ 70,359.00	\$ 170,996.00

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

**Net (Expense) Revenue and Changes in
Net Position**

Primary Government	
Governmental Activities	Component Units
\$ (11,726,551.58)	\$ -
(660,503.40)	-
(227,734.70)	-
(398,767.22)	-
(162,149.25)	-
(197,728.22)	-
(433,144.08)	-
(317,540.70)	-
(996,447.36)	-
(589,571.05)	-
(259,741.00)	-
83,997.99	-
(314,423.66)	-
(617,224.13)	-
(1,218,759.22)	-
(354,449.56)	-
(309,938.07)	-
(58.88)	-
(1,353,432.71)	-
<u>(20,054,166.80)</u>	<u>-</u>
-	(9,304,056.00)
3,059,717.18	-
972,919.34	-
14,080,887.61	10,172,008.00
36,626.36	-
550,509.90	-
<u>18,700,660.39</u>	<u>10,172,008.00</u>
(1,353,506.41)	867,952.00
44,697,244.78	(1,566,702.00)
<u>\$ 43,343,738.37</u>	<u>\$ (698,750.00)</u>

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

	<u>General Fund</u>	<u>Special Revenue - Food Service Fund</u>	<u>Capital Projects - Local Capital Improvement Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,561,188.46	\$ 486,541.66	\$ 551,996.83
Accounts Receivable	101,152.38	-	8,056.85
Interest Receivable	-	-	-
Inventories	-	17,543.21	-
TOTAL ASSETS	<u>\$ 3,662,340.84</u>	<u>\$ 504,084.87</u>	<u>\$ 560,053.68</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payroll Deductions and Withholdings	\$ 34,112.67	\$ -	\$ -
Due to Other Agencies	608.03	-	-
Total Liabilities	<u>34,720.70</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Inventories	-	17,543.21	-
Restricted for:			
State Required Carryover Programs	166,101.10	-	-
Capital Projects	-	-	560,053.68
Food Service	-	486,541.66	-
Career and Adult Education	229,599.69	-	-
Total Restricted Fund Balance	<u>395,700.79</u>	<u>486,541.66</u>	<u>560,053.68</u>
Assigned for Other Purposes	58,491.01	-	-
Unassigned Fund Balance	3,173,428.34	-	-
Total Fund Balances	<u>3,627,620.14</u>	<u>504,084.87</u>	<u>560,053.68</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,662,340.84</u>	<u>\$ 504,084.87</u>	<u>\$ 560,053.68</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 193,551.84	\$ 4,793,278.79
-	109,209.23
1,078.67	1,078.67
-	17,543.21
\$ 194,630.51	\$ 4,921,109.90
\$ -	\$ 34,112.67
-	608.03
-	34,720.70
-	17,543.21
-	166,101.10
194,630.51	754,684.19
-	486,541.66
-	229,599.69
194,630.51	1,636,926.64
-	58,491.01
-	3,173,428.34
194,630.51	4,886,389.20
\$ 194,630.51	\$ 4,921,109.90

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

Total Fund Balances - Governmental Funds \$ 4,886,389.20

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. 44,985,618.41

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	\$ (555,214.24)	
Net Pension Liability	(8,448,375.00)	
Other Postemployment Benefits Payable	<u>(486,118.00)</u>	(9,489,707.24)

The deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions	\$ 3,762,753.00	
Deferred Outflows Related to OPEB	28,831.00	
Deferred Inflows Related to Pensions	<u>(830,146.00)</u>	<u>2,961,438.00</u>

Net Position - Governmental Activities **\$ 43,343,738.37**

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

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

	<u>General Fund</u>	<u>Special Revenue - Food Service Fund</u>	<u>Capital Projects - Local Capital Improvement Fund</u>
Revenues			
Intergovernmental:			
Federal Direct	\$ 806,033.64	\$ -	\$ -
Federal Through State and Local	392.00	998,002.33	-
State	12,059,071.24	13,867.00	-
Local:			
Property Taxes	3,059,717.18	-	972,919.34
Charges for Services - Food Service	-	83,828.07	-
Miscellaneous	414,363.73	11,826.33	33,150.02
Total Local Revenues	<u>3,474,080.91</u>	<u>95,654.40</u>	<u>1,006,069.36</u>
Total Revenues	<u>16,339,577.79</u>	<u>1,107,523.73</u>	<u>1,006,069.36</u>
Expenditures			
Current - Education:			
Instruction	10,422,088.29	-	-
Student Support Services	558,605.08	-	-
Instructional Media Services	215,920.65	-	-
Instruction and Curriculum Development Services	311,491.23	-	-
Instructional Staff Training Services	86,685.14	-	-
Instruction-Related Technology	197,728.22	-	-
Board	400,420.39	-	-
General Administration	241,165.96	-	-
School Administration	941,739.04	-	-
Facilities Acquisition and Construction	-	-	651,007.93
Fiscal Services	249,072.00	-	-
Food Services	284.96	987,849.77	-
Central Services	312,702.26	-	-
Student Transportation Services	594,793.40	-	-
Operation of Plant	1,201,075.43	-	-
Maintenance of Plant	529,682.82	-	-
Administrative Technology Services	307,918.07	-	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	-	-	153,500.00
Other Capital Outlay	-	-	190,440.10
Debt Service:			
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>16,571,372.94</u>	<u>987,849.77</u>	<u>994,948.03</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(231,795.15)</u>	<u>119,673.96</u>	<u>11,121.33</u>
Other Financing Sources (Uses)			
Transfers In	539,909.80	-	-
Loss Recoveries	124,882.34	-	-
Transfers Out	-	-	(309,558.00)
Total Other Financing Sources (Uses)	<u>664,792.14</u>	<u>-</u>	<u>(309,558.00)</u>
Net Change in Fund Balances	432,996.99	119,673.96	(298,436.67)
Fund Balances, Beginning	<u>3,194,623.15</u>	<u>384,410.91</u>	<u>858,490.35</u>
Fund Balances, Ending	<u>\$ 3,627,620.14</u>	<u>\$ 504,084.87</u>	<u>\$ 560,053.68</u>

