

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2022-165
March 2022

GLADES COUNTY DISTRICT SCHOOL BOARD

For the Fiscal Year Ended
June 30, 2021



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2020-21 fiscal year, Dr. Alice E. Barfield served as Superintendent of the Glades County Schools from November 17, 2020, Kim Jordan served as Interim Superintendent before that date, and the following individuals served as School Board Members:

	<u>District No.</u>
Crystal Drake	1
Jenny Allen, Vice Chair	2
Jean Prowant from 11-17-20	3
Jeri Wilson through 11-16-20	3
Gloria Reese	4
Patricia Pearce, Chair	5

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

The team leader was Karen H. Raulerson, CPA, 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 school internal funds, which comprise a significant portion 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. 2021-001: School internal funds audit reports were not available for consideration in the preparation of District financial statements or during the District financial statements audit. Similar findings were noted in our report Nos. 2021-140 and 2020-175.

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 and Education Stabilization Fund were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs.

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:

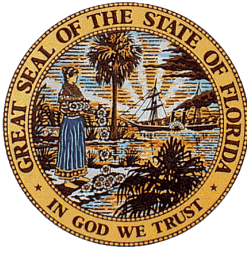
- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on the District's major Federal programs;
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs; and
- Taken corrective actions for the financial statement finding included in our report No. 2021-140.

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, 2021. We obtained an understanding of the District's environment, including its internal control,

and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on the Aggregate Remaining Funds Information

The Board is required, pursuant to Chapter 8 of the *Financial and Program Cost Accounting and Reporting for Florida Schools*, to provide for an annual audit of the school internal funds. While the Board entered into a contract with other auditors to conduct that audit for the 2020-21 fiscal year, the audit was not completed.

According to District personnel, the District did not provide all requested records to the school internal funds auditor to complete that audit. The school internal funds financial activities are included in the District's basic financial statements as Fiduciary Funds and represent 16 percent, 0 percent, 16 percent, 0 percent, and 0 percent, respectively, of the assets, liabilities, net position and fund balance, revenues, and expenditures of the aggregate remaining fund information.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on the Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the Glades County District School Board, as of June 30, 2021, 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.

Unmodified Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the Glades County District School Board, as of June 30, 2021, 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.

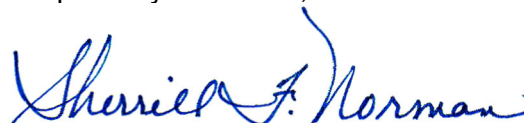
The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 22, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL**

CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 22, 2022

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, 2021. 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 2020-21 fiscal year are as follows:

- As of June 30, 2021, the assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by \$38.7 million.
- General revenues total \$19.4 million, or 94 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$1.2 million, or 6 percent of all revenues.
- Expenses total \$23.1 million. Only \$1.2 million of these expenses was offset by program specific revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$4 million, which is \$120,323 more than the prior fiscal year balance. The General Fund assigned and unassigned fund balances total \$3.4 million, or approximately 20.2 percent of total General Fund revenues.
- The total long-term liabilities increased by \$1.8 million, or 16.4 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: 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 unit – The District presents one separate legal entity in this report, which is 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" under a charter approved by their sponsor, the Glades County School Board. Based on generally accepted accounting principles, as discussed in the notes to the financial statements, this entity has been included as an integral part of the primary government.

Fund Financial Statements

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

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

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General Fund, Special Revenue – Other Fund, Special Revenue – Federal Education Stabilization Fund, and Capital Projects – Other 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 custodial 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 total other postemployment benefits (OPEB) 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, 2021, compared to net position as of June 30, 2020:

Net Position, End of Year

	Governmental Activities	
	6-30-21	6-30-20
Current and Other Assets	\$ 5,059,214	\$ 5,036,406
Capital Assets	43,000,785	44,104,327
Total Assets	48,059,999	49,140,733
Deferred Outflows of Resources	4,042,469	3,708,362
Long-Term Liabilities	12,780,398	10,981,182
Other Liabilities	89,130	74
Total Liabilities	12,869,528	10,981,256
Deferred Inflows of Resources	510,013	673,966
Net Position:		
Investment in Capital Assets	43,000,785	44,104,327
Restricted	1,569,842	1,511,812
Unrestricted (Deficit)	(5,847,700)	(4,422,266)
Total Net Position	\$ 38,722,927	\$ 41,193,873

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 \$852,294 in compensated absences payable, \$505,536 in other postemployment benefits payable, and \$11,422,568 in net pension liability.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2021, and June 30, 2020, are as follows:

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-21	6-30-20
Program Revenues:		
Charges for Services	\$ 38,952	\$ 57,142
Operating Grants and Contributions	942,013	967,243
Capital Grants and Contributions	248,570	237,898
General Revenues:		
Property Taxes, Levied for Operational Purposes	3,329,889	3,172,379
Property Taxes, Levied for Capital Projects	1,113,643	1,045,017
Grants and Contributions Not Restricted to Specific Programs	14,542,951	14,327,631
Unrestricted Investment Earnings	19,437	43,228
Miscellaneous	360,324	407,972
Total Revenues	20,595,779	20,258,510
Functions/Program Expenses:		
Instruction	12,384,234	12,330,591
Student Support Services	880,197	732,102
Instructional Media Services	246,557	259,650
Instruction and Curriculum Development Services	553,566	483,252
Instructional Staff Training Services	188,168	117,525
Instruction-Related Technology	37,174	64,423
Board	470,238	495,253
General Administration	412,730	356,071
School Administration	1,289,013	1,198,659
Facilities Acquisition and Construction	500,461	464,583
Fiscal Services	263,151	218,734
Food Services	1,089,141	1,102,705
Central Services	162,769	346,231
Student Transportation Services	699,622	657,307
Operation of Plant	1,675,682	1,402,093
Maintenance of Plant	579,176	555,821
Administrative Technology Services	327,327	325,222
Unallocated Depreciation Expense	1,307,519	1,298,153
Total Functions/Program Expenses	23,066,725	22,408,375
Change in Net Position	(2,470,946)	(2,149,865)
Net Position - Beginning	41,193,873	43,343,738
Net Position - Ending	\$ 38,722,927	\$ 41,193,873

The largest revenue source is the State of Florida (60.8 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.

