

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2024-187
March 2024

**GILCHRIST COUNTY
DISTRICT SCHOOL BOARD**

For the Fiscal Year Ended
June 30, 2023



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2022-23 fiscal year, Dr. James Surrency served as Superintendent of the Gilchrist County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Christie McElroy, Vice Chair from 11-22-22	1
Susan Owens	2
Michelle Walker-Crawford, Chair from 11-22-22, Vice Chair through 11-21-22	3
Gina Geiger, Chair through 11-21-22	4
D. Deen Lancaster	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 Grace Arrington, CPA, and the audit was supervised by Denita K. Tyre, CPA.

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

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, we noted significant deficiencies as summarized below.

Significant Deficiencies

Finding No. 2023-001: District controls over the financial reporting process were deficient, contributing to a \$1.2 million (71 percent) reduction in the General Fund total assigned and unassigned fund balance. At June 30, 2023, the balance was \$475,514, leaving limited resources for District emergencies and unforeseen situations.

Finding No. 2023-002: Bank account reconciliations were not always properly and timely completed, resulting in cash and cash equivalent errors on the financial statements.

Finding No. 2023-003: District controls over journal entries need improvement.

Finding No. 2023-004: Certain employees had access privileges to information technology applications or components that allowed them to perform functions incompatible with their assigned job responsibilities.

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

Additional Matter

Finding AM 2023-001: The District did not obtain the required actuarial valuation to support the amounts and other information reported for the Other Postemployment Benefits Plan in the District annual financial report.

SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Title I program 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. However, we did note a noncompliance and control deficiency finding as summarized below.

Federal Award Finding 2023-005: District controls did not always ensure compliance with the Davis-Bacon Act for Federally funded construction projects exceeding \$2,000, resulting in questioned costs totaling \$120,795.

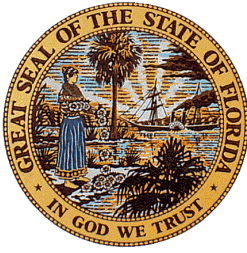
AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor’s report that included our opinions. Our audit objectives were also to obtain reasonable assurance about whether material noncompliance with applicable Federal awards requirements occurred, whether due to fraud or error, and to express an opinion on the District’s compliance based on our audit. In doing so, we:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements and material noncompliance with Federal awards requirements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks.
- Obtained an understanding of internal control relevant to the audit 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 District’s internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements and accompanying Schedule of Expenditures of Federal Awards.
- Concluded whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for a reasonable period of time.
- Examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA
Auditor General

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gilchrist County District School Board, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Gilchrist County District School Board, as of June 30, 2023, 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.

We did not audit the financial statements of the school internal funds, which represent 38 percent, 21 percent, 0 percent, 46 percent, 88 percent, and 87 percent, respectively, of the assets, liabilities, deferred inflows of resources, net position and fund balance, additions and revenues, and deductions and expenditures of the aggregate remaining fund information as of June 30, 2023. 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 school internal funds is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for***

the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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** be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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. Such information 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. The 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 GAAS. 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 28, 2024, 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 28, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Gilchrist County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2023. 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 2022-23 fiscal year are as follows:

- As of June 30, 2023, the assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by \$30,290,289.62 (net position).
- In total, net position decreased \$2,015,571.32, which represents a 6.2 percent decrease from the 2021-22 fiscal year.
- General revenues total \$32,643,708.23, or 87.4 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$4,692,419.97, or 12.6 percent of all revenues.
- Expenses total \$39,351,699.52. Only \$4,692,419.97 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 \$523,100.02, which is \$1,281,865.28 less than the prior fiscal year balance. The General Fund unassigned fund balance totals \$475,513.73, or 1.85 percent of total General Fund revenues.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

Additionally, all capital and debt financing activities are reported as governmental activities.

Fund Financial Statements

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

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

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

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

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

Fiduciary Funds: Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties. 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 custodial funds to account for the activity of the employee medical and dependent childcare reimbursement programs.

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.

Management did not procure an OPEB Actuarial Report for the 2022-23 fiscal year. As a result, expenses, deferred outflows and inflows related to OPEB, and the total liability were reported using the same numbers as the 2021-22 fiscal year.

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, 2023, compared to net position as of June 30, 2022:

	Governmental Activities	
	6-30-23	6-30-22
Current and Other Assets	\$ 7,875,439.59	\$ 12,666,881.22
Capital Assets	44,788,222.00	41,867,924.52
Total Assets	52,663,661.59	54,534,805.74
Deferred Outflows of Resources	6,374,245.00	5,593,938.00
Long-Term Liabilities	25,998,996.43	14,571,168.46
Other Liabilities	1,107,825.54	1,933,593.34
Total Liabilities	27,106,821.97	16,504,761.80
Deferred Inflows of Resources	1,640,795.00	11,318,121.00
Net Position:		
Net Investment in Capital Assets	40,666,634.57	36,805,911.73
Restricted	8,434,237.63	10,031,435.91
Unrestricted (Deficit)	(18,810,582.58)	(14,531,486.70)
Total Net Position	\$ 30,290,289.62	\$ 32,305,860.94

The largest portion of the District's net position is investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources used to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was primarily the result of accruing \$19,006,344 in net pension liability.

Current and other assets decreased due to a decrease in cash as a result of increased expenditures. Capital assets increased due to the new construction, renovation, and remodeling project at Trenton High School. Long-term liabilities increased and deferred inflows of resources decreased primarily due to the District recognizing its proportionate share of the Florida Retirement System's net pension liability and related deferred inflows of resources.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2023, and June 30, 2022, are as follows:

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-23	6-30-22
Program Revenues:		
Charges for Services	\$ 1,246,757.38	\$ 1,303,322.93
Operating Grants and Contributions	3,157,267.59	2,698,672.93
Capital Grants and Contributions	288,395.00	109,558.48
General Revenues:		
Property Taxes, Levied for Operational Purposes	4,510,414.80	4,353,872.69
Property Taxes, Levied for Capital Projects	1,694,112.44	1,518,810.89
Grants and Contributions Not Restricted to Specific Programs	25,856,416.00	21,259,129.29
Unrestricted Investment Earnings	108,178.19	22,857.70
Miscellaneous	474,586.80	3,700.00
Total Revenues	37,336,128.20	31,269,924.91
Functions/Program Expenses:		
Instruction	20,854,402.23	17,004,955.40
Student Support Services	2,073,661.98	1,713,583.32
Instructional Media Services	228,189.83	191,992.22
Instruction and Curriculum Development Services	866,747.76	669,552.82
Instructional Staff Training Services	415,322.71	291,255.74
Instruction-Related Technology	475,176.44	356,628.16
Board	387,028.04	350,133.94
General Administration	398,868.76	399,091.47
School Administration	1,712,107.78	1,485,659.24
Facilities Acquisition and Construction	622,394.95	267,641.80
Fiscal Services	506,114.79	411,614.07
Food Services	2,847,889.90	2,439,355.59
Central Services	502,534.77	443,417.22
Student Transportation Services	1,605,488.46	1,137,033.25
Operation of Plant	2,923,550.71	2,123,642.25
Maintenance of Plant	1,467,137.01	1,317,209.32
Administrative Technology Services	68,113.69	70,997.26
Community Services	136,346.17	140,855.31
Unallocated Interest on Long-Term Debt	136.03	124.77
Unallocated Depreciation Expense	1,260,487.51	1,260,487.51
Total Functions/Program Expenses	39,351,699.52	32,075,230.66
Change in Net Position	(2,015,571.32)	(805,305.75)
Net Position - Beginning	32,305,860.94	33,111,166.69
Net Position - Ending	\$ 30,290,289.62	\$ 32,305,860.94

The largest revenue source is the State of Florida (55.2 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.

Total revenues increased by \$6,066,203.29, or 19.4 percent, over the 2021-22 fiscal year primarily due to increases in FEFP funding and Federal Education Stabilization Funds. Total expenses increased by \$7,276,468.86, or 22.7 percent, primarily due to increases in employee salaries and related benefits and increased costs for other purchased goods and services as a result of inflation in addition to the increase in pension expense.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

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 \$475,513.73, while the total fund balance is \$523,100.02. 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 unassigned fund balance is 1.85 percent of the total General Fund revenues. Total fund balance decreased by \$1,281,865.28 during the fiscal year. Key information impacting the change in fund balance are as follows:

- Revenues increased by \$1,608,652.54 primarily due to an increase in FEFP revenues due to an increase in student enrollment and State per student funding.
- Expenditures increased \$2,590,053.57 primarily due to an increase in salaries. This was a net deficiency of \$981,401.03.

The Special Revenue – Food Service Fund has a total fund balance of \$1,351,622.33 which is restricted for the District's food service operations. Of the total fund balance, \$45,738.45 represents nonspendable inventories. During the fiscal year, total fund balance increased \$122,835.51.