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 55,934.00	\$ 861,967.64
1,160,377.40	2,158,771.73
260,717.21	12,333,655.45
-	4,032,636.52
-	83,828.07
<u>1,078.67</u>	<u>460,418.75</u>
<u>1,078.67</u>	<u>4,576,883.34</u>
<u>1,478,107.28</u>	<u>19,931,278.16</u>
919,829.40	11,341,917.69
75,126.90	633,731.98
-	215,920.65
67,038.78	378,530.01
74,152.63	160,837.77
-	197,728.22
-	400,420.39
40,414.86	281,580.82
-	941,739.04
-	651,007.93
-	249,072.00
-	988,134.73
-	312,702.26
88.03	594,881.43
-	1,201,075.43
9,510.00	539,192.82
-	307,918.07
-	153,500.00
-	190,440.10
<u>58.88</u>	<u>58.88</u>
<u>1,186,219.48</u>	<u>19,740,390.22</u>
<u>291,887.80</u>	<u>190,887.94</u>
-	539,909.80
-	124,882.34
<u>(230,351.80)</u>	<u>(539,909.80)</u>
<u>(230,351.80)</u>	<u>124,882.34</u>
61,536.00	315,770.28
133,094.51	4,570,618.92
<u>\$ 194,630.51</u>	<u>\$ 4,886,389.20</u>

**Glades 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 **\$ 315,770.28**

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. (1,009,492.61)

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. (101,683.08)

Governmental funds report District OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions, as determined through an actuarial valuation, is reported as an OPEB expense.

Increase in OPEB Liability	\$	(82,316.00)	
Increase in Deferred Outflow of Resources - OPEB		28,831.00	(53,485.00)

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	\$	610,363.00	
HIS Pension Contribution		143,336.00	
FRS Pension Expense		(1,034,043.00)	
HIS Pension Expense		(224,272.00)	(504,616.00)

Change in Net Position - Governmental Activities **\$ (1,353,506.41)**

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

**Glades County District School Board
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2019**

	Private-Purpose Trust Funds	Agency Funds (Unaudited)
ASSETS		
Cash and Cash Equivalents	\$ 311,192.85	\$ 192,631.33
LIABILITIES		
Internal Accounts Payable	-	\$ 192,631.33
NET POSITION		
Held in Trust for Scholarships and Other Purposes	\$ 311,192.85	

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

**Glades County District School Board
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Fiscal Year Ended June 30, 2019**

	Private-Purpose Trust Funds
ADDITIONS	
Investment Income:	
Interest, Dividends, and Other	\$ 964.98
DEDUCTIONS	
Scholarship Payments	5,000.00
Change in Net Position	(4,035.02)
Net Position - Beginning	315,227.87
Net Position - Ending	\$ 311,192.85

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. The 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 Glades 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 not readily associated with a particular function is reported as unallocated.

B. Reporting Entity

The Glades County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education (SBE) rules. The governing body of the District is the Board, which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Glades 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 it is legally separate from the District. Pemayetv Emahakv, Inc. (Corporation) 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 Corporation operates Pemayetv Emahakv Charter "Our Way School" and Pemayetv Emahakv Charter Middle School (charter schools) under charters approved by its sponsor, the Board, and the charter schools are considered 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 charters, which are 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 operations, control, and supervision of public schools with 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 400 10th Street, SW, Moore Haven, Florida 33471.

C. Basis of Presentation: Government-Wide Financial Statements

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

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

D. Basis of Presentation: Fund Financial Statements

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Food Service Fund – to account for certain Federal food program resources.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, and motor vehicle purchases.

Additionally, the District reports the following fiduciary fund types:

- Private-Purpose Trust Funds – to account for resources of the Barbara H. Oehlbeck Scholarship Trust Fund and the Ralph Smith Scholarship Trust Fund.
- Agency Funds – to account for resources of the school internal funds, which are used to administer moneys collected at several schools in connection with school, student athletic, class, and club activities.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at fiscal year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. 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, 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 in the fiscal year in which 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). 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 private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

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 and Cash Equivalents

The District's cash and cash equivalents are 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. Inventories

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

3. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	7 - 50 years
Buildings and Fixed Equipment	50 years
Furniture, Fixtures, and Equipment	5 - 15 years
Motor Vehicles	5 - 10 years
Audio Visual Materials and Computer Software	5 years

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

4. 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.

5. Long-Term Liabilities

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

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

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

6. Deferred Outflows/Inflows of Resources

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

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

7. 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.

8. 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.

9. 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 resolution authorized the Finance Director to assign 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.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. State Revenue Sources

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the FDOE under the provisions of Section 1011.62, Florida

Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the FDOE. The FDOE performs certain edit checks on the reported number of FTE and related data and calculates the allocation of funds to the District. The District is permitted to amend its original reporting during specified time periods following the date of the original reporting. Such amendments may impact funding allocations for subsequent fiscal years. The FDOE may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the fiscal year when the adjustments are made.

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

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

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

3. District Property Taxes

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

Property taxes consist of ad valorem taxes on real and personal property within the District. Property values are determined by the Glades County Property Appraiser, and property taxes are collected by the Glades 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. Due to a millage rate advertising error, the District advertised and adopted the revised 2018 tax levy on December 4, 2018.