Property tax revenues increased by \$226,136, or 5.4 percent, as a result of an increase in property values.

Instruction expenses represent 53.7 percent of total governmental expenses in the 2020-21 fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

The total fund balances of governmental funds decreased by \$108,248 during the fiscal year to \$4.9 million at June 30, 2021. Of the total fund balance, \$3.3 million, or 67 percent, is unassigned fund balance, 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 \$3.3 million, while the total fund balance is \$4 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 20.2 percent of the total General Fund revenues, while total fund balance represents 24.2 percent of total General Fund revenues. Total fund balance increased by \$120,323 during the fiscal year primarily due to an increase in revenue from local property taxes.

The Special Revenue – Other Fund is used to account for certain Federal grant program activities, including revenues and expenditures totaling \$1.1 million each. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Special Revenue – Federal Education Stabilization Fund has total revenues and expenditures of \$471,776 each. The funding was mainly used for instruction. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Other Fund is used to account for financial resources restricted for educational capital outlay needs, including new construction, renovations, and remodeling projects. A deferred inflows of resources totaling \$42,000 was reported at June 30, 2021, for unavailable Educational Facilities Security Grant revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2020-21 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of \$185,047, or 1 percent. At the same time, final

appropriations are more than the original budgeted amounts by \$462,566, or 2.4 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 \$2 million, primarily due to a decline in student enrollment, and actual expenditures are \$2.4 million, or 12.4 percent, less than final budgeted amounts. The decrease in expenditures was primarily due to 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, 2021, is \$43 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 10 percent to 10.82 percent of payroll for the 2021-22 fiscal year.

Housing prices are expected to increase the taxable assessed value for the 2021-22 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, 2021

	Primary Government Governmental Activities	Component Unit
ASSETS		
Cash and Cash Equivalents	\$ 5,005,733.89	\$ 3,075,908.00
Due from Other Agencies	42,000.00	33,518.00
Inventories	11,480.73	-
Prepaid Items	-	97,271.00
Capital Assets:		
Nondepreciable Capital Assets	2,567,264.44	-
Depreciable Capital Assets, Net	40,433,520.63	920,903.00
TOTAL ASSETS	48,059,999.69	4,127,600.00
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	3,982,389.00	2,677,635.00
OPEB	60,080.00	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,042,469.00	2,677,635.00
LIABILITIES		
Accrued Salaries and Benefits	-	461,972.00
Payroll Deductions and Withholdings	84,004.50	-
Accounts Payable	5,125.63	127,282.00
Due to Other Agencies	-	1,371.00
Long-Term Liabilities:		
Portion Due Within 1 Year	309,890.29	-
Portion Due After 1 Year	12,470,507.83	6,543,451.00
TOTAL LIABILITIES	12,869,528.25	7,134,076.00
DEFERRED INFLOWS OF RESOURCES		
Pensions	348,124.00	-
OPEB	161,889.00	425,867.00
TOTAL DEFERRED INFLOWS OF RESOURCES	510,013.00	425,867.00
NET POSITION		
Investment in Capital Assets	43,000,785.07	920,903.00
Restricted for:		
State Required Carryover Programs	484,898.39	-
Capital Projects	481,810.68	-
Food Service	422,338.01	-
Career and Adult Education	180,795.19	-
Unrestricted	(5,847,699.90)	(1,675,611.00)
TOTAL NET POSITION	\$ 38,722,927.44	\$ (754,708.00)

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, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Instruction	\$ 12,384,233.97	\$ 475.00	\$ -	\$ -
Student Support Services	880,196.69	-	-	-
Instructional Media Services	246,557.33	-	-	-
Instruction and Curriculum Development Services	553,565.72	-	-	-
Instructional Staff Training Services	188,167.57	-	-	-
Instruction-Related Technology	37,174.05	-	-	-
Board	470,238.38	-	-	-
General Administration	412,729.75	-	-	-
School Administration	1,289,012.78	-	-	-
Facilities Acquisition and Construction	500,461.40	-	-	101,387.89
Fiscal Services	263,150.91	-	-	-
Food Services	1,089,140.90	38,476.88	942,012.70	-
Central Services	162,769.04	-	-	-
Student Transportation Services	699,621.63	-	-	-
Operation of Plant	1,675,682.03	-	-	-
Maintenance of Plant	579,176.00	-	-	147,182.00
Administrative Technology Services	327,327.39	-	-	-
Unallocated Depreciation Expense	1,307,519.43	-	-	-
Total Primary Government	\$ 23,066,724.97	\$ 38,951.88	\$ 942,012.70	\$ 248,569.89
Component Unit				
Pemayetv Emahakv Charter "Our Way School"	\$ 9,141,088.00	\$ 0.00	\$ 1,662,589.00	\$ 147,182.00

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 Unit
\$ (12,383,758.97)	\$	-
(880,196.69)		-
(246,557.33)		-
(553,565.72)		-
(188,167.57)		-
(37,174.05)		-
(470,238.38)		-
(412,729.75)		-
(1,289,012.78)		-
(399,073.51)		-
(263,150.91)		-
(108,651.32)		-
(162,769.04)		-
(699,621.63)		-
(1,675,682.03)		-
(431,994.00)		-
(327,327.39)		-
(1,307,519.43)		-
(21,837,190.50)		-
-		(7,331,317.00)
3,329,889.15		-
1,113,643.54		-
14,542,951.16	8,017,751.00	
19,437.67		-
360,323.73		-
19,366,245.25	8,017,751.00	
(2,470,945.25)	686,434.00	
41,193,872.69	(1,441,142.00)	
\$ 38,722,927.44	\$ (754,708.00)	