The Special Revenue – Other Fund has total revenues and expenditures of \$1,947,192.14 each and the funding was primarily used for instruction. 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 \$4,052,711.06 each and the funding was mainly used for instruction. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Public Education Capital Outlay (PECO) Fund is used to account for the financial resources generated by the State of Florida PECO Special Facilities funding, and has a deficit fund balance of \$2,142,137.31, which represents costs for the Trenton High School project paid in advance of drawing funds from the PECO Special Facilities funding.

The Capital Projects – Local Capital Improvement Fund has a fund balance of \$3,147,389.56 and is used to account for funds raised by the 1.5 mill tax levy for capital projects. These funds are being accumulated, in part, to pay the Special PECO Advance Payable after completion of the Trenton High School project.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2022-23 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted expenditures of \$2,494,051.16, or 9.6 percent. Budget revisions occurred primarily from changes in expenditures for instruction, student transportation services, and operation of plant. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$440,753.43.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District’s investment in capital assets for its governmental activities as of June 30, 2023, is \$44,788,222 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

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

Long-Term Debt

The District has a Special PECO Advance Payable totaling \$4,121,587.43 resulting from the appropriation of funds from the PECO and Debt Service Trust Fund – Special Facility Construction Account to be used for the new construction, renovation, and remodeling projects at Trenton High School.

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

OTHER MATTERS OF SIGNIFICANCE

Full-time equivalent (FTE) numbers continue to increase for the District which will drive increased State revenue. The District will continue to closely monitor its financial position.

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 Chief Finance Officer, Gilchrist County District School Board, 310 NW 11th Avenue, Trenton, Florida 32693.

BASIC FINANCIAL STATEMENTS

**Gilchrist County District School Board
Statement of Net Position
June 30, 2023**

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,519,688.41
Accounts Receivable	79,418.14
Due from Other Agencies	5,230,594.59
Inventories	45,738.45
Capital Assets:	
Nondepreciable Capital Assets	14,983,294.09
Depreciable Capital Assets, Net	29,804,927.91
TOTAL ASSETS	<u>52,663,661.59</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	6,281,604.00
OPEB	92,641.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>6,374,245.00</u>
LIABILITIES	
Accrued Salaries and Benefits	3,000.00
Payroll Deductions and Withholdings	829,364.35
Accounts Payable	275,458.77
Due to Other Agencies	2.42
Long-Term Liabilities:	
Portion Due Within 1 Year	4,448,555.43
Portion Due After 1 Year	21,550,441.00
TOTAL LIABILITIES	<u>27,106,821.97</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	1,212,286.00
OPEB	428,509.00
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,640,795.00</u>
NET POSITION	
Net Investment in Capital Assets	40,666,634.57
Restricted for:	
State Required Carryover Programs	47,586.29
Capital Projects	6,712,554.01
Food Service	1,351,622.33
School Internal Accounts	322,475.00
Unrestricted	(18,810,582.58)
TOTAL NET POSITION	<u>\$ 30,290,289.62</u>

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

**Gilchrist County District School Board
Statement of Activities
For the Fiscal Year Ended June 30, 2023**

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 20,854,402.23	\$ 972,274.94	\$ 473,295.55
Student Support Services	2,073,661.98	-	-
Instructional Media Services	228,189.83	-	-
Instruction and Curriculum Development Services	866,747.76	-	-
Instructional Staff Training Services	415,322.71	-	-
Instruction-Related Technology	475,176.44	-	-
Board	387,028.04	-	-
General Administration	398,868.76	-	-
School Administration	1,712,107.78	-	-
Facilities Acquisition and Construction	622,394.95	-	-
Fiscal Services	506,114.79	-	-
Food Services	2,847,889.90	127,418.57	2,683,972.04
Central Services	502,534.77	-	-
Student Transportation Services	1,605,488.46	4,444.05	-
Operation of Plant	2,923,550.71	-	-
Maintenance of Plant	1,467,137.01	-	-
Administrative Technology Services	68,113.69	-	-
Community Services	136,346.17	142,619.82	-
Unallocated Interest on Long-Term Debt	136.03	-	-
Unallocated Depreciation Expense*	1,260,487.51	-	-
Total Governmental Activities	\$ 39,351,699.52	\$ 1,246,757.38	\$ 3,157,267.59

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

* This amount excludes the depreciation that is included in the direct expenses of the various functions.

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

	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Governmental Activities
\$	-	\$ (19,408,831.74)
	-	(2,073,661.98)
	-	(228,189.83)
	-	(866,747.76)
	-	(415,322.71)
	-	(475,176.44)
	-	(387,028.04)
	-	(398,868.76)
	-	(1,712,107.78)
	238,395.00	(383,999.95)
	-	(506,114.79)
	-	(36,499.29)
	-	(502,534.77)
	50,000.00	(1,551,044.41)
	-	(2,923,550.71)
	-	(1,467,137.01)
	-	(68,113.69)
	-	6,273.65
	-	(136.03)
	-	(1,260,487.51)
\$	288,395.00	(34,659,279.55)

4,510,414.80
1,694,112.44
25,856,416.00
108,178.19
474,586.80
<u>32,643,708.23</u>
(2,015,571.32)
<u>32,305,860.94</u>
<u>\$ 30,290,289.62</u>

**Gilchrist County District School Board
Balance Sheet – Governmental Funds
June 30, 2023**

	<u>General Fund</u>	<u>Special Revenue - Food Service Fund</u>	<u>Special Revenue - Other Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,270,002.09	\$ 278,045.48	\$ -
Accounts Receivable	79,418.14	-	-
Due from Other Funds	-	995,946.90	-
Due from Other Agencies	168,855.02	32,841.78	817,328.56
Inventories	-	45,738.45	-
TOTAL ASSETS	<u>\$ 1,518,275.25</u>	<u>\$ 1,352,572.61</u>	<u>\$ 817,328.56</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	\$ -	\$ -	\$ -
Payroll Deductions and Withholdings	828,563.15	132.45	668.75
Accounts Payable	166,612.08	817.83	4,100.82
Due to Other Funds	-	-	812,558.99
Due to Other Agencies	-	-	-
Total Liabilities	<u>995,175.23</u>	<u>950.28</u>	<u>817,328.56</u>
Deferred Inflows of Resources:			
Unavailable Revenue - State Capital Outlay	-	-	-
Fund Balances:			
Nonspendable:			
Inventories	-	45,738.45	-
Restricted for:			
State Required Carryover Programs	47,586.29	-	-
Capital Projects	-	-	-
Food Service	-	1,305,883.88	-
School Internal Accounts	-	-	-
Total Restricted Fund Balance	<u>47,586.29</u>	<u>1,305,883.88</u>	<u>-</u>
Unassigned Fund Balance (Deficit)	<u>475,513.73</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>523,100.02</u>	<u>1,351,622.33</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,518,275.25</u>	<u>\$ 1,352,572.61</u>	<u>\$ 817,328.56</u>

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

Special Revenue - Federal Education Stabilization Fund	Capital Projects - Public Education Capital Outlay Fund	Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 242,826.32	\$ 728,814.52	\$ 2,519,688.41
-	-	-	-	79,418.14
-	-	2,989,263.24	-	3,985,210.14
956,037.34	3,129,397.53	-	126,134.36	5,230,594.59
-	-	-	-	45,738.45
\$ 956,037.34	\$ 3,129,397.53	\$ 3,232,089.56	\$ 854,948.88	\$ 11,860,649.73
\$ 3,000.00	\$ -	\$ -	\$ -	\$ 3,000.00
-	-	-	-	829,364.35
13,036.04	-	84,700.00	6,192.00	275,458.77
940,001.30	2,208,791.30	-	23,858.55	3,985,210.14
-	-	-	2.42	2.42
956,037.34	2,208,791.30	84,700.00	30,052.97	5,093,035.68
-	3,062,743.54	-	126,000.00	3,188,743.54
-	-	-	-	45,738.45
-	-	-	-	47,586.29
-	-	3,147,389.56	376,420.91	3,523,810.47
-	-	-	-	1,305,883.88
-	-	-	322,475.00	322,475.00
-	-	3,147,389.56	698,895.91	5,199,755.64
-	(2,142,137.31)	-	-	(1,666,623.58)
-	(2,142,137.31)	3,147,389.56	698,895.91	3,578,870.51
\$ 956,037.34	\$ 3,129,397.53	\$ 3,232,089.56	\$ 854,948.88	\$ 11,860,649.73

**Gilchrist County District School Board
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023**

Total Fund Balances - Governmental Funds \$ 3,578,870.51

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 44,788,222.00

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. 3,188,743.54

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	\$ 6,281,604.00	
Deferred Outflows Related to OPEB	92,641.00	
Deferred Inflows Related to Pensions	(1,212,286.00)	
Deferred Inflows Related to OPEB	<u>(428,509.00)</u>	4,733,450.00

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:

Special Public Education Capital Outlay Advance Payable	\$ (4,121,587.43)	
Compensated Absences Payable	(1,798,187.00)	
Total OPEB Liability	(1,072,878.00)	
Net Pension Liability	<u>(19,006,344.00)</u>	<u>(25,998,996.43)</u>

Net Position - Governmental Activities **\$ 30,290,289.62**

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

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Gilchrist County District School Board
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2023

	<u>General Fund</u>	<u>Special Revenue - Food Service Fund</u>	<u>Special Revenue - Other Fund</u>
Revenues			
Intergovernmental:			
Federal Direct	\$ 23,422.43	\$ -	\$ -
Federal Through State and Local	43,180.05	2,646,716.04	1,947,192.14
State	20,348,356.27	37,707.21	-
Local:			
Property Taxes	4,510,414.80	-	-
Charges for Services - Food Service	-	127,418.57	-
Miscellaneous	762,485.34	3,093.87	-
Total Local Revenues	<u>5,272,900.14</u>	<u>130,512.44</u>	<u>-</u>
Total Revenues	<u>25,687,858.89</u>	<u>2,814,935.69</u>	<u>1,947,192.14</u>
Expenditures			
Current - Education:			
Instruction	15,623,984.37	-	1,300,892.55
Student Support Services	1,671,278.85	-	184,095.62
Instructional Media Services	206,057.09	-	531.50
Instruction and Curriculum Development Services	567,910.73	-	170,417.99
Instructional Staff Training Services	101,659.68	-	167,259.11
Instruction-Related Technology	427,972.29	-	-
Board	379,198.91	-	-
General Administration	303,238.85	-	34,137.87
School Administration	1,518,042.98	-	-
Facilities Acquisition and Construction	-	-	-
Fiscal Services	452,089.09	-	-
Food Services	15,324.99	2,670,277.54	-
Central Services	463,243.28	-	-
Student Transportation Services	1,408,052.93	-	-
Operation of Plant	2,894,152.79	-	-
Maintenance of Plant	1,429,327.21	-	-
Administrative Technology Services	68,113.69	-	-
Community Services	131,398.80	-	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	10,500.00	-	-
Other Capital Outlay	198,177.64	21,822.64	89,857.50
Debt Service:			
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>27,869,724.17</u>	<u>2,692,100.18</u>	<u>1,947,192.14</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,181,865.28)</u>	<u>122,835.51</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers In	900,000.00	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>900,000.00</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,281,865.28)	122,835.51	-
Fund Balances, Beginning	1,804,965.30	1,228,786.82	-
Fund Balances, Ending	<u>\$ 523,100.02</u>	<u>\$ 1,351,622.33</u>	<u>\$ 0.00</u>

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

Special Revenue - Federal Education Stabilization Fund	Capital Projects - Public Education Capital Outlay Fund	Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 23,422.43
4,052,711.06	-	-	-	8,689,799.29
-	1,678,723.50	-	112,483.66	22,177,270.64
-	-	1,694,112.44	-	6,204,527.24
-	-	-	-	127,418.57
-	-	4,818.98	896,104.00	1,666,502.19
-	-	1,698,931.42	896,104.00	7,998,448.00
<u>4,052,711.06</u>	<u>1,678,723.50</u>	<u>1,698,931.42</u>	<u>1,008,587.66</u>	<u>38,888,940.36</u>
2,394,551.70	-	-	915,347.00	20,234,775.62
149,406.58	-	-	-	2,004,781.05
13,994.52	-	-	-	220,583.11
99,206.34	-	-	-	837,535.06
133,834.71	-	-	-	402,753.50
32,341.14	-	-	-	460,313.43
-	-	-	-	379,198.91
52,804.33	-	-	-	390,181.05
133,769.78	-	-	-	1,651,812.76
49,737.62	178,987.97	318,329.54	75,339.82	622,394.95
39,794.42	-	-	-	491,883.51
114,617.42	-	-	-	2,800,219.95
29,071.77	-	-	-	492,315.05
99,951.89	-	-	-	1,508,004.82
22,222.13	-	-	-	2,916,374.92
20,991.78	-	-	-	1,450,318.99
-	-	-	-	68,113.69
-	-	-	-	131,398.80
168,108.50	2,724,179.45	1,150.00	54,958.00	2,958,895.95
498,306.43	105,315.86	366,330.81	-	1,279,810.88
-	-	-	136.03	136.03
<u>4,052,711.06</u>	<u>3,008,483.28</u>	<u>685,810.35</u>	<u>1,045,780.85</u>	<u>41,301,802.03</u>
-	(1,329,759.78)	1,013,121.07	(37,193.19)	(2,412,861.67)
-	-	-	-	900,000.00
-	-	(900,000.00)	-	(900,000.00)
-	-	(900,000.00)	-	-
-	(1,329,759.78)	113,121.07	(37,193.19)	(2,412,861.67)
-	(812,377.53)	3,034,268.49	736,089.10	5,991,732.18
<u>\$ 0.00</u>	<u>\$ (2,142,137.31)</u>	<u>\$ 3,147,389.56</u>	<u>\$ 698,895.91</u>	<u>\$ 3,578,870.51</u>

Gilchrist County District School Board
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Governmental Funds \$ (2,412,861.67)

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 capital outlays in excess of depreciation expense in the current fiscal year. 2,920,297.48

Certain funds due from other agencies were not available and, therefore, not recognized as revenue in the governmental fund statements in the prior fiscal year. However, these funds were recognized as revenue under the full accrual basis of accounting in the statement of activities in the prior fiscal year. This is the amount of revenues that became available in the current fiscal year. (1,552,812.16)

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. (786,689.97)

Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.

FRS Pension Contribution	\$	1,738,087.00	
HIS Pension Contribution		285,051.00	
FRS Pension Expense		(1,983,082.00)	
HIS Pension Expense		(223,561.00)	
		(183,505.00)	(183,505.00)

Change in Net Position - Governmental Activities **\$ (2,015,571.32)**

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

**Gilchrist County District School Board
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2023**

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 2,107.71</u>
NET POSITION	
Restricted for Participants	<u>\$ 2,107.71</u>

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

**Gilchrist County District School Board
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Fiscal Year Ended June 30, 2023**

	Custodial Funds
ADDITIONS	
Contributions from Plan Members	\$ 8,525.03
DEDUCTIONS	
Participant Benefits	7,912.87
Change in Net Position	612.16
Net Position - Beginning	1,495.55
Net Position - Ending	\$ 2,107.71

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the District's transportation department is allocated to the student transportation services function, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

B. Reporting Entity

The Gilchrist County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education (SBE) rules. The governing body of the District is the Board, which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Gilchrist County.

Criteria for determining if other entities are potential component units that should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any legally separate entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading. Based on these criteria, no component units are included within the District's reporting entity.

C. Basis of Presentation: Government-Wide Financial Statements

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

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

D. Basis of Presentation: Fund Financial Statements

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Food Service Fund – to account for the District's food service operation resources.
- Special Revenue – Other Fund – to account for certain Federal grant program resources.
- Special Revenue – Federal Education Stabilization Fund – to account for certain Federal grant program resources provided as emergency relief to address the impact of COVID-19 on elementary and secondary schools.
- Capital Projects – Public Education Capital Outlay Fund – to account for the financial resources appropriated from the Public Education Capital Outlay (PECO) and Debt Service Trust Fund to be used, in part, for the new construction, renovation, and remodeling projects at Trenton High School.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, and motor vehicle purchases.

Additionally, the District reports the following fiduciary fund type:

- Custodial Funds – to account for resources of the employee medical and dependent childcare reimbursement programs.

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 fiscal year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, transfers between the funds are eliminated in the preparation of the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property

taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 45 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 45 days of year end). Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under 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.

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

1. Cash and Cash Equivalents

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

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

2. Investments

Investments consist of amounts placed with the SBA for participation in the Florida PRIME investment pool created by Section 218.405, Florida Statutes. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

The District's investment in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, is similar to money market funds in which shares are owned in the fund rather than the underlying investments. This investment is reported at fair value, which is amortized cost.

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

3. Inventories

Inventories consist of expendable supplies held for consumption in the course of District food service operations. Inventories are stated at cost on the first-in, first-out basis, except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures during the fiscal year and are adjusted at fiscal year end to reflect fiscal year-end physical inventories.

4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation.

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

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

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

5. Pensions

In the government-wide statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this

purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

6. Long-Term Liabilities

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

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets 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 assets 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 first two items, deferred inflows of resources related to pensions and OPEB, are reported on the statement of net position and are discussed in subsequent notes. The remaining item is reported in the governmental funds balance sheet as unavailable revenue related to State capital outlay and will be recognized as an inflow of resources in the period that the amounts become available.

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in

which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances at June 30, 2023.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has by approval of the annual financial report, authorized the assignment of fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent fiscal year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The District reported no assigned fund balances at June 30, 2023.