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

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund

financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Glades County Tax Collector at fiscal year end but not yet remitted to the District.

Millages and taxes levied for the current year are presented in a subsequent note.

4. Federal Revenue Sources

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. The FDOE may require adjustments to subsequent fiscal period expenditures and related revenues based upon an audit of the District's compliance with applicable Federal awards requirements. Normally, such adjustments are treated as reductions of expenditures and related revenues in the fiscal year when the adjustments are made.

5. Compensated Absences

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

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

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

B. 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	\$ 813,648.45	\$ -	\$ -	\$ 813,648.45
Land Improvements	1,753,615.99	-	-	1,753,615.99
Total Capital Assets Not Being Depreciated	2,567,264.44	-	-	2,567,264.44
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	1,753,615.99	153,500.00	-	1,907,115.99
Buildings and Fixed Equipment	53,570,363.10	-	-	53,570,363.10
Furniture, Fixtures, and Equipment	868,598.19	5,995.00	-	874,593.19
Motor Vehicles	1,542,200.07	184,445.10	-	1,726,645.17
Audio Visual Materials and Computer Software	876,308.48	-	-	876,308.48
Total Capital Assets Being Depreciated	58,611,085.83	343,940.10	-	58,955,025.93
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	994,059.57	39,155.92	-	1,033,215.49
Buildings and Fixed Equipment	11,673,896.17	1,062,883.74	-	12,736,779.91
Furniture, Fixtures, and Equipment	667,251.78	38,415.68	-	705,667.46
Motor Vehicles	1,147,783.44	157,817.18	-	1,305,600.62
Audio Visual Materials and Computer Software	700,248.29	55,160.19	-	755,408.48
Total Accumulated Depreciation	15,183,239.25	1,353,432.71	-	16,536,671.96
Total Capital Assets Being Depreciated, Net	43,427,846.58	(1,009,492.61)	-	42,418,353.97
Governmental Activities Capital Assets, Net	\$ 45,995,111.02	\$ (1,009,492.61)	\$ 0.00	\$ 44,985,618.41

The District's capital assets serve multiple functions; accordingly, depreciation expense, which totaled \$1,353,432.71, is reported as unallocated on the statement of activities.

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 \$1,258,315 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:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
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:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
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 \$610,363 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 \$5,814,751 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 0.019304948 percent, which was an increase of 0.000181354 from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized the Plan pension expense of \$1,034,043. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 492,597	\$ 17,879
Change of Assumptions	1,899,978	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	449,260
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	132,860	71,235
District FRS Contributions Subsequent to the Measurement Date	610,363	-
Total	\$ 3,135,798	\$ 538,374

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$610,363, 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:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2020	\$ 780,866
2021	527,827
2022	67,355
2023	341,331
2024	233,992
Thereafter	35,690
Total	\$ 1,987,061

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:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
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	<u>100%</u>			
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:

	<u>1% Decrease (6%)</u>	<u>Current Discount Rate (7%)</u>	<u>1% Increase (8%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 10,612,163	\$ 5,814,751	\$ 1,830,215

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 \$143,336 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 \$2,633,624 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 0.024882806 percent, which was an increase of 0.000547632 from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized the HIS Plan pension expense of \$224,272. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 40,320	\$ 4,474
Change of Assumptions	292,892	278,449
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	1,590	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	148,817	8,849
District HIS Contributions Subsequent to the Measurement Date	143,336	-
Total	\$ 626,955	\$ 291,772

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$143,336, 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:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2020	\$ 64,542
2021	64,408
2022	56,817
2023	32,112
2024	(20,116)
Thereafter	(5,916)
Total	\$ 191,847

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:

	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 2,999,544	\$ 2,633,624	\$ 2,328,609

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:

<u>Class</u>	<u>Percent of Gross Compensation</u>
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 \$137,831 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. 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 requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides healthcare 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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	4
Active Employees	<u>166</u>
Total	<u><u>170</u></u>

Total OPEB Liability. The District's total OPEB liability of \$486,118 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

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

Salary Increases	3 percent
Discount Rate	3.5 percent
Healthcare Cost Trend Rates	8 percent increase for the 2019 fiscal year decreasing linearly by 0.5 percent to an ultimate trend rate of 5 percent
Aging Factors	Based on the morbidity adjustments in Chart 5 from the 2013 Society of Actuaries Study "Health Care Costs from Birth to Death."
Marriage	20 percent would elect husband/wife coverage upon retirement with husbands assumed to be 3 years older than wives. For current retirees, actual spousal information and coverage was used.

The discount rate used to measure the total OPEB liability is 3.5 percent. Because the plan is unfunded, the plan's projected benefits are discounted back using rates equivalent to a Aa 20-year municipal bonds. The GO Bond Buyer Index was used to approximate those yields as of June 30, 2019.

Mortality rates were based on the RP 2014 Total Dataset Headcount-weighted Table with scale MP-2018.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2018	<u>\$ 403,802</u>
Changes for the year:	
Service Cost	33,208
Interest	15,627
Differences Between Expected and Actual Experience	21,181
Changes of Assumptions or Other Inputs	<u>12,300</u>
Net Changes	<u>82,316</u>
Balance at June 30, 2019	<u><u>\$ 486,118</u></u>

Changes of assumptions or other inputs reflect a change in the discount rate from 3.87 percent in 2018 to 3.5 percent in 2019.