**Glades County District School Board
Balance Sheet – Governmental Funds
June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue - Other Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,102,459.01	\$ -	\$ 5,125.63
Due from Other Agencies	-	-	-
Inventories	-	-	-
TOTAL ASSETS	<u>\$ 4,102,459.01</u>	<u>\$ 0.00</u>	<u>\$ 5,125.63</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Payroll Deductions and Withholdings	\$ 78,523.21	\$ -	\$ -
Accounts Payable	-	-	5,125.63
Total Liabilities	<u>78,523.21</u>	<u>-</u>	<u>5,125.63</u>
Deferred Inflows of Resources:			
Unavailable Revenue - Educational Facilities Security Grant	-	-	-
Fund Balances:			
Nonspendable:			
Inventories	-	-	-
Restricted for:			
State Required Carryover Programs	484,898.39	-	-
Capital Projects	-	-	-
Food Service	-	-	-
Career and Adult Education	180,795.19	-	-
Total Restricted Fund Balance	<u>665,693.58</u>	<u>-</u>	<u>-</u>
Assigned for Other Purposes	<u>54,478.09</u>	<u>-</u>	<u>-</u>
Unassigned Fund Balance	<u>3,303,764.13</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>4,023,935.80</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,102,459.01</u>	<u>\$ 0.00</u>	<u>\$ 5,125.63</u>

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

Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 898,149.25	\$ 5,005,733.89
42,000.00	-	42,000.00
-	11,480.73	11,480.73
<u>\$ 42,000.00</u>	<u>\$ 909,629.98</u>	<u>\$ 5,059,214.62</u>
\$ -	\$ 5,481.29	\$ 84,004.50
-	-	5,125.63
-	5,481.29	89,130.13
42,000.00	-	42,000.00
-	11,480.73	11,480.73
-	-	484,898.39
-	481,810.68	481,810.68
-	410,857.28	410,857.28
-	-	180,795.19
-	892,667.96	1,558,361.54
-	-	54,478.09
-	-	3,303,764.13
-	904,148.69	4,928,084.49
<u>\$ 42,000.00</u>	<u>\$ 909,629.98</u>	<u>\$ 5,059,214.62</u>

**Glades County District School Board
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021**

Total Fund Balances - Governmental Funds	\$ 4,928,084.49
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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.	43,000,785.07
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Certain funding is not available to pay for current period expenditures and, therefore, is reported as unavailable revenue on the governmental fund statements. However, under full accrual, this amount increases net position in the statement of net position.	42,000.00
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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	\$ 3,982,389.00	
Deferred Outflows Related to OPEB	60,080.00	
Deferred Inflows Related to Pensions	(348,124.00)	
Deferred Inflows Related to OPEB	(161,889.00)	3,532,456.00

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	\$ (852,294.12)	
Net Pension Liability	(11,422,568.00)	
Other Postemployment Benefits Payable	(505,536.00)	(12,780,398.12)

Net Position - Governmental Activities	<u>\$ 38,722,927.44</u>
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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, 2021

	<u>General Fund</u>	<u>Special Revenue - Other Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>
Revenues			
Intergovernmental:			
Federal Direct	\$ 664,946.00	\$ 56,496.00	\$ -
Federal Through State and Local	278.00	1,059,559.01	471,775.53
State	12,290,772.89	-	-
Local:			
Property Taxes	3,329,889.15	-	-
Charges for Services - Food Service	-	-	-
Miscellaneous	348,545.98	-	-
Total Local Revenues	<u>3,678,435.13</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>16,634,432.02</u>	<u>1,116,055.01</u>	<u>471,775.53</u>
Expenditures			
Current - Education:			
Instruction	10,553,357.15	786,067.64	292,478.56
Student Support Services	660,647.02	81,198.07	76,858.33
Instructional Media Services	223,599.57	-	-
Instruction and Curriculum Development Services	441,116.52	67,047.89	-
Instructional Staff Training Services	40,631.48	142,559.35	84.00
Instruction-Related Technology	37,174.05	-	-
Board	424,063.43	-	-
General Administration	284,826.83	39,182.06	24,995.83
School Administration	1,182,290.76	-	-
Facilities Acquisition and Construction	-	-	-
Fiscal Services	243,377.24	-	-
Food Services	-	-	-
Central Services	151,034.36	-	-
Student Transportation Services	650,580.19	-	-
Operation of Plant	1,563,261.56	-	77,358.81
Maintenance of Plant	547,737.49	-	-
Administrative Technology Services	323,375.60	-	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Other Capital Outlay	-	-	-
Debt Service:			
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>17,327,073.25</u>	<u>1,116,055.01</u>	<u>471,775.53</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(692,641.23)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers In	812,964.00	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>812,964.00</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>120,322.77</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning	3,903,613.03	-	-
Fund Balances, Ending	<u>\$ 4,023,935.80</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 721,442.00
-	925,063.70	2,456,676.24
-	222,642.62	12,513,415.51
-	1,113,643.54	4,443,532.69
-	38,476.88	38,476.88
-	31,690.42	380,236.40
-	1,183,810.84	4,862,245.97
-	2,331,517.16	20,553,779.72
-	-	11,631,903.35
-	-	818,703.42
-	-	223,599.57
-	-	508,164.41
-	-	183,274.83
-	-	37,174.05
-	-	424,063.43
-	-	349,004.72
-	-	1,182,290.76
-	505,013.40	505,013.40
-	-	243,377.24
-	1,042,619.79	1,042,619.79
-	-	151,034.36
-	-	650,580.19
-	-	1,640,620.37
-	-	547,737.49
-	-	323,375.60
-	145,402.00	145,402.00
-	54,023.74	54,023.74
-	64.62	64.62
-	1,747,123.55	20,662,027.34
-	584,393.61	(108,247.62)
-	-	812,964.00
-	(812,964.00)	(812,964.00)
-	(812,964.00)	-
-	(228,570.39)	(108,247.62)
-	1,132,719.08	5,036,332.11
\$ 0.00	\$ 904,148.69	\$ 4,928,084.49