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. Accordingly, the District recognizes the allocation of these funds as unearned revenue until such time as an encumbrance authorization is received.

Pursuant to Section 1013.64, Florida Statutes, the District received special allocations in the 2018-19, 2019-20 and 2020-21 fiscal years for specific construction needs through the Public Education Capital Outlay and Debt Service Trust Fund - Special Facility Construction Account. As a condition for receiving these funds, other construction funding must be pledged for the project, including the capital outlay millage levied pursuant to Section 1011.71(2), Florida Statutes, for the total amount of 3 fiscal years' maximum millage. The District is required to budget no more than the value of 1 mill per year to the project until the District's participation requirement is satisfied. Collections of the pledged revenues that are subsequently paid to the State will be reported as debt service principal expenditures in the governmental funds and reduce the Special PECO Advance Payable in the government-wide statements.

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

3. District Property Taxes

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

Property taxes consist of ad valorem taxes on real and personal property within the District. Property values are determined by the Gilchrist County Property Appraiser, and property taxes are collected by the Gilchrist County Tax Collector.

The Board adopted the 2022 tax levy on September 12, 2022. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Gilchrist County Tax Collector at fiscal year end but not yet remitted to the District.

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

4. Federal Revenue Sources

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

5. Compensated Absences

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balance. At June 30, 2023, the Capital Projects – Public Education Capital Outlay Fund had a deficit fund balance of \$2,142,137.31. The deficit is due to the timing of cash requested from the FDOE and the receipt of the requested funds to offset expenditures incurred for the Additions, Renovations, and Remodeling project at Trenton High School.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

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

B. Investments

The District's investments at June 30, 2023, are reported as follows:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA:		
Florida PRIME (1)	37 Days	<u>\$ 2,088,588.92</u>

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Florida PRIME uses a weighted average days to maturity (WAM). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2023, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the Local Government Surplus Funds Trust Fund [Florida PRIME], or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District's investment policy limits investments to bids from qualified public depositories, certificates of deposit, time deposits, securities of the United States Government, State managed cooperative investment plans, and other forms of investments as authorized by Section 218.415, Florida Statutes.

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

C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 367,385.79	\$ -	\$ -	\$ 367,385.79
Construction in Progress	11,891,728.85	2,724,179.45	-	14,615,908.30
Total Capital Assets Not Being Depreciated	12,259,114.64	2,724,179.45	-	14,983,294.09
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	2,281,478.22	20,000.00	-	2,301,478.22
Buildings and Fixed Equipment	57,371,654.94	214,716.50	-	57,586,371.44
Furniture, Fixtures, and Equipment	2,855,046.57	537,851.24	-	3,392,897.81
Motor Vehicles	2,628,176.00	741,959.64	-	3,370,135.64
Audio Visual Materials and Computer Software	600,521.54	-	-	600,521.54
Total Capital Assets Being Depreciated	65,736,877.27	1,514,527.38	-	67,251,404.65
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	2,103,562.61	39,216.71	-	2,142,779.32
Buildings and Fixed Equipment	28,497,781.03	1,123,880.89	-	29,621,661.92
Furniture, Fixtures, and Equipment	2,488,429.92	97,389.91	-	2,585,819.83
Motor Vehicles	2,437,772.29	57,921.84	-	2,495,694.13
Audio Visual Materials and Computer Software	600,521.54	-	-	600,521.54
Total Accumulated Depreciation	36,128,067.39	1,318,409.35	-	37,446,476.74
Total Capital Assets Being Depreciated, Net	29,608,809.88	196,118.03	-	29,804,927.91
Governmental Activities Capital Assets, Net	\$ 41,867,924.52	\$ 2,920,297.48	\$ 0.00	\$ 44,788,222.00

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	\$ 57,921.84
Unallocated	<u>1,260,487.51</u>
Total Depreciation Expense – Governmental Activities	<u><u>\$1,318,409.35</u></u>

D. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

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

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive 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 \$2,206,643 for the fiscal year ended June 30, 2023.

FRS Pension Plan

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

- *Regular* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers* – Members who hold specified elective offices in local government.
- *Senior Management Service* – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

<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
Senior Management Service	2.00

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2022-23 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	11.91
FRS, Elected County Officers	3.00	57.00
FRS, Senior Management Service	3.00	31.57
DROP – Applicable to Members from All of the Above Classes	0.00	18.60
FRS, Reemployed Retiree	(2)	(2)

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

The District’s contributions to the Plan totaled \$1,738,087 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the District reported a liability of \$14,267,329 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District’s proportionate share of the net pension liability was based on the District’s 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the District’s proportionate share was 0.038344749 percent, which was an increase of 0.000312980 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized a Plan pension expense of \$1,983,082. 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	\$ 677,616	\$ -
Change of Assumptions	1,757,081	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	942,070	-
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	441,840	302,973
District FRS Contributions Subsequent to the Measurement Date	1,738,087	-
Total	\$ 5,556,694	\$ 302,973

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$1,738,087, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. 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>
2024	\$ 821,231
2025	318,881
2026	(244,799)
2027	2,484,204
2028	136,117
Total	\$ 3,515,634

Actuarial Assumptions. The total pension liability in the July 1, 2022, 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	6.70 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2022, 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%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Total	100%			
Assumed inflation - Mean			2.4%	1.3%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.7 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate changed from 6.8 percent to 6.7 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.7 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.7 percent) or 1 percentage point higher (7.7 percent) than the current rate:

	<u>1% Decrease (5.7%)</u>	<u>Current Discount Rate (6.7%)</u>	<u>1% Increase (7.7%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 24,674,363	\$ 14,267,329	\$ 5,565,809

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 Annual Comprehensive Financial Report.

Payables to the Pension Plan. At June 30, 2023, the District reported a payable of \$271,037.01 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2023.

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, 2023, 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, 2023, 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 \$285,051 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the District reported a net pension liability of \$4,739,015 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on the District's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the District's proportionate share was 0.044743167 percent, which was a decrease of 0.000031929 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized the HIS Plan pension expense of \$223,561. 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	\$ 143,840	\$ 20,852
Change of Assumptions	271,643	733,123
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	6,861	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	17,515	155,338
District HIS Contributions Subsequent to the Measurement Date	285,051	-
Total	\$ 724,910	\$ 909,313

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$285,051, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. 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>
2024	\$ (114,543)
2025	(76,578)
2026	(57,867)
2027	(67,589)
2028	(106,798)
Thereafter	(46,079)
Total	\$ (469,454)

Actuarial Assumptions. The total pension liability in the July 1, 2022, 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	3.54 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 3.54 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis,

the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 2.16 percent to 3.54 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.54 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
District's Proportionate Share of the Net Pension Liability	\$ 5,421,823	\$ 4,739,015	\$ 4,174,007

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 Annual Comprehensive Financial Report.

Payables to the Pension Plan. At June 30, 2023, the District reported a payable of \$44,934.71 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2023.

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 Annual Comprehensive 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 2022-23 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	9.30
FRS, Elected County Officers	14.34
FRS, Senior Management Service	10.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2023, 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 \$558,237 for the fiscal year ended June 30, 2023.

Payables to the Investment Plan. At June 30, 2023, the District reported a payable of \$114,096.83 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2023.

E. Other Postemployment Benefit Obligations

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

because retiree healthcare costs are generally greater than active employee healthcare costs. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through recommendations of the Benefits Committee and action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides healthcare, dental, and vision benefits for retirees and their dependents and life insurance benefits up to \$10,000 for retirees. The OPEB Plan only provides an implicit subsidy as described above.

Employees Covered by Benefit Terms. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	71
Active Employees	<u>365</u>
Total	<u><u>436</u></u>

Total OPEB Liability. The District’s total OPEB liability of \$1,072,878 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

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

Inflation	2.5 percent
Salary Increases	3.5 percent
Discount Rate	3.55 percent
Healthcare Cost Trend Rates	9.33 percent for 2022, followed by 7.5 percent for 2023 through 2026, and gradually decreasing to an ultimate rate of 4.5 percent for 2037 and later years
Plan Participation of Retirees	Retirees pay 100 percent of the rate for coverage selected.

The discount rate was based on the Bond Buyer 20-Bond General Obligations Index as of the valuation date, which represents the average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody’s Aa2 and Standard and Poor’s AA.

The mortality projection scale assumption was revised to the recently published scale MP-2021.