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 (2.5 percent) or 1 percentage point higher (4.5 percent) than the current rate:

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB Liability	\$ 522,369	\$ 486,118	\$ 452,683

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7 percent decreasing to 4 percent) or 1 percentage point higher (9 percent decreasing to 6 percent) than the current healthcare cost trend rates:

	1% Decrease (7% decreasing to 4%)	Healthcare Cost Trend Rates (8% decreasing to 5%)	1% Increase (9% decreasing to 6%)
Total OPEB Liability	\$ 438,573	\$ 486,118	\$ 543,362

OPEB Expense and Deferred Outflows of Resources Related to OPEB. For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$53,485. At June 30, 2019, the District reported deferred outflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 18,239
Changes of Assumptions or Other Inputs	10,592
Total	\$ 28,831

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2020	\$ 4,650
2021	4,650
2022	4,650
2023	4,650
2024	4,650
Thereafter	5,581
Total	\$ 28,831

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 South Central Educational Risk Management Program (SCERMP) under which seven district school boards have established a public entity risk sharing pool for property protection, general liability, automobile liability, workers' compensation, government crime, and other coverage deemed necessary by the members of SCERMP. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The interlocal agreement and bylaws of SCERMP provide that risk of loss is transferred to the consortium. SCERMP is self-sustaining through member assessments (premiums), and purchased insurance coverage through commercial companies for claims in excess of specified amounts. Member school boards are also subject to supplemental contributions in the event of a deficiency, except to the extent that the deficiency results from a specific claim against a member school board in excess of the coverage available, then such deficiency is solely the responsibility of that member school board.

The Board of Directors for SCERMP is composed of superintendents, finance directors, or an authorized representative of all participating districts. Relation Insurance Services serves as the third-party administrator, insurance broker, and fiscal agent for SCERMP.

Property damage coverage is managed by SCERMP by purchase of excess property coverage through commercial insurance carriers for property loss claims in excess of \$100,000 (except named wind and flood). The named wind, hail, hurricane, or flood deductible is 3 percent of replacement cost value with a minimum of \$100,000 per occurrence and a maximum of \$25 million per occurrence. The deductible for all other wind events is \$100,000. Special hazard flood area deductibles are \$500,000 per building and \$500,000 contents plus \$100,000 time element per occurrence. The flood deductible outside a special flood hazard area is \$100,000.

The SCERMP's purchased excess property loss limit during the 2018-19 fiscal year was \$125 million to February 28, 2019 and \$100 million from March 1, 2019.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2018-19 fiscal year was \$1 million. The SCERMP purchases excess liability coverage through a commercial insurance carrier which covers workers' compensation losses in excess of the self-insured retention. Employers' liability is included subject to \$2 million per occurrence.

The District is protected by Section 768.28, Florida Statutes, under the Doctrine of Sovereign Immunity, as it is now written, as it may be amended by the Legislature at future dates, which effectively limits the amount of the liability of governmental entities for State tort claims to \$200,000 per claim and \$300,000 per occurrence.

Health and hospitalization coverage is being provided by purchased commercial insurance on a guaranteed cost basis with rates established prior to renewal each year by the District's insurer based on the benefits and features selected by the District. Life insurance is purchased by the District for eligible employees.

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

F. Long-Term Liabilities

1. 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	\$ 453,531.16	\$ 118,537.94	\$ 16,854.86	\$ 555,214.24	\$ 42,751.50
Net Pension Liability	8,258,660.00	4,669,307.00	4,479,592.00	8,448,375.00	64,463.00
Other Postemployment Benefits Payable	403,802.00	82,316.00	-	486,118.00	28,831.00
Total Governmental Activities	\$9,115,993.16	\$4,870,160.94	\$4,496,446.86	\$9,489,707.24	\$136,045.50

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.9., 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:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 9,438,634.00
Categorical Educational Program - Class Size Reduction	1,934,020.00
Charter School Capital Outlay	170,996.00
Voluntary Prekindergarten Program	99,097.84
Workforce Development Program	77,408.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	60,457.33
Gross Receipts Tax (Public Education Capital Outlay)	29,205.00
Miscellaneous	523,837.28
Total	\$ 12,333,655.45

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:

	<u>Millages</u>	<u>Taxes Levied</u>
General Fund		
Nonvoted School Tax:		
Required Local Effort	3.955	\$ 2,642,244
Basic Discretionary Local Effort	0.748	499,721
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	1.500	1,002,115
Total	6.203	\$ 4,144,080

I. Interfund Transfers

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major:		
General	\$ 539,909.80	\$ -
Capital Projects:		
Local Capital Improvement Fund	-	309,558.00
Nonmajor Governmental	-	230,351.80
Total	\$ 539,909.80	\$ 539,909.80

The purpose of the transfer was to reimburse the General Fund for allowable expenditures, such as charter school capital outlay and maintenance and repair costs.