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, 2021

Net Change in Fund Balances - Governmental Funds \$ (108,247.62)

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. (1,103,541.69)

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current fiscal year. (148,539.94)

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

Decrease in OPEB Liability	\$ 104,605.00	
Decrease in Deferred Outflows of Resources - OPEB	(9,996.00)	
Increase in Deferred Inflows of Resources - OPEB	<u>(161,889.00)</u>	(67,280.00)

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	\$ 796,797.00	
HIS Pension Contribution	159,453.00	
FRS Pension Expense	(1,738,619.00)	
HIS Pension Expense	<u>(302,967.00)</u>	(1,085,336.00)

Certain funds due from other agencies were not available and, therefore, not recognized as revenue in the governmental fund statements in the current fiscal year. However, these funds were recognized as revenue under the full accrual basis of accounting in the statement of activities in the current fiscal year. 42,000.00

Change in Net Position - Governmental Activities \$ (2,470,945.25)

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, 2021

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 309,775.76	\$ 231,328.25
NET POSITION		
Held in Trust for Scholarships and Other Purposes	309,775.76	-
Restricted for Student Groups	-	231,328.25
TOTAL NET POSITION	\$ 309,775.76	\$ 231,328.25

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, 2021

	<u>Private-Purpose Trust Funds</u>
ADDITIONS	
Investment Income:	
Interest, Dividends, and Other	\$ 676.76
DEDUCTIONS	
Scholarship Payments	3,000.00
Change in Net Position	(2,323.24)
Net Position - Beginning	312,099.00
Net Position - Ending	<u>\$ 309,775.76</u>

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from the legally separate component unit 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 is not readily associated with a particular function and 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 unit is included within the District's reporting entity:

Discretely Presented Component Unit. The component unit columns in the government-wide financial statements include the financial data of the District's component unit. 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" (charter school) under a charter approved by its sponsor, the Glades County District School Board, and is considered to be a component unit of the District because the District is financially accountable for the charter school as the District established the charter

school by approval of the charter, which is tantamount to the initial appointment of the charter school, and there is the potential for the charter school to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter school is a public school and the District is responsible for the operation, control, and supervision of public schools within the District.

The financial data reported on the accompanying statements was derived from the charter school's audited financial statements for the fiscal year ended June 30, 2021. The audit report is filed in the District's administrative offices at 400 10th Street, 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 – Other Fund – to account for certain Federal grant program resources.
- Special Revenue – Federal Education Stabilization Fund – to account for Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding provided as emergency relief to address the impact of COVID-19 on elementary and secondary schools.
- Capital Projects – Other Fund – to account for financial resources (e.g., Educational Facilities Security Grant) to be used for educational capital needs, including new construction and renovation and remodeling projects.

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.
- Custodial 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 fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The charter school is accounted for as governmental organizations and follows 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 subsequent notes.

In addition to liabilities, the statement of net position and the governmental funds balance sheet report 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 three items that qualify for reporting in this category. The deferred inflows of resources related to pensions and OPEB are discussed in subsequent notes. The deferred inflows of resources related to unavailable revenue, related to the Educational Facilities Security Grant, is reported in the governmental funds balance sheet and will be recognized as an inflow of resources in the period the amounts become available.

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, 2021.

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 also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. State Revenue Sources

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

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

The District received an allocation from the State under the Educational Facilities Security Grant program. 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 2020 tax levy on September 8, 2020. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the 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	2,153,217.92	4,376.35	-	2,157,594.27
Buildings and Fixed Equipment	53,570,363.10	49,647.39	-	53,620,010.49
Furniture, Fixtures, and Equipment	907,930.29	18,116.00	-	926,046.29
Motor Vehicles	1,864,067.67	131,838.00	9,200.00	1,986,705.67
Audio Visual Materials and Computer Software	876,308.48	-	-	876,308.48
Total Capital Assets Being Depreciated	59,371,887.46	203,977.74	9,200.00	59,566,665.20
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	1,091,731.27	57,275.78	-	1,149,007.05
Buildings and Fixed Equipment	13,794,596.02	1,057,816.11	-	14,852,412.13
Furniture, Fixtures, and Equipment	744,300.57	26,600.40	-	770,900.97
Motor Vehicles	1,393,628.61	120,156.54	9,200.00	1,504,585.15
Audio Visual Materials and Computer Software	810,568.67	45,670.60	-	856,239.27
Total Accumulated Depreciation	17,834,825.14	1,307,519.43	9,200.00	19,133,144.57
Total Capital Assets Being Depreciated, Net	41,537,062.32	(1,103,541.69)	-	40,433,520.63
Governmental Activities Capital Assets, Net	\$ 44,104,326.76	\$ (1,103,541.69)	\$ 0.00	\$ 43,000,785.07

The District's capital assets serve multiple functions; accordingly, depreciation expense, which totaled \$1,307,519.43, 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 \$2,041,586 for the fiscal year ended June 30, 2021.

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 2020-21 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	10.00
FRS, Elected County Officers	3.00	49.18
DROP – Applicable to Members from All of the Above Classes	0.00	16.98
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 \$796,797 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the District reported a liability of \$8,261,682

for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.019061840 percent, which was a decrease of 0.000622716 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized the Plan pension expense of \$1,738,619. 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	\$ 316,191	\$ -
Change of Assumptions	1,495,627	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	491,909	-
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	89,947	161,089
District FRS Contributions Subsequent to the Measurement Date	796,797	-
Total	\$ 3,190,471	\$ 161,089

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$796,797, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. 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>
2022	\$ 456,172
2023	726,774
2024	620,849
2025	362,786
2026	66,004
Total	\$ 2,232,585

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	6.80 percent, net of pension plan investment expense, including inflation

Mortality rates were based on PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100%			
Assumed inflation - Mean			2.4%	1.7%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.8 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 2020 valuation was updated from 6.9 percent to 6.8 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 6.8 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 (5.8 percent) or 1 percentage point higher (7.8 percent) than the current rate:

	<u>1% Decrease (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase (7.8%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 13,192,518	\$ 8,261,682	\$ 4,143,427

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, 2021, 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, 2021, 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 \$159,453 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the District reported a net pension liability of \$3,160,886 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.025888028 percent, which was an increase of 0.000075174 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized the HIS Plan pension expense of \$302,967. 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	\$ 129,299	\$ 2,438
Change of Assumptions	339,885	183,793
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	2,524	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	160,757	804
District HIS Contributions Subsequent to the Measurement Date	159,453	-
Total	\$ 791,918	\$ 187,035

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$159,453, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. 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>
2022	\$ 125,054
2023	99,556
2024	45,674
2025	60,405
2026	66,694
Thereafter	48,047
Total	\$ 445,430

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	2.21 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on Generational RP-2000 with Projection Scale BB tables.

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 2.21 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 3.5 percent to 2.21 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 2.21 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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
District's Proportionate Share of the Net Pension Liability	\$ 3,653,843	\$ 3,160,886	\$ 2,757,402

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 2020-21 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, 2021, 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 \$256,447 for the fiscal year ended June 30, 2021.

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, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	0
Active Employees	<u>180</u>
Total	<u>180</u>

Total OPEB Liability. The District's total OPEB liability of \$505,536 was measured as of June 30, 2021, and was determined by an actuarial valuation as of January 1, 2021.

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	2.16 percent
Healthcare Cost Trend Rates	6.5 percent increase for 2021 fiscal year, decreasing linearly by 0.5 percent to an ultimate trend rate of 4.5 percent.
Aging Factors	Based on actual ages of enrolled participants.
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 2.16 percent. Because the plan is unfunded, the plan's projected benefits are discounted back using rates equivalent to Aa 20-year municipal bonds. The GO Bond Buyer Index was used to approximate those yields as of June 30, 2021.

Mortality rates were based on the Pub-2010 Teachers Headcount-weighted Table with fully generational scale MP-2020.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2020	<u>\$ 610,141</u>
Changes for the year:	
Service Cost	66,492
Interest	13,484
Differences between Expected and Actual Experience	(187,027)
Changes of Assumptions or Other Inputs	<u>2,446</u>
Net Changes	<u>(104,605)</u>
Balance at June 30, 2021	<u><u>\$ 505,536</u></u>

The changes of assumptions or other inputs was based on the following:

- The discount rate changed from 2.21 percent in 2020 to 2.16 percent in 2021.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

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 (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 549,940	\$ 505,536	\$ 463,962

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 (5.5 percent decreasing to 3.5 percent) or 1 percentage point higher (7.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 3.5%)	Healthcare Cost Trend Rates (6.5% decreasing to 4.5%)	1% Increase (7.5% decreasing to 5.5%)
Total OPEB Liability	\$ 439,239	\$ 505,536	\$ 586,154

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$67,280. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 12,355	\$ 161,889
Changes of Assumptions or Other Inputs	47,725	-
Total	\$ 60,080	\$ 161,889

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

Fiscal Year Ending June 30	Amount
2022	\$ (12,696)
2023	(12,696)
2024	(12,696)
2025	(12,696)
2026	(16,415)
Thereafter	(34,610)
Total	\$ (101,809)

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), a consortium 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 the 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 the SCERMP provide that risk of loss is transferred to the consortium. The SCERMP is self-sustaining through member assessments (premiums), and purchases 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 windstorm and flood). The named windstorm and hurricane 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 windstorm and hail 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 2020-21 fiscal year was \$100 million.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2020-21 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 in the future, 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	\$ 703,754.18	\$ 333,154.10	\$ 184,614.16	\$ 852,294.12	\$223,580.29
Net Pension Liability	9,667,287.00	5,400,730.00	3,645,449.00	11,422,568.00	32,952.00
Other Postemployment Benefits Payable	610,141.00	82,422.00	187,027.00	505,536.00	53,358.00
Total Governmental Activities	\$ 10,981,182.18	\$ 5,816,306.10	\$ 4,017,090.16	\$ 12,780,398.12	\$ 309,890.29

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 2020-21 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 9,869,664.00
Categorical Educational Program - Class Size Reduction	2,002,401.00
Charter School Capital Outlay	147,182.00
Voluntary Prekindergarten Program	104,231.50
Workforce Development Program	79,216.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	57,541.73
Miscellaneous	253,179.28
Total	\$ 12,513,415.51

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 2020 tax roll for the 2020-21 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
General Fund		
Nonvoted School Tax:		
Required Local Effort	3.734	\$ 2,854,976
Basic Discretionary Local Effort	0.748	571,913
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	1.500	1,146,884
Total	<u>5.982</u>	<u>\$ 4,573,773</u>

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	\$ 812,964	\$ -
Nonmajor Governmental	-	812,964
Total	<u>\$ 812,964</u>	<u>\$ 812,964</u>