Assumptions were based on the actual valuation experience of the covered group, to the extent that creditable experience data was available, with an emphasis on expected long-term future trends rather than giving undue weight to recent past experience.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2022	<u>\$ 1,072,878</u>
Changes for the year	<u>-</u>
Balance at June 30, 2023	<u><u>\$ 1,072,878</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.55 percent) or 1 percentage point higher (4.55 percent) than the current rate:

	<u>1% Decrease (2.55%)</u>	<u>Current Discount Rate (3.55%)</u>	<u>1% Increase (4.55%)</u>
Total OPEB Liability	\$ 1,204,609	\$ 1,072,878	\$ 960,027

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (8.33 percent decreasing to 3.5 percent) or 1 percentage point higher (10.33 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 966,741	\$ 1,072,878	\$ 1,198,617

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2023, the District did not recognize any OPEB expense. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB 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	\$ 50,861	\$ 225,571
Changes of Assumptions or Other Inputs	41,780	202,938
Total	<u>\$ 92,641</u>	<u>\$ 428,509</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ (53,783)
2025	(53,783)
2026	(53,783)
2027	(53,789)
2028	(74,364)
Thereafter	(46,366)
Total	<u>\$ (335,868)</u>

F. Significant Commitments

Encumbrances. Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next fiscal year's appropriations are likewise encumbered.

The following is a schedule of significant encumbrances at June 30, 2023:

Major Funds	
Capital Projects - Public Education Capital Outlay	Capital Projects - Local Capital Improvement
\$ 260,048.50	\$ 39,654.55

At June 30, 2022, the encumbrances for the Capital Projects – Public Education Capital Outlay Fund exceeded the total fund balance by \$2,402,185.81. The encumbrances are expected to be honored using the resources received in the subsequent fiscal year from the Public Education Capital Outlay and Debt Service Trust Fund – Special Facility Construction Account.

G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the North East Florida Educational Consortium (Consortium) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, cyber security, and other coverage deemed necessary by the members of the Consortium. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for the Consortium is composed of superintendents of all participating districts. The Putnam County District School Board serves as fiscal agent for the Consortium.

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

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

H. Long-Term Liabilities

1. Special Public Education Capital Outlay Advance Payable

The liability at June 30, 2023, of \$4,121,587.43 represents the amount of the PECO Special Facilities allocation expected to be replaced by other District capital outlay sources that are committed under Section 1013.64, Florida Statutes, for funding specific construction needs. The liability is expected to be retired by the close of the 2023-24 fiscal year.

2. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities:

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Compensated Absences Payable	\$ 1,011,497.03	\$ 1,028,791.63	\$ 242,101.66	\$ 1,798,187.00	\$ 298,920.00
Net Pension Liability	8,365,206.00	16,839,659.00	6,198,521.00	19,006,344.00	-
Total OPEB Liability	1,072,878.00	-	-	1,072,878.00	28,048.00
Special PECO Advance Payable	4,121,587.43	-	-	4,121,587.43	4,121,587.43
Total Governmental Activities	\$ 14,571,168.46	\$ 17,868,450.63	\$ 6,440,622.66	\$ 25,998,996.43	\$ 4,448,555.43

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

I. Fund Balance Reporting

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

- **Nonspendable Fund Balance.** Nonspendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash.
- **Restricted Fund Balance.** Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance.
- **Unassigned Fund Balance.** The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

J. Interfund Receivables and Payables

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

Funds	Interfund	
	Receivables	Payables
Major:		
Special Revenue:		
Food Service	\$ 995,946.90	\$ -
Other	-	812,558.99
Federal Education Stabilization	-	940,001.30
Capital Projects:		
Public Education Capital Outlay	-	2,208,791.30
Local Capital Improvement	2,989,263.24	-
Nonmajor Governmental	-	23,858.55
Total	\$ 3,985,210.14	\$ 3,985,210.14

The interfund receivables and payables represent temporary loans between funds to cover expenditures incurred prior to reimbursement from other agencies. All balances are expected to be repaid within 1 year.

K. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2022-23 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 16,521,105.00
PECO Special Facilities	1,678,723.50
Categorical Educational Program - Class Size Reduction	2,698,949.00
School Recognition	371,000.00
Voluntary Prekindergarten Program	292,143.12
Sales Tax Distribution	202,247.50
Motor Vehicle License Tax (Capital Outlay and Debt Service)	114,167.32
Food Service Supplement	37,256.00
Mobile Home License Tax	18,347.59
Miscellaneous	243,331.61
Total	<u><u>\$ 22,177,270.64</u></u>

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 2022 tax roll for the 2022-23 fiscal year:

<u>General Fund</u>	<u>Millages</u>	<u>Taxes Levied</u>
Nonvoted School Tax:		
Required Local Effort	3.245	\$ 3,821,112
Basic Discretionary Local Effort	0.748	880,799
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	1.500	1,766,307
Total	<u><u>5.493</u></u>	<u><u>\$ 6,468,218</u></u>

L. 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	\$ 900,000	\$ -
Capital Projects:		
Local Capital Improvement	-	900,000
Total	<u>\$ 900,000</u>	<u>\$ 900,000</u>

Interfund transfers represent the permanent transfer of moneys between funds. The transfers from the Capital Projects – Local Capital Improvement Fund to the General Fund were to reimburse maintenance and risk management insurance premium expenditures of the General Fund.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule General and Major Special Revenue Funds For the Fiscal Year Ended June 30, 2023

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 65,000.00	\$ 27,580.19	\$ 23,422.43	\$ (4,157.76)
Federal Through State and Local	35,000.00	43,998.06	43,180.05	(818.01)
State	20,114,088.50	20,489,969.75	20,348,356.27	(141,613.48)
Local:				
Property Taxes	4,490,394.00	4,712,416.88	4,510,414.80	(202,002.08)
Charges for Services - Food Service	-	-	-	-
Miscellaneous	638,020.00	610,841.22	762,485.34	151,644.12
Total Local Revenues	5,128,414.00	5,323,258.10	5,272,900.14	(50,357.96)
Total Revenues	25,342,502.50	25,884,806.10	25,687,858.89	(196,947.21)
Expenditures				
Current - Education:				
Instruction	15,194,121.92	15,896,290.76	15,623,984.37	272,306.39
Student Support Services	1,596,881.53	1,717,888.46	1,671,278.85	46,609.61
Instructional Media Services	202,624.92	213,440.66	206,057.09	7,383.57
Instruction and Curriculum Development Services	545,473.10	581,103.72	567,910.73	13,192.99
Instructional Staff Training Services	85,488.93	104,714.21	101,659.68	3,054.53
Instruction-Related Technology	373,096.12	469,269.81	427,972.29	41,297.52
Board	367,675.38	383,902.34	379,198.91	4,703.43
General Administration	272,930.14	306,044.44	303,238.85	2,805.59
School Administration	1,592,231.62	1,518,042.98	1,518,042.98	-
Facilities Acquisition and Construction	-	1,050.00	-	1,050.00
Fiscal Services	410,750.77	466,272.15	452,089.09	14,183.06
Food Services	-	16,857.49	15,324.99	1,532.50
Central Services	313,307.22	481,251.65	463,243.28	18,008.37
Student Transportation Services	1,072,014.96	1,430,852.64	1,408,052.93	22,799.71
Operation of Plant	2,416,032.43	2,975,373.00	2,894,152.79	81,220.21
Maintenance of Plant	1,332,032.93	1,537,016.16	1,429,327.21	107,688.95
Administrative Technology Services	97,940.25	75,357.75	68,113.69	7,244.06
Community Services	150,771.43	134,018.95	131,398.80	2,620.15
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	10,500.00	10,500.00	-
Other Capital Outlay	-	198,177.64	198,177.64	-
Total Expenditures	26,023,373.65	28,517,424.81	27,869,724.17	647,700.64
Excess (Deficiency) of Revenues Over Expenditures	(680,871.15)	(2,632,618.71)	(2,181,865.28)	450,753.43
Other Financing Sources (Uses)				
Transfers In	1,000,000.00	910,000.00	900,000.00	(10,000.00)
Net Change in Fund Balances	319,128.85	(1,722,618.71)	(1,281,865.28)	440,753.43
Fund Balances, Beginning	1,804,965.30	1,804,965.30	1,804,965.30	-
Fund Balances, Ending	\$ 2,124,094.15	\$ 82,346.59	\$ 523,100.02	\$ 440,753.43

Special Revenue - Food Service Fund

Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ -	\$ -	\$ -	\$ -
2,180,495.00	3,080,991.86	2,646,716.04	(434,275.82)
37,234.00	37,754.53	37,707.21	(47.32)
-	-	-	-
130,194.00	136,822.99	127,418.57	(9,404.42)
6,175.00	3,401.98	3,093.87	(308.11)
<u>136,369.00</u>	<u>140,224.97</u>	<u>130,512.44</u>	<u>(9,712.53)</u>
<u>2,354,098.00</u>	<u>3,258,971.36</u>	<u>2,814,935.69</u>	<u>(444,035.67)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,601,360.44	2,750,119.26	2,670,277.54	79,841.72
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	21,822.64	21,822.64	-
<u>2,601,360.44</u>	<u>2,771,941.90</u>	<u>2,692,100.18</u>	<u>79,841.72</u>
<u>(247,262.44)</u>	<u>487,029.46</u>	<u>122,835.51</u>	<u>(364,193.95)</u>
-	-	-	-
<u>(247,262.44)</u>	<u>487,029.46</u>	<u>122,835.51</u>	<u>(364,193.95)</u>
<u>1,228,786.82</u>	<u>1,228,786.82</u>	<u>1,228,786.82</u>	<u>-</u>
<u>\$ 981,524.38</u>	<u>\$ 1,715,816.28</u>	<u>\$ 1,351,622.33</u>	<u>\$ (364,193.95)</u>