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 250,000.00	\$ 806,033.64	\$ 806,033.64	\$ -
Federal Through State and Local	1,500.00	1,500.00	392.00	(1,108.00)
State	12,654,125.00	13,482,868.47	12,059,071.24	(1,423,797.23)
Local:				
Property Taxes	3,023,656.00	3,059,717.18	3,059,717.18	-
Charges for Services - Food Service	-	-	-	-
Miscellaneous	215,400.00	543,703.92	414,363.73	(129,340.19)
Total Local Revenues	<u>3,239,056.00</u>	<u>3,603,421.10</u>	<u>3,474,080.91</u>	<u>(129,340.19)</u>
Total Revenues	<u>16,144,681.00</u>	<u>17,893,823.21</u>	<u>16,339,577.79</u>	<u>(1,554,245.42)</u>
Expenditures				
Current - Education:				
Instruction	10,931,895.00	11,192,908.77	10,422,088.29	770,820.48
Student Support Services	707,791.00	734,589.97	558,605.08	175,984.89
Instructional Media Services	229,198.00	233,603.31	215,920.65	17,682.66
Instruction and Curriculum Development Services	304,958.00	314,939.40	311,491.23	3,448.17
Instructional Staff Training Services	110,143.00	156,946.03	86,685.14	70,260.89
Instruction-Related Technology	190,470.00	202,711.22	197,728.22	4,983.00
Board	472,411.00	441,153.48	400,420.39	40,733.09
General Administration	250,531.00	252,831.00	241,165.96	11,665.04
School Administration	998,392.00	986,572.00	941,739.04	44,832.96
Fiscal Services	267,372.00	267,372.00	249,072.00	18,300.00
Food Services	910.00	285.00	284.96	0.04
Central Services	363,460.00	340,392.19	312,702.26	27,689.93
Student Transportation Services	609,145.00	643,948.33	594,793.40	49,154.93
Operation of Plant	1,264,837.00	1,421,683.85	1,201,075.43	220,608.42
Maintenance of Plant	529,091.00	529,682.82	529,682.82	-
Administrative Technology Services	317,403.00	323,198.00	307,918.07	15,279.93
Total Expenditures	<u>17,548,007.00</u>	<u>18,042,817.37</u>	<u>16,571,372.94</u>	<u>1,471,444.43</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,403,326.00)</u>	<u>(148,994.16)</u>	<u>(231,795.15)</u>	<u>(82,800.99)</u>
Other Financing Sources				
Transfers In	-	-	539,909.80	539,909.80
Loss Recoveries	-	124,882.34	124,882.34	-
Total Other Financing Sources	<u>-</u>	<u>124,882.34</u>	<u>664,792.14</u>	<u>539,909.80</u>
Net Change in Fund Balances	(1,403,326.00)	(24,111.82)	432,996.99	457,108.81
Fund Balances, Beginning	<u>3,182,989.00</u>	<u>3,194,623.15</u>	<u>3,194,623.15</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 1,779,663.00</u>	<u>\$ 3,170,511.33</u>	<u>\$ 3,627,620.14</u>	<u>\$ 457,108.81</u>

Special Revenue - Food Service Fund

Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ -	\$ -	\$ -	\$ -
870,000.00	1,055,089.60	998,002.33	(57,087.27)
10,000.00	13,867.00	13,867.00	-
-	-	-	-
82,000.00	83,879.08	83,828.07	(51.01)
1,550.00	9,895.32	11,826.33	1,931.01
<u>83,550.00</u>	<u>93,774.40</u>	<u>95,654.40</u>	<u>1,880.00</u>
<u>963,550.00</u>	<u>1,162,731.00</u>	<u>1,107,523.73</u>	<u>(55,207.27)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,120,285.00	1,129,183.11	987,849.77	141,333.34
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,120,285.00</u>	<u>1,129,183.11</u>	<u>987,849.77</u>	<u>141,333.34</u>
<u>(156,735.00)</u>	<u>33,547.89</u>	<u>119,673.96</u>	<u>86,126.07</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>(156,735.00)</u>	<u>33,547.89</u>	<u>119,673.96</u>	<u>86,126.07</u>
-	-	384,410.91	384,410.91
<u>\$ (156,735.00)</u>	<u>\$ 33,547.89</u>	<u>\$ 504,084.87</u>	<u>\$ 470,536.98</u>

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

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 33,208	\$ 31,971
Interest	15,627	13,854
Differences Between Expected and Actual Experience	21,181	-
Changes of Assumptions or Other Inputs	12,300	-
Net Change in Total OPEB Liability	82,316	45,825
Total OPEB Liability - Beginning	403,802	357,977
Total OPEB Liability - Ending	<u>\$ 486,118</u>	<u>\$ 403,802</u>
Covered-Employee Payroll	\$ 6,055,197	\$ 5,713,983
Total OPEB Liability as a Percentage of Covered-Employee Payroll	8.03%	7.07%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the FRS Net Pension Liability	0.019304948%	0.019123594%	0.018889945%	0.019841881%	0.018952034%	0.018107470%
District's Proportionate Share of the FRS Net Pension Liability	\$ 5,814,751	\$ 5,656,631	\$ 4,769,726	\$ 2,562,845	\$ 1,156,352	\$ 3,117,101
District's Covered Payroll	\$ 8,133,933	\$ 7,772,196	\$ 7,418,439	\$ 6,995,309	\$ 6,669,524	\$ 6,617,234
District's Proportionate Share of the FRS Net Pension Liability as a Percentage of Its Covered Payroll	71.49%	72.78%	64.30%	36.64%	17.34%	47.11%
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)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required FRS Contribution	\$ 610,363	\$ 550,176	\$ 497,834	\$ 460,661	\$ 483,762	\$ 415,130
FRS Contributions in Relation to the Contractually Required Contribution	(610,363)	(550,176)	(497,834)	(460,661)	(483,762)	(415,130)
FRS Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 8,637,335	\$ 8,133,933	\$ 7,772,196	\$ 7,418,439	\$ 6,995,309	\$ 6,669,524
FRS Contributions as a Percentage of Covered Payroll	7.07%	6.76%	6.41%	6.21%	6.92%	6.22%