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, 2021

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 300,000.00	\$ 664,946.00	\$ 664,946.00	\$ -
Federal Through State and Local	100,000.00	100,000.00	278.00	(99,722.00)
State	14,580,431.00	14,193,286.12	12,290,772.89	(1,902,513.23)
Local:				
Property Taxes	3,314,442.00	3,343,897.43	3,329,889.15	(14,008.28)
Miscellaneous	192,932.20	370,722.48	348,545.98	(22,176.50)
Total Local Revenues	3,507,374.20	3,714,619.91	3,678,435.13	(36,184.78)
Total Revenues	18,487,805.20	18,672,852.03	16,634,432.02	(2,038,420.01)
Expenditures				
Current - Education:				
Instruction	11,842,030.31	11,735,570.55	10,553,357.15	1,182,213.40
Student Support Services	880,554.00	975,192.69	660,647.02	314,545.67
Instructional Media Services	238,123.00	242,145.68	223,599.57	18,546.11
Instruction and Curriculum Development Services	521,900.00	614,827.04	441,116.52	173,710.52
Instructional Staff Training Services	51,405.00	67,435.00	40,631.48	26,803.52
Instruction-Related Technology	77,975.00	49,781.00	37,174.05	12,606.95
Board	435,476.50	445,376.50	424,063.43	21,313.07
General Administration	242,875.00	287,418.08	284,826.83	2,591.25
School Administration	1,143,902.00	1,259,897.10	1,182,290.76	77,606.34
Fiscal Services	228,325.00	262,922.88	243,377.24	19,545.64
Central Services	452,954.00	280,051.99	151,034.36	129,017.63
Student Transportation Services	737,750.00	801,796.14	650,580.19	151,215.95
Operation of Plant	1,506,312.00	1,722,494.87	1,563,261.56	159,233.31
Maintenance of Plant	617,355.00	665,303.93	547,737.49	117,566.44
Administrative Technology Services	331,535.00	360,824.20	323,375.60	37,448.60
Total Expenditures	19,308,471.81	19,771,037.65	17,327,073.25	2,443,964.40
Deficiency of Revenues Over Expenditures	(820,666.61)	(1,098,185.62)	(692,641.23)	405,544.39
Other Financing Sources				
Transfers In	855,492.56	812,964.00	812,964.00	-
Total Other Financing Sources	855,492.56	812,964.00	812,964.00	-
Net Change in Fund Balances	34,825.95	(285,221.62)	120,322.77	405,544.39
Fund Balances, Beginning	2,912,311.15	3,903,613.03	3,903,613.03	-
Fund Balances, Ending	\$ 2,947,137.10	\$ 3,618,391.41	\$ 4,023,935.80	\$ 405,544.39

Special Revenue - Other Fund				Special Revenue - Federal Education Stabilization Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ -	\$ 56,496.00	\$ 56,496.00	\$ -	\$ -	\$ -	\$ -	\$ -
1,172,105.97	1,285,070.04	1,059,559.01	(225,511.03)	419,841.31	601,552.23	471,775.53	(129,776.70)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,172,105.97	1,341,566.04	1,116,055.01	(225,511.03)	419,841.31	601,552.23	471,775.53	(129,776.70)
750,155.97	919,738.73	786,067.64	133,671.09	298,219.55	369,606.77	292,478.56	77,128.21
119,738.00	108,572.00	81,198.07	27,373.93	40,265.78	97,784.98	76,858.33	20,926.65
-	-	-	-	-	-	-	-
76,137.00	75,797.21	67,047.89	8,749.32	-	-	-	-
164,933.00	190,730.48	142,559.35	48,171.13	5,400.00	26,325.07	84.00	26,241.07
-	-	-	-	-	-	-	-
61,142.00	46,727.62	39,182.06	7,545.56	15,168.08	24,995.83	24,995.83	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	60,787.90	82,839.58	77,358.81	5,480.77
-	-	-	-	-	-	-	-
1,172,105.97	1,341,566.04	1,116,055.01	225,511.03	419,841.31	601,552.23	471,775.53	129,776.70
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 66,492	\$ 53,651	\$ 33,208	\$ 31,971
Interest	13,484	17,014	15,627	13,854
Differences Between Expected and Actual Experience	(187,027)	-	21,181	-
Changes of Assumptions or Other Inputs	2,446	53,358	12,300	-
Net Change in Total OPEB Liability	<u>(104,605)</u>	<u>124,023</u>	<u>82,316</u>	<u>45,825</u>
Total OPEB Liability - Beginning	<u>610,141</u>	<u>486,118</u>	<u>403,802</u>	<u>357,977</u>
Total OPEB Liability - Ending	<u>\$ 505,536</u>	<u>\$ 610,141</u>	<u>\$ 486,118</u>	<u>\$ 403,802</u>
Covered-Employee Payroll	\$ 5,638,550	\$ 6,236,853	\$ 6,055,197	\$ 5,713,983
Total OPEB Liability as a Percentage of Covered-Employee Payroll	8.97%	9.78%	8.03%	7.07%

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

Fiscal Year Ending June 30	District's Proportion of the FRS Net Pension Liability	District's Proportionate Share of the FRS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.018107470%	\$ 3,117,101	\$ 6,617,234	47.11%	88.54%
2014	0.018952034%	1,156,352	6,669,524	17.34%	96.09%
2015	0.019841881%	2,562,845	6,995,309	36.64%	92.00%
2016	0.018889945%	4,769,726	7,418,439	64.30%	84.88%
2017	0.019123594%	5,656,631	7,772,196	72.78%	83.89%
2018	0.019304948%	5,814,751	8,133,933	71.49%	84.26%
2019	0.019684556%	6,779,087	8,637,335	78.49%	82.61%
2020	0.019061840%	8,261,682	8,991,718	91.88%	78.85%

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

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

Fiscal Year Ending June 30	Contractually Required FRS Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	District's Covered Payroll	FRS Contributions as a Percentage of Covered Payroll
2014	\$ 415,130	\$ (415,130)	\$ -	\$ 6,669,524	6.22%
2015	483,762	(483,762)	-	6,995,309	6.92%
2016	460,661	(460,661)	-	7,418,439	6.21%
2017	497,834	(497,834)	-	7,772,196	6.41%
2018	550,176	(550,176)	-	8,133,933	6.76%
2019	610,363	(610,363)	-	8,637,335	7.07%
2020	633,340	(633,340)	-	8,991,718	7.04%
2021	796,797	(796,797)	-	9,608,717	8.29%

(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)**

Fiscal Year Ending June 30	District's Proportion of the HIS Net Pension Liability	District's Proportionate Share of the HIS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.022773496%	\$ 1,982,732	\$ 6,617,234	29.96%	1.78%
2014	0.022440877%	2,098,276	6,669,524	31.46%	0.99%
2015	0.023030059%	2,348,707	6,995,309	33.58%	0.50%
2016	0.023970787%	2,793,696	7,418,439	37.66%	0.97%
2017	0.024335174%	2,602,029	7,772,196	33.48%	1.64%
2018	0.024882806%	2,633,624	8,133,933	32.38%	2.15%
2019	0.025812854%	2,888,200	8,637,335	33.44%	2.63%
2020	0.025888028%	3,160,886	8,991,718	35.15%	3.00%