(Continued)

**Budgetary Comparison Schedule
General and Major Special Revenue Funds (Continued)
For the Fiscal Year Ended June 30, 2023**

	Special Revenue - Other Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Through State and Local	\$ 1,980,358.72	\$ 2,706,079.61	\$ 1,947,192.14	\$ (758,887.47)
Expenditures				
Current - Education:				
Instruction	1,191,593.97	1,610,210.26	1,300,892.55	309,317.71
Student Support Services	245,981.37	276,675.76	184,095.62	92,580.14
Instructional Media Services	-	531.50	531.50	-
Instruction and Curriculum Development Services	184,302.17	274,787.63	170,417.99	104,369.64
Instructional Staff Training Services	300,613.08	393,733.43	167,259.11	226,474.32
Instruction-Related Technology	109.73	-	-	-
General Administration	50,567.87	56,053.53	34,137.87	21,915.66
School Administration	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
Fiscal Services	-	-	-	-
Food Services	-	-	-	-
Central Services	6,330.80	3,230.00	-	3,230.00
Student Transportation Services	859.73	1,000.00	-	1,000.00
Operation of Plant	-	-	-	-
Maintenance of Plant	-	-	-	-
Administrative Technology Services	-	-	-	-
Community Services	-	-	-	-
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	-	-	-
Other Capital Outlay	-	89,857.50	89,857.50	-
Total Expenditures	1,980,358.72	2,706,079.61	1,947,192.14	758,887.47
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Special Revenue - Federal Education Stabilization Fund

Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 5,046,481.22	\$ 7,493,080.97	\$ 4,052,711.06	\$ (3,440,369.91)
4,458,185.86	4,559,953.76	2,394,551.70	2,165,402.06
7,746.00	331,250.12	149,406.58	181,843.54
-	15,160.20	13,994.52	1,165.68
8,227.27	161,660.67	99,206.34	62,454.33
103,049.93	278,518.53	133,834.71	144,683.82
15,026.69	67,150.34	32,341.14	34,809.20
137,977.47	222,760.18	52,804.33	169,955.85
-	321,612.00	133,769.78	187,842.22
-	85,549.05	49,737.62	35,811.43
-	189,093.27	39,794.42	149,298.85
-	126,244.75	114,617.42	11,627.33
-	148,931.21	29,071.77	119,859.44
-	149,134.12	99,951.89	49,182.23
-	26,239.70	22,222.13	4,017.57
-	43,408.14	20,991.78	22,416.36
100,000.00	100,000.00	-	100,000.00
216,268.00	-	-	-
-	168,108.50	168,108.50	-
-	498,306.43	498,306.43	-
5,046,481.22	7,493,080.97	4,052,711.06	3,440,369.91
-	-	-	-
-	-	-	-
-	-	-	-
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

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

	<u>2023 (1)</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service Cost	\$ -	\$ 63,786	\$ 66,507	\$ 61,111	\$ 63,226	\$ 59,597
Interest	-	29,686	33,416	41,965	37,447	35,554
Differences Between Expected and Actual Experience	-	(86,751)	-	-	-	(510)
Changes of Assumptions or Other Inputs	-	(236,761)	(196,744)	144,047	-	-
Benefit Payments	-	(28,048)	(49,253)	(37,591)	(36,357)	(33,979)
Net Change in Total OPEB Liability	<u>-</u>	<u>(258,088)</u>	<u>(146,074)</u>	<u>209,532</u>	<u>64,316</u>	<u>60,662</u>
Total OPEB Liability - Beginning	<u>1,072,878</u>	<u>1,330,966</u>	<u>1,477,040</u>	<u>1,267,508</u>	<u>1,203,192</u>	<u>1,142,530</u>
Total OPEB Liability - Ending	<u>\$ 1,072,878</u>	<u>\$ 1,072,878</u>	<u>\$ 1,330,966</u>	<u>\$ 1,477,040</u>	<u>\$ 1,267,508</u>	<u>\$ 1,203,192</u>
Covered-Employee Payroll	\$ 15,132,271	\$ 15,132,271	\$ 15,022,190	\$ 14,785,185	\$ 14,318,638	\$ 14,318,638
Total OPEB Liability as a Percentage of Covered-Employee Payroll	7.09%	7.09%	8.86%	9.99%	8.85%	8.40%

(1) The District used the same liability for the 2023 fiscal year because they did not obtain an OPEB actuary report.

**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	0.035184999%	\$ 6,056,904	\$ 13,061,915	46.37%	88.54%
2014	0.039336858%	2,400,127	13,305,905	18.04%	96.09%
2015	0.040963852%	5,291,031	14,064,939	37.62%	92.00%
2016	0.039616983%	10,003,319	14,562,266	68.69%	84.88%
2017	0.038710383%	11,450,272	14,943,979	76.62%	83.89%
2018	0.038869634%	11,707,735	15,522,395	75.42%	84.26%
2019	0.038140402%	13,135,023	15,394,824	85.32%	82.61%
2020	0.036231025%	15,703,060	15,715,985	99.92%	78.85%
2021	0.038031769%	2,872,868	15,862,089	18.11%	96.40%
2022	0.038344749%	14,267,329	16,374,077	87.13%	82.89%

(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	\$ 861,644	\$ (861,644)	\$ -	\$ 13,305,905	6.48%
2015	998,734	(998,734)	-	14,064,939	7.10%
2016	966,123	(966,123)	-	14,562,266	6.63%
2017	1,007,727	(1,007,727)	-	14,943,979	6.74%
2018	1,107,753	(1,107,753)	-	15,522,395	7.14%
2019	1,182,628	(1,182,628)	-	15,394,824	7.68%
2020	1,203,796	(1,203,796)	-	15,715,985	7.66%
2021	1,448,846	(1,448,846)	-	15,862,089	9.13%
2022	1,636,240	(1,636,240)	-	16,374,077	9.99%
2023	1,738,087	(1,738,087)	-	17,229,026	10.09%

(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	0.044962497%	\$ 3,914,577	\$ 13,061,915	29.97%	1.78%
2014	0.044783769%	4,187,392	13,305,905	31.47%	0.99%
2015	0.046295226%	4,721,385	14,064,939	33.57%	0.50%
2016	0.047227651%	5,504,186	14,562,266	37.80%	0.97%
2017	0.046879931%	5,012,619	14,943,979	33.54%	1.64%
2018	0.047367209%	5,013,400	15,522,395	32.30%	2.15%
2019	0.046030482%	5,150,352	15,394,824	33.46%	2.63%
2020	0.045252864%	5,525,298	15,715,985	35.16%	3.00%
2021	0.044775096%	5,492,338	15,862,089	34.63%	3.56%
2022	0.044743167%	4,739,015	16,374,077	28.94%	4.81%

(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	\$ 153,414	\$ (153,414)	\$ -	\$ 13,305,905	1.15%
2015	176,969	(176,969)	-	14,064,939	1.26%
2016	242,072	(242,072)	-	14,562,266	1.66%
2017	248,102	(248,102)	-	14,943,979	1.66%
2018	256,874	(256,874)	-	15,522,395	1.65%
2019	255,603	(255,603)	-	15,394,824	1.66%
2020	260,771	(260,771)	-	15,715,985	1.66%
2021	263,188	(263,188)	-	15,862,089	1.66%
2022	270,734	(270,734)	-	16,374,077	1.65%
2023	285,051	(285,051)	-	17,229,026	1.65%

(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.

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

Changes of Assumptions. In 2022, the long-term expected rate of return was decreased from 6.8 percent to 6.7 percent.