(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)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the HIS Net Pension Liability	0.024882806%	0.024335174%	0.023970787%	0.023030059%	0.022440877%	0.022773496%
District's Proportionate Share of the HIS Net Pension Liability	\$ 2,633,624	\$ 2,602,029	\$ 2,793,696	\$ 2,348,704	\$ 2,098,276	\$ 1,982,732
District's Covered Payroll	\$ 8,133,933	\$ 7,772,196	\$ 7,418,439	\$ 6,995,309	\$ 6,669,524	\$ 6,617,234
District's Proportionate Share of the HIS Net Pension Liability as a Percentage of Its Covered Payroll	32.38%	33.48%	37.66%	33.58%	31.46%	29.96%
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)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required HIS Contribution	\$ 143,336	\$ 134,940	\$ 128,789	\$ 122,866	\$ 88,035	\$ 76,875
HIS Contributions in Relation to the Contractually Required Contribution	(143,336)	(134,940)	(128,789)	(122,866)	(88,035)	(76,875)
HIS Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 8,637,335	\$ 8,133,933	\$ 7,772,196	\$ 7,418,439	\$ 6,995,309	\$ 6,669,524
HIS Contributions as a Percentage of Covered Payroll	1.66%	1.66%	1.66%	1.66%	1.26%	1.15%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Budgetary Basis of Accounting

The Board follows procedures established by State law and State Board of Education (SBE) rules in establishing budget balances for governmental funds, as described below:

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

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

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

Changes of Assumptions. The discount rate was changed from 3.87 percent in 2018 to 3.5 percent in 2019.

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.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal CFDA Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Clustered				
Child Nutrition Cluster				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	19002	\$ -	\$ 307,259.57
National School Lunch Program	10.555	19001, 19003	-	676,655.91
Summer Food Service Program for Children	10.559	18006, 18007, 19006, 19007	-	14,086.85
Total Child Nutrition Cluster			-	998,002.33
Special Education Cluster				
United States Department of Education:				
Special Education - Grants to States:				
Florida Department of Education	84.027	263	-	372,419.91
Highlands County District School Board		None	-	10,425.01
Total Special Education - Grants to States	84.027		-	382,844.92
Special Education - Preschool Grants:				
Florida Department of Education	84.173	267	-	11,215.55
Total Special Education Cluster			-	394,060.47
Not Clustered				
United States Department of Education				
Impact Aid	84.041	N/A	-	806,033.64
Indian Education - Grants to Local Educational Agencies	84.060	N/A	55,934.00	55,934.00
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212	-	474,387.85
Migrant Education - State Grant Program	84.011	217	-	87,305.89
Career and Technical Education - Basic Grants to States	84.048	161	-	56,102.86
Rural Education	84.358	110	-	36,073.98
English Language Acquisition State Grants	84.365	102	-	6,785.00
Supporting Effective Instruction State Grants	84.367	224	-	66,278.35
Student Support and Academic Enrichment Program	84.424	241	-	12,028.43
Hurricane Education Recovery	84.938	105	-	39,660.80
Total United States Department of Education			55,934.00	1,640,590.80
United States Department of Education				
Florida Division of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	None	-	91,504.48
Total Expenditures of Federal Awards			\$ 55,934.00	\$ 3,124,158.08

The notes below are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Glades County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.
- (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance – National School Lunch Program. Includes \$30,912.73 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Hurricane Education Recovery. The District incurred \$39,660.80 in expenditures for the Hurricane Education Recovery grant in the 2017-18 fiscal year.
- (6) Disaster Grants – Public Assistance (Presidentially Declared Disasters). Expenditures that are being reported were expended in the 2017-18 fiscal year.



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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 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 Glades County District School Board as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 25, 2020, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of 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 auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. In addition, we disclaimed an opinion on the aggregate remaining fund information as described in our report on the District's financial statements.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were

not identified. However, as described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

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. We consider the deficiency described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Financial Statement Finding No. 2019-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Financial Statement Finding Nos. 2019-002 and 2019-003 to be significant deficiencies.

Compliance and Other Matters

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

District's Responses to Findings

The District's responses to the internal control findings identified in our audit are described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** Financial Statement Finding Nos. 2019-001 through 2019-003. The District is also responsible for preparing a corrective action plan to address these findings. 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,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large, sweeping initial "S".

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



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified, except for the disclaimer of opinion on the aggregate remaining fund information.
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

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

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

SCHOOL INTERNAL FUNDS

Finding Number	2019-001
Opinion Unit	Aggregate Remaining Fund Information
Financial Statements Account Titles	Various
Fund Name	Agency Funds
Adjustment Amounts	Not Applicable
Prior Year Finding	Not Applicable

Finding	As of March 4, 2020, the financial audit report for the school internal funds for the 2018-19 fiscal year had not been issued. Without the audit report, the amounts recorded in those funds are of limited use in completing the District's financial statements and financial statement users have limited assurance regarding the accuracy of amounts reported for those funds.
Criteria	Chapter 8 – <i>School Internal Funds, Financial and Program Cost Accounting and Reporting for Florida Schools</i> (Red Book) requires an annual audit of school internal funds. The school internal funds are an integral part of the District financial reporting entity and the school internal funds audit report, if timely issued, should be considered in completing the District financial statements and related audit.
Condition	<p>School internal funds provide an accounting for various school club and class activities and are reported in the District financial statements as Fiduciary Funds. As of June 30, 2019, District records indicated that the financial activities of the school internal funds represent 28 percent of the assets and 100 percent of the liabilities of the District aggregate remaining fund information.</p> <p>The District contracted with a certified public accounting firm (auditors) to audit the school internal funds for the 2018-19 fiscal year; however, as of March 4, 2020, the audit report had not been issued.</p>
Cause	The audit contract specified an expected audit report issue date of September 30, 2019. As part of the audit process, the school internal funds auditors requested for examination records to support reported school internal fund account balances and related transactions; however, appropriate support for disbursements and journal entries was not always provided, causing the audit report issuance to be delayed. As a result, more than 5 months after the agreed-upon due date, the audit report remained unissued.
Effect	<p>Without the school internal funds audit report, the amounts recorded in those funds are of limited use in completing the District financial statements and financial statement users have limited assurance regarding the accuracy of amounts reported for those funds.</p> <p>Also, professional auditing standards require that when other auditors are required to report on a significant portion of the entity's financial statements, and the reports are not available for consideration during the course of an audit, appropriate disclosures (disclaimer) should be made in the auditor's report. Therefore, our report on the District financial statements includes a disclaimer to that effect.</p>

Recommendation The District should maintain appropriate records to support reported school internal funds account balances and related transactions so that the required school internal funds audit can be timely completed and considered in the preparation of the District financial statements.