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

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

Fiscal Year Ending June 30	Contractually Required HIS Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	District's Covered Payroll	HIS Contributions as a Percentage of Covered Payroll
2014	\$ 76,875	\$ (76,875)	\$ -	\$ 6,669,524	1.15%
2015	88,035	(88,035)	-	6,995,309	1.26%
2016	122,866	(122,866)	-	7,418,439	1.66%
2017	128,789	(128,789)	-	7,772,196	1.66%
2018	134,940	(134,940)	-	8,133,933	1.66%
2019	143,336	(143,336)	-	8,637,335	1.66%
2020	149,181	(149,181)	-	8,991,718	1.66%
2021	159,453	(159,453)	-	9,608,717	1.66%

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

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. The June 30, 2021, total OPEB liability decreased from the prior fiscal year as a result of changes to assumptions as discussed below:

- The discount rate was changed from 2.21 percent in 2020 to 2.16 percent in 2021.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

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

Changes of Assumptions. In 2020, the long-term expected rate of return was decreased from 6.9 percent to 6.8 percent.

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

Changes of Assumptions. In 2020, the municipal bond rate used to determine total pension liability was decreased from 3.5 percent to 2.21 percent, and the mortality assumption was updated.

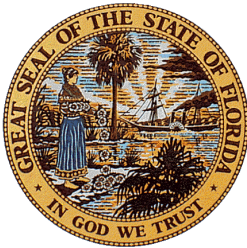
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Glades County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing 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	21002	\$ -	\$ 278,713.04
National School Lunch Program	10.555	21001, 21003	-	568,600.62
COVID-19 National School Lunch Program	COVID-19, 10.555	21001	-	40,313.13
Total National School Lunch Program			-	608,913.75
Summer Food Service Program for Children	10.559	20006, 20007, 21006, 21007	-	37,436.91
Total Child Nutrition Cluster			-	925,063.70
Special Education Cluster				
United States Department of Education:				
Special Education - Grants to States	84.027	263	-	282,916.06
Special Education - Preschool Grants	84.173	267	-	9,309.00
Total Special Education Cluster			-	292,225.06
Not Clustered				
United States Department of Education				
Impact Aid	84.041	N/A	-	664,946.00
Indian Education - Grants to Local Educational Agencies	84.060	N/A	56,496.00	56,496.00
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212	-	542,890.16
Migrant Education - State Grant Program	84.011	217	-	40,754.62
Career and Technical Education - Basic Grants to States	84.048	161	-	18,779.78
Rural Education	84.358	110	-	33,892.51
English Language Acquisition State Grants	84.365	102	-	3,958.70
Supporting Effective Instruction State Grants	84.367	224	-	77,720.07
School Improvement Grants	84.377	126	-	7,500.00
Student Support and Academic Enrichment Program	84.424	241	-	36,920.11
Education Stabilization Fund:	84.425			
Governor's Emergency Education Relief Fund	COVID-19, 84.425C	123	-	121,999.16
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124	-	341,554.69
Total Education Stabilization Fund	84.425		-	463,553.85
Total United States Department of Education			56,496.00	1,947,411.80
Total Expenditures of Federal Awards			<u>\$ 56,496.00</u>	<u>\$ 3,164,700.56</u>

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, 2021. 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 \$28,153 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Impact Aid. Expenditures includes \$556,741 for award number S041B-2021-1246 and \$108,205 for award number S041B-2020-1246.
- (6) COVID-19 National Lunch Program. The District incurred \$40,313.13 in expenditures for the National School Lunch Program grant in the 2019-20 fiscal year.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, 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, 2021, 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 22, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a qualified opinion on the aggregate remaining fund information because the District did not provide all requested records to the auditor of the school internal funds to complete the audit as described in our report. In addition, our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Financial Statement Finding No. 2021-001 that we consider to be a material weakness.

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 financial statements. 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 Response to Finding

The District's response to the finding identified in our audit is described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** Financial Statement Finding No. 2021-001 and in the **CORRECTIVE ACTION PLAN**. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

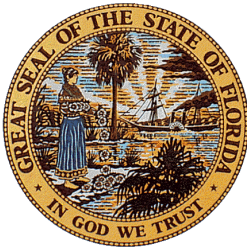
Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 22, 2022



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 EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each 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 each of the District's major Federal programs for the fiscal year ended June 30, 2021. The District's major Federal programs are 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 each of the District's major Federal programs 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 each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each 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 each of its major Federal programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

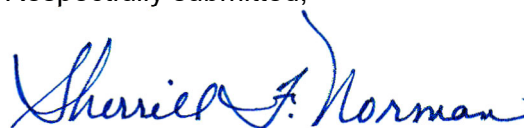
District management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name "Sherrill" and last name "Norman" clearly legible, and "F." as a small initial between them.

Sherrill F. Norman, CPA
Tallahassee, Florida
March 22, 2022

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 qualified opinion on the aggregate remaining fund information.

Internal control over financial reporting:

Material weakness(es) identified?

Yes

Significant deficiency(ies) identified?

None reported

Noncompliance material to financial statements noted?

No

Federal Awards

Internal control over major Federal programs:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

None reported

Type of auditor's report issued on compliance for major Federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

No

Identification of major Federal programs:

Assistance Listing Numbers:

10.553, 10.555, and 10.559

84.425

Name of Federal Program or Cluster:

Child Nutrition Cluster

Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low risk auditee?