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

Changes of Assumptions. In 2022, the municipal bond rate used to determine total pension liability was increased from 2.16 percent to 3.54 percent and the election assumption for vested terminated members was updated from 20 percent to 50 percent to reflect recent experience.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

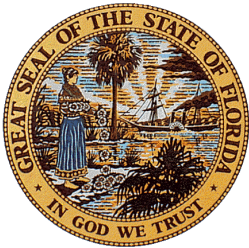
Gilchrist County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Total Expenditures
Clustered			
Child Nutrition Cluster			
United States Department of Agriculture:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	23002	\$ 660,123.56
National School Lunch Program	10.555	23001, 23003	1,944,213.22
Summer Food Service Program for Children	10.559	22006, 22007, 23006, 23007	42,379.26
Total Child Nutrition Cluster			2,646,716.04
Special Education Cluster			
United States Department of Education:			
Florida Department of Education:			
Special Education - Grants to States	84.027	263	631,023.57
COVID-19 Special Education - Grants to States	COVID-19, 84.027	263	46,215.55
Total Special Education - Grants to States			677,239.12
Special Education - Preschool Grants	84.173	267	48,027.09
COVID-19 Special Education - Preschool Grants	COVID-19, 84.173	267	930.10
Total Special Education - Preschool Grants			48,957.19
Total Special Education Cluster			726,196.31
Not Clustered			
United States Department of Defense			
Army Junior Reserve Officers Training Corps	12.UNK	N/A	23,422.43
United States Department of Education			
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212	824,018.30
Career and Technical Education - Basic Grants to States	84.048	161	289,288.35
Rural Education	84.358	110	744.57
English Language Acquisition State Grants	84.365	102	21,801.37
Supporting Effective Instruction State Grants	84.367	224	104,657.85
Student Support and Academic Enrichment Program	84.424	241	66,095.43
Education Stabilization Fund:	84.425		
Governor's Emergency Education Relief Fund	COVID-19, 84.425C	123	11,308.31
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124, 128	891,471.19
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425U	121	3,064,321.52
Total Education Stabilization Fund	84.425		3,967,101.02
Total United States Department of Education			5,273,706.89
Total Expenditures of Federal Awards			\$ 8,670,041.67

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 Gilchrist County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2023. 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 \$214,226.43 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of the donation.

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Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gilchrist County District School Board as of and for the fiscal year ended June 30, 2023, 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 28, 2024, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Financial Statement Finding Nos. 2023-001 through 2023-004 that we consider to be significant deficiencies.

Report on 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*.

We identified a certain additional matter which is described as Finding AM 2023-001 on page 73.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. The District is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The District's response to the additional matter finding identified in our audit is included as the District Response on page 74 in Finding AM 2023-001. The District's responses and **CORRECTIVE ACTION PLAN** were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

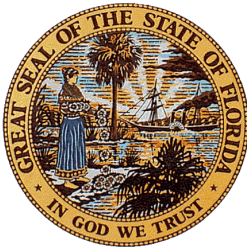
Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 28, 2024



Sherrill F. Norman, CPA
Auditor General

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

INDEPENDENT AUDITOR'S REPORT 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

Opinion on Each Major Federal Program

We have audited the Gilchrist County District School Board's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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**.

In our opinion, the District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each

major Federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying

SCHEDULE OF FINDINGS AND QUESTIONED COSTS as Federal Award Finding No. 2023-005. Our opinion on each major Federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. The District is responsible for preparing a corrective action plan to address the audit finding included in our auditor's report. The District's response and **CORRECTIVE ACTION PLAN** were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the **Auditor's Responsibilities for the Audit of Compliance** section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Federal Award Finding No. 2023-005, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. The District is responsible for preparing a corrective action plan to address the audit finding included in our auditor's report. The District's response and **CORRECTIVE ACTION PLAN** were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 28, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major Federal programs:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? Yes

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)? Yes

Identification of major Federal programs:

Assistance Listing Numbers:	Name of Federal Program or Cluster:
84.010	Title I Grants to Local Educational Agencies
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low risk auditee? Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCIES

FINANCIAL REPORTING AND FINANCIAL CONDITION

Finding Number	2023-001
Opinion Unit	Major Fund: General Fund
Financial Statements Account Titles	Restricted and Unassigned Fund Balance
Fund Name	General Fund
Adjustment Amounts	General Fund: Increased Restricted Fund Balance (\$47,586 – credit) and Decreased Unassigned Fund Balance (\$47,586 – debit)
Statistically Valid Sample	Not Applicable
Prior Year Finding	Not Applicable
Finding	District controls over the financial reporting processes were deficient, contributing to a \$1.2 million (71 percent) reduction in the General Fund total assigned and unassigned fund balance. At June 30, 2023, the balance was \$475,514, leaving limited resources for District emergencies and unforeseen situations and resulting in a financial condition ratio below 2 percent.
Criteria	<p>Section 1010.01, Florida Statutes, requires that State Board of Education (SBE) rules incorporate the requirements of law and accounting principles generally accepted in the United States (GAAP) and Board Policy 7.07, <i>Accounting and Control Procedures</i>, requires fund balances shall be classified and reported in accordance with GAAP.</p> <p>In addition, SBE Rule 6A-1.008, Florida Administrative Code, requires the Superintendent to submit to the Board, at least monthly, financial statements (financial reports) for Board use and consideration in a form prescribed by the Board. These reports and other relevant financial information are necessary for the Board to effectively monitor the District's financial condition.</p> <p>Board Policy 7.07, <i>Accounting and Control Procedures</i>, requires District personnel to present monthly financial reports to the Board that identify cumulative-to-date receipts and expenditures, but does not require other essential information, such as budget to actual cumulative-to-date expenditures by function and object or ending fund balance amounts.</p> <p>Section 1011.051, Florida Statutes, requires the District to maintain a General Fund ending balance that is sufficient to address normal contingencies. If at any time the portion of the General Fund's total ending fund balance classified as assigned and unassigned fund balance in the District's approved operating budget as a percentage of General Fund total revenue (i.e., financial condition ratio) is projected to fall below 2 percent during the fiscal year, the Superintendent must provide written notification to the Board and the Florida Department of Education (FDOE). If the FDOE determines the District does not have a plan demonstrating reasonable anticipation to avoid a financial emergency, the FDOE shall appoint a financial emergency Board.</p>
Condition	During the period July 2022 through January 2023, the Board reviewed monthly check summaries of the checks written since the last monthly meeting. However, during that period, the Board did not obtain and consider monthly financial reports that identified the components to calculate the financial condition ratio, including

the General Fund revenues, expenditures, and amounts unassigned and available for spending and amounts restricted and unavailable for spending.

In February 2023, the Board held an emergency meeting, prompted by financial concerns noted by District personnel, to discuss the District financial condition. During the meeting, the Board examined a report evidencing budget to actual cumulative-to-date receipts by revenue code and budget to actual cumulative-to-date expenditures by project. However, the report did not document consideration of amounts restricted and unavailable for spending or accurate projected calculations to determine and evaluate the District financial condition ratio.

In March and April 2023, the Board only reviewed the monthly check summaries to monitor the District financial condition, without receiving the required monthly financial reports.

In May and June 2023, the Board received monthly financial reports that identified General Fund revenues and expenditures and projected financial condition ratios of 5 to 6 percent; however, the reports lacked projected ending fund balance amounts unassigned and available for spending and amounts restricted and unavailable for spending. Moreover, the reported financial condition ratios were inaccurately calculated and overstated based on amounts unavailable for spending.

During the 2022-23 fiscal year, the District financial condition declined significantly. While the District financial condition ratio was 3.12 percent before audit adjustments (discussed in Finding 2023-003), after the adjustments the General Fund total assigned and unassigned fund balance decreased by \$1,166,763 (71 percent) from \$1,642,277 to \$475,514, resulting in a financial condition ratio of 1.85 percent. Contrary to Section 1011.051, Florida Statutes, the Superintendent did not submit a financial condition notification to the FDOE and no financial recovery plan was established. A summary of the General Fund financial condition ratios for the past 3 fiscal years is shown in the following table.

General Fund Financial Condition Ratios
For the Fiscal Years Ended June 30, 2021, 2022, and 2023

Fiscal Years Ended June 30	Total Assigned and Unassigned Fund Balance (A)	Total Revenues (B)	Financial Condition Ratio (A)/(B)
2021	\$1,548,738	\$24,710,817	6.27%
2022	1,642,277	24,079,206	6.82%
2023	475,514	25,687,859	1.85%

Cause

The District experienced staff turnover, had ineffective procedures for financial reporting, and incurred increases in employee compensation and retirement contribution rates.

Additionally, as a result of an audit adjustment (discussed in Finding 2023-003) further reducing unassigned fund balance, the District’s financial condition ratio at June 30, 2023, dropped below 2 percent. Because the District was unaware that the financial condition ratio fell below 2 percent, notifications to the Board and the FDOE were not made, and a financial recovery plan was not established.

Effect

Absent sufficiently detailed monthly financial reports, the Board cannot effectively monitor the District financial condition. The decline in the General Fund financial condition resulted in fewer resources for emergencies and unforeseen situations than other school districts of comparable size. Failure to reverse the District financial condition decline could limit the District’s ability to meet fiscal obligations.

Recommendation

The Board and Superintendent should establish an effective financial reporting process to ensure that an adequate fund balance is maintained in the General Fund. Such efforts should include monthly financial reports that consistently include projected ending fund balance amounts and applicable amounts for unassigned and available for spending and restricted and unavailable for spending. In addition, when the General Fund’s projected financial condition ratio is expected to fall below 2 percent, the Superintendent should comply with State law by promptly providing written notifications to the Board and the FDOE and establishing a financial recovery plan.

District Response

The district presented to the board a financial reporting template and a budget adjustment request template approved on 1/16/2024. Within the financial reporting template, a fund balance analysis has been included for the board’s regular review. Both report and budget adjustment requests are now included within the consent agenda along with a check summary, for regular, monthly review by the board. Both templates will be presented to the board annually for approval.

Additionally, regular corrective actions were started with the 23-24 fiscal year to institute better budgetary review and controls to maintain the district’s financial condition.

BANK ACCOUNT RECONCILIATIONS

Finding Number

2023-002

Opinion Unit

Major Funds: General Fund and Capital Projects – Local Capital Improvement Fund

Financial Statements Account Titles

Cash and Cash Equivalents, Accounts Payable, and Payroll Deductions and Withholdings Payable

Fund Name

General Fund and Capital Projects – Local Capital Improvement Fund

Adjustment Amounts

General Fund: Increased Cash and Cash Equivalents (\$965,133 – debit), Accounts Payable (\$136,570 – credit), and Payroll Deductions and Withholdings Payable (\$828,563 – credit)

Capital Projects – Local Capital Improvement Fund: Increased Cash and Cash Equivalents (\$84,700 – debit) and Accounts Payable (\$84,700 – credit)

Statistically Valid Sample

Not Applicable

Prior Year Finding

Not Applicable

Finding

Bank account reconciliations were not always properly and timely completed, resulting in cash and cash equivalent errors on the financial statements.

Criteria

Section 1010.01(5), Florida Statutes, requires each school district to establish and maintain internal controls designed to, among other things, detect fraud, ensure reliability of financial records and reports, and safeguard assets. Effective internal controls require that reconciliations of bank account balances to general ledger account balances be performed on a timely, routine basis.

Properly and timely prepared bank account reconciliations are necessary to provide reasonable assurance that cash assets agree with recorded amounts, promptly detect and correct unrecorded and improperly recorded cash transactions or bank errors, and provide for the efficient and economic management of cash resources.

Condition

During the 2022-23 fiscal year, the District maintained four bank accounts. As of June 30, 2023, the District’s adjusted general ledger cash account balances and

financial statement cash account balances each totaled \$1,141,188, while the bank account statement balances totaled \$3,207,389. However, as of January 2024, the April 2023 through June 2023 bank account reconciliations had not been completed for three of the bank accounts. At June 30, 2023, the three accounts had bank statement cash balances totaling \$1,118,800, the District reported cash balances totaling negative \$947,401 for those accounts, and an unreconciled difference of \$2,066,201 remained unexplained.

Subsequent to our inquiries, in February 2024 District personnel attempted to complete and provided for our examination bank reconciliations for these 3 bank accounts. However, each reconciliation included unexplained reconciling items and the items totaled \$1,103,124.

Cause District personnel indicated that, due to personnel turnover, errors and omissions occurred in preparing and recording cash journal entries, resulting in the inaccurate and untimely bank account reconciliations. Additional journal entry deficiencies are noted in Finding No. 2023-003.

Effect We extended our procedures to determine the adjustments necessary to properly report cash balances at June 30, 2023, and District personnel accepted the adjustments. Notwithstanding, absent effective procedures for timely and accurately preparing bank account reconciliations, there is an increased risk that any cash transaction errors or fraud that may occur will not be timely detected. Without such procedures, the reliability of the general ledger financial information throughout the year and the Board's ability to effectively monitor the District's financial position is diminished.

Recommendation The District should enhance procedures to ensure that reconciliations of bank account balances to the general ledger account balances are timely performed with reconciling items promptly identified, thoroughly investigated, adequately documented, and resolved.

District Response The district finance team has implemented skyward system improvements to ensure more timely processing of bank reconciliations. This includes imports of bank check data into skyward, implementation of the Credit Card module, and import functionality within the journal entry and cash receipt modules. This is to increase the processing time of the individual functions which contributed to the delay of bank reconciliation processing.

The district has also added one staff member to aid in the distribution of this workload and to further catch up on the individual transactions required to be performed before bank reconciliations can occur.

JOURNAL ENTRIES

Finding Number	2023-003
Opinion Unit	Major Fund: General Fund
Financial Statements Account Titles	Accounts Receivable and Various Expenditures
Fund Name	General Fund
Adjustment Amounts	For example, General Fund: Decreased Accounts Receivable by \$278,923 (credit) and increased various expenditures by the same total (debit)
Statistically Valid Sample	Not Applicable
Prior Year Finding	Not Applicable
Finding	Controls over journal entries need improvement.

Criteria	Journal entries are used as necessary to make adjustments to the general ledger balances for asset, liability, revenue, and expenditure and expense accounts, and occasionally entries are necessary to correct previous accounting errors. Effective internal controls require that journal entries are appropriately documented and independently reviewed and approved to provide reasonable assurance that recorded transactions are appropriate, and that errors or fraud, should they occur, are timely detected and resolved.
Condition	As part of our audit, we examined District records supporting 31 selected journal entries totaling \$13 million from the 123 journal entries totaling \$17 million. We found no evidence that the entries were reviewed and approved and, for 18 entries totaling \$7 million, the entry purposes were not documented. Moreover, one journal entry inaccurately reduced expenditures by \$278,923 for the District's portion of group health insurance, which was offset by an increase in accounts receivable.
Cause	District personnel indicated that District records supporting the 18 journal entries could not be located because of recordkeeping and filing oversights during personnel changes. Additionally, District controls did not include review and approval due to a shortage of personnel with appropriate knowledge of the journal entry process.
Effect	<p>We extended our procedures to correct the \$278,923 journal entry, along with other audit adjustments, and the District accepted the adjustments. After the adjustments, the District's General Fund financial condition ratio fell below 2 percent as discussed in Finding No. 2023-001.</p> <p>In addition, we were able to determine through inquiry and examination of accounting transactions that the primary purposes for the 18 journal entries appeared valid and were not the result of any errors or fraud. Notwithstanding, our procedures cannot substitute for management's responsibility to implement adequate controls over journal entries. Absent such controls and appropriate review and approval, there is an increased risk that errors or fraud could occur without timely detection.</p>
Recommendation	The District should enhance procedures so that District records identify the purpose for each journal entry and evidence independent review and approval.
District Response	<p>The district has implemented a journal entry request form signed off by the cost center director and the CFO and provides written justification for each journal.</p> <p>For a charge correction: this form contains the original charge's information and the account strip that the charge is to be made to. For cash or balance sheet journals: this contains the movement between the cash accounts and is signed off on by the Superintendent. Journal entries are made at the request of the cost center directors and/or specialist, except balance sheet journals identified by the CFO.</p> <p>All journals are entered by the CFO but only after signature approval of the moves have been obtained. All backup documentation regarding the journals is attached within the attachment feature within Skyward and saved within the districts z/drive under the "Journal Entries" folder.</p>

INFORMATION TECHNOLOGY ACCESS PRIVILEGES

Finding Number	2023-004
Opinion Unit	Not Applicable
Financial Statements Account Titles	Not Applicable
Fund Name	Not Applicable
Adjustment Amounts	Not Applicable
Statistically Valid Sample	Not Applicable
Prior Year Finding	Not Applicable
Finding	Certain employees had access privileges to information technology (IT) applications or components that allowed them to perform functions incompatible with their assigned job responsibilities.
Criteria	<p>Access controls are intended to protect District data and IT resources from unauthorized disclosure, modification, or destruction. Effective access controls include granting IT users access to IT resources based on a demonstrated need to view, add, modify, or delete data and restrict employees from performing functions incompatible or inconsistent with their duties.</p> <p>A security administrator is responsible for granting IT access privileges and limiting those privileges based on the individual's job duties. Given the security administrator's role, that function should typically be assigned to an employee who does not have responsibilities for monitoring financial or payroll transactions, and someone other than the security administrator should document review and approval of IT user access privileges.</p>
Condition	<p>The District accounting system is composed of finance and human resources (HR) applications, as well as a product setup component that allows for the technical configuration and system administration of both applications. The District finance application includes, for example, the ability to create and edit vendor information, create and post journal entries, and process payment transactions. The District HR application includes, for example, the ability to add new employees, adjust pay rates, edit leave balances, and process payroll transactions. The product setup component includes, for example, the ability to add, modify, or delete data; create IT user accounts; and assign IT user access privileges to the District applications and setup component. The District has designated the HR Director as the security administrator.</p> <p>As part of our audit, we examined District records supporting the IT access privileges granted to 34 IT users with update access to critical finance and HR functions in the District applications, the product setup component, or both, during the 2022-23 fiscal year. We found that:</p> <ul style="list-style-type: none">• District records did not demonstrate review and approval of user IT access privileges.• The Chief Finance Officer (CFO) and the former CFO (an independent contractor) had access to the product setup component and had full update access to both the finance and HR applications.• A Finance Officer, responsible