District Response Due to accounting issues at Moore Haven Middle High School, the accounting firm has not been able to complete the internal accounts. The issues are expected to be cleared up by March 19th and the audit is expected to be completed shortly thereafter.

SIGNIFICANT DEFICIENCIES

FINANCIAL REPORTING

Finding Number	2019-002
Opinion Unit	Governmental Activities
Financial Statements Account Title(s)	Various
Fund Name	Not Applicable
Adjustment Amounts	Government-wide financial statements – examples of audit adjustments: Out-of-Balance debit of \$1,801,280, Deferred Outflows of Resources – Pensions credit (reduction) of \$3,116,504, offset by various net debit entries totaling \$1,315,224.
Prior Year Finding	2018-001, Report No. 2019-150
Finding	District financial reporting procedures continue to need improvement to ensure financial statement account balances and transactions are properly reported and required schedules are properly disclosed in the annual financial report (AFR).
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 Florida Department of Education (FDOE) prescribe the exhibits and schedules that should be prepared as part of the District AFR. GAAP require that: <ul style="list-style-type: none">• On the statement of net position, total assets and deferred outflows of resources equal total liabilities, deferred inflows of resources, and net position be presented.• Contributions made subsequent to the measurement date of the collective net pension liability and before the end of the employer’s reporting period be reported as deferred outflows of resources related to pensions.• Certain Required Supplementary Information (RSI) about the District’s other postemployment benefits (OPEB) and pension plans be disclosed in the financial report. 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 District did not comply with GAAP on the government-wide financial statements, as the statement of net position total assets and deferred outflows of resources did not equal total liabilities, deferred inflows of resources, and net position. Also, on those financial statements, the District over reported Deferred Outflows of Resources – Pensions. In addition, certain RSI related to District OPEB and pension plans was omitted from the AFR.

Cause	<p>District personnel misunderstood the necessary conversion entries primarily for reporting pension activities on the government-wide statements. Consequently, the government-wide financial statements were out of balance. In addition, due to oversights, the Finance Director submitted the AFR without certain RSI disclosures.</p> <p>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 finalizing the AFR.</p>
Effect	<p>Reporting errors such as these may cause financial statement users to misunderstand District financial activities and incorrectly 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.</p> <p>We extended our audit procedures to determine the adjustments necessary to ensure District financial statement amounts were properly reported and the additional RSI disclosures required for the AFR. Although District personnel accepted these adjustments and additional RSI disclosures, our audit procedures cannot substitute for management's responsibility to implement adequate controls over preparation of the AFR.</p>
Recommendation	<p>The District should improve procedures to ensure that financial statement account balances and transactions are properly reported and that all required supplementary information is included in the District AFR. Such procedures should include appropriate review of the AFR to detect and correct reporting errors and ensure completeness of the AFR prior to Board approval and submittal.</p>
District Response	<p>District Finance personnel will work diligently to prepare the required pension reports properly. The Finance Director will continue to request training from DOE in the preparation of financial statements.</p>

INFORMATION TECHNOLOGY ACCESS PRIVILEGES

Finding Number	2019-003
Opinion Unit	Not Applicable
Financial Statements	Not Applicable
Account Titles	
Fund Name	Not Applicable
Adjustment Amounts	Not Applicable
Prior Year Finding	2018-002, Report No. 2019-150

Finding An inadequate separation of duties continued to exist as the Finance Director, who had primary responsibility for monitoring District financial activities also served as the District security administrator and, therefore, had full update capability to computer files. Also, another employee continued to have full update access privileges to certain information technology (IT) applications or components that allowed her to perform functions incompatible or inconsistent with their assigned job responsibilities.

Criteria Access controls are intended to protect District data and resources from unauthorized disclosure, modification, or destruction. Effective access controls include granting IT users access privileges to IT resources based on a demonstrated need to view, add, modify, or delete data and restricting employees from performing functions incompatible or inconsistent with their assigned job responsibilities. As part of these controls, a security administrator is responsible for granting employee IT access privileges and limiting such IT

privileges based on the employee's job responsibilities. To safeguard access to the computer system and data, security administrator responsibilities should not be assigned to employees who have financial monitoring responsibilities.

Condition

The District accounting system is composed of finance and human resource (HR) applications, as well as a product setup component that allows for the technical configuration and system administration of both applications. The District finance application includes, for example, the ability to create and edit vendor information, create and post journal entries, and process payment transactions. The District HR application includes, for example, the ability to add new employees, adjust pay rates, edit leave balances, and process payroll transactions. The product setup component includes, for example, the ability to add, modify, or delete data; create IT user accounts; and assign IT user access privileges to the District applications and setup component.

Our examination of District records and discussions with District personnel indicated that the District had certain controls to reduce the risk of fraud or errors associated with unnecessary or inappropriate access privileges. These controls included, for example, documented:

- Superintendent review and approval of Finance Director activities and time worked.
- Board and Superintendent monthly expenditure review and approval.