No

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

SCHOOL INTERNAL FUNDS

Finding Number	2021-001
Opinion Unit	Aggregate Remaining Fund Information
Financial Statements Account Titles	Various
Fund Name	Agency Fund
Adjustment Amounts	Not Applicable
Statistically Valid Sample	Not Applicable
Prior Year Findings	Auditor General Report No. 2021-140, Finding No. 2020-001, and Report No. 2020-175, Finding No. 2019-001
Finding	As of February 18, 2022, the school internal funds financial audit report for the 2020-21 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. GASB Statement No. 84, <i>Fiduciary Activities</i> (Statement), effective for the 2020-21 fiscal year, establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether the government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. In addition, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. In the first period that this Statement is applied, the notes to the financial statements should disclose the nature of the restatement and its effect.
Condition	As of February 18, 2022, the school internal funds audit report for the 2020-21 fiscal year had not been issued. School internal funds provide an accounting for various school club and class activities and are reported in the District financial statements as Fiduciary Funds in the custodial funds statement of fiduciary net position; however, the statement of changes in fiduciary net position was omitted from the District financial statements. In addition, notes to the financial statements disclosing the nature of the restatement and its effect were also omitted. As of June 30, 2021, District records indicated that the financial activities of the school internal funds represent 16 percent, 0 percent, 16 percent, 0 percent, and 0 percent, respectively, of the assets, liabilities, net position and fund balance, additions and revenues, and deductions and expenditures of the District aggregate remaining fund information.

Cause

On September 28, 2021, the Board contracted with an audit firm to perform the 2020-21 fiscal year audit, with an expected audit report issue date no later than February 15, 2022. However, the contract issue date did not provide sufficient opportunity for the school internal funds audit to be considered in the preparation of the District financial statements (due by September 11th after fiscal year end), including appropriate implementation of GASB Statement No. 84, *Fiduciary Activities*, or the District financial statements audit (due by March 31st, 9 months after fiscal year end).

In response to our inquiry, District personnel indicated that, on February 2, 2022, the audit firm requested certain records to complete the audit; however, as of February 18, 2022, the District had not provided the requested records. In addition, District personnel indicated that the school internal funds met the criteria for reporting as fiduciary activities in the custodial funds. Notwithstanding, according to District personnel, because the school internal funds audit report had not been timely issued, District personnel did not have the information needed to implement the GASB Statement and properly report that information.

Effect

Without an audit report opining on the fair presentation of school internal funds information, 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. Timely completed and presented school internal fund audit reports would also provide ample opportunity for the audit results to be considered during the District financial statements audit.

In addition, 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 (qualification) should be made in the auditor's report. Therefore, our report on the District financial statements includes a qualified opinion to that effect.

Recommendation

The Board should include in the contract for school internal audit services a completion date that provides sufficient opportunity for the audit to be considered in preparation of the District financial statements. In addition, the District should enhance procedures to ensure that the audits are properly considered in the preparation of accurate financial statements and available for consideration during the District financial statements audit.

District Response

The Internal School Accounts are being moved to the District's ERP Computer System effective July 1, 2022. This should provide for better and consistent documentation and allow for a more complete and appropriate audit trail of activity than is currently available. In addition, the District is making arrangements for a complete audit of the School Internal Accounts for both FYE 6/30/2021 and 6/30/2022. The combined audit is to be completed and presented in advance of the required submission of the Annual Financial report for FYE 6/30/2022.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

PRIOR AUDIT FOLLOW-UP

The District had not taken corrective action for the financial statement audit finding included in our report No. 2021-140.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

GLADES COUNTY SCHOOL DISTRICT

Building Academic Excellence

Dr. Alice E. Barfield
Superintendent

Andrew Biggar
*Director of
Academic Services*

Dawn Martin
Director of Finance

Brian Greseth
*Director of
Administrative
Services*

Andrea Schillinger
*Director of
Exceptional Student
Education*

Kristi Durance
*Director of
Student Services*

Gabrielle Ibiatorremendia
*Director of
Human Resources*

School Board Members

• **Crystal Drake**
District 1

• **Jenny Allen**
District 2

• **Jean Prowant**
District 3

• **Gloria Reese**
District 4

• **Patricia Pearce**
District 5

Audit Report No. (Finding No.)	Program/Area	Brief Description	Status	Comments
2019-150 (2018-002) 2020-175 (2019-003)	Information Technology - Access Privileges	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.	Fully Corrected	
2020-175 (2019-001) 2021-140 (2020-001)	School Internal Funds	District accountability over school internal funds needs to be enhanced.	Partially Corrected	The District is implementing a new and consistent computer system, for the School Internal Accounts effective July 1, 2022. In addition, the contract to provide for the annual audit is being revised to ensure completion prior to the due date of the annual financial report.

PO Box 459 • Moore Haven, FL 33471 • 863.946.2083 • Fax: 863.946.1529 • www.gladesedu.org

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Brian Greseth P.O. Box 459, Moore Haven, FL 33471 brian.greseth@glades-schools.org

CORRECTIVE ACTION PLAN

GLADES COUNTY SCHOOL DISTRICT

Building Academic Excellence

Dr. Alice E. Barfield
Superintendent

Andrew Biggar
Director of
Academic Services

Dawn Martin
Director of Finance

Brian Greseth
Director of
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School Board Members

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District 1

• Jenny Allen
District 2

• Jean Prowant
District 3

• Gloria Reese
District 4

• Patricia Pearce
District 5

March 17, 2022

Glades County District School Board Management's Corrective Action Plan For the Fiscal Year Ended June 30, 2021

Finding
Number: 2021-001.

Planned
Corrective
Action:

The Internal School Accounts are being moved to the District's ERP Computer System effective July 1, 2022. This should provide for better and consistent documentation and allow for a more complete and appropriate audit trail of activity than is currently available. In addition, the District is making arrangements for a complete audit of the School Internal Accounts for both FYE 6/30/2021 and 6/30/2022. The combined audit is to be completed and presented in advance of the required submission of the Annual Financial report for FYE 6/30/2022.

Anticipated
Completion
Date:

No Later than August 15, 2022

Responsible
Contact
Person:

Carol MacLeod, Acting CFO / Dawn Martin, Director of Finance

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