As part of our audit, we examined District records supporting the IT access privileges granted to all 12 users during the 2018-19 fiscal year to the District applications and setup component. We found that the Finance Director, who had primary responsibility for monitoring District financial activities, served as security administrator and continued to have full update access to both the finance and HR applications as well as the product setup component. In addition, one of the three administrators cited in the prior year finding (Director of Secondary Academic Service) continued to have full update access privileges to the HR application that allowed her to perform functions incompatible with her assigned job responsibilities, which include developing, implementing, and evaluating system curriculum and instruction.

Cause

District management indicated that the Finance Director was assigned District security administrator responsibilities to grant access privileges because of her understanding of various District operations and the ongoing implementation of certain functions within the accounting system. In addition, District personnel indicated that they had received limited training on the accounting system and, as a result, did not effectively assign access privileges to the Director of Secondary Academic Service.

Effect

While District controls compensated, in part, for the inappropriate separation of duties, the existence of unnecessary or inappropriate IT access privileges increases the risk that fraud or errors may occur and not be timely detected.

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

Recommendation

District management should effectively assign access privileges by transferring the security administrator responsibilities to an appropriate employee who does not have financial monitoring responsibilities and restricting the access privileges of the Director of Secondary Academic Service to only those functions necessary for her assigned job responsibilities.

District Response

The District has created a new Human Resources Department for FY 2019-20. Security Administrator responsibilities have been assigned to the District of HR and IT. Forms have been created to notify HR and IT of all new hires and terminations.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

PRIOR AUDIT FOLLOW-UP

The District had not taken actions to fully correct the financial statement findings included in our report No. 2019-150.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

GLADES COUNTY SCHOOL DISTRICT Building Academic Excellence

Kim Jordan
Superintendent

▪

Janet Harris
Director of
Elementary
Academic Services

Audit Report No. (Finding No.)	Program/Area	Brief Description	Status	Comments
2018-151 (2017-001)	Impact Aid (CFDA No. 84.041)	The District did not use a parent-pupil survey or another United States Department of Education (ED) approved method to support the number of Federally connected children residing on Indian lands on the District's Impact Aid Program application for the 2016-17 fiscal year. In addition, District enrollment records supporting the application indicated that the District had 1,704 students; however, the District under reported this number on the application by 35 students, resulting in questioned costs totaling \$564,899.	Fully Corrected	

Sue Woodward
Director of Finance

▪

Jim Brickel
Director of
Administrative
Services

2019-150 (2018-001)	Financial Reporting	District financial reporting procedures need improvement to ensure financial statement account balances and transactions are properly reported.	Not Corrected	
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Vivian Bennett
Director of
Exceptional Student
Education and
Student Services

2019-150 (2018-002)	Information Technology - Access Privileges	Certain employees and contract workers had full update access privileges to information technology applications or components that allowed them to perform incompatible functions or functions that were not necessary to perform their job responsibilities.	Partially Corrected	Our new HR Department will be responsible assigning access to all employees and IT will do the necessary set-up.
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▪

Kim Jordan
Director of
Human Resources

School Board Members

▪ Crystal Drake
District 1

▪ Jenny Allen
District 2

▪ Jeri Wilson
District 3

▪ Gloria Reese
District 4

▪ Patricia Pearce
District 5



Accredited

Box 459 ▪ Moore Haven, FL 33471 ▪ 863.946.2083 ▪ Fax: 863.946.1529 ▪ www.glades-schools.org

CORRECTIVE ACTION PLAN

GLA⁺DES COUNTY SCHOOL DISTRICT *Building Academic Excellence*

Kim Jordan
Superintendent

Janet Harris
Director of
Elementary
Academic Services

Sue Woodward
Director of Finance

Jim Brickel
Director of
Administrative
Services

Vivian Bennett
Director of
Exceptional Student
Education and
Student Services

Kim Jordan
Director of
Human Resources

School Board Members

Crystal Drake
District 1

Jenny Allen
District 2

Jeri Wilson
District 3

Gloria Reese
District 4

Patricia Pearce
District 5



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CORRECTIVE ACTION PLAN

March 12, 2020

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

Finding Number: 2019-001

Planned Corrective Action: Due to accounting issues at Moore Haven Middle High School, the accounting firm has not been able to complete the internal accounts. The issues are expected to be cleared up by March 19th and the audit is expected to be completed shortly thereafter.

Anticipated Completion Date: March 31, 2020

Responsible Contact Person: Susie Woodward, Finance Director

Finding Number: 2019-002

Planned Corrective Action: District Finance personnel will work diligently to prepare the required pension reports properly. The Finance Director will continue to request training from DOE in the preparation of financial statements.

Anticipated Completion Date: June 30, 2020.

Responsible Contact Person: Susie Woodward, Finance Director

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GLADES COUNTY SCHOOL DISTRICT
Building Academic Excellence

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Superintendent

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*Director of
Elementary
Academic Services*

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Director of Finance

Jim Brickel
*Director of
Administrative
Services*

Vivian Bennett
*Director of
Exceptional Student
Education and
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Kim Jordan
*Director of
Human Resources*

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District 1

▪ **Jenny Allen**
District 2

▪ **Jeri Wilson**
District 3

▪ **Gloria Reese**
District 4

▪ **Patricia Pearce**
District 5



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CORRECTIVE ACTION PLAN (cont)

Finding Number: 2019-003

Planned Corrective Action: The District has created a new Human Resources Department for FY 2019-20. Security Administrator responsibilities have been assigned to the Director of HR and IT. Forms have been created to notify HR and IT of all new hires and terminations.

Responsible Contact Person: Susie Woodward, Finance Director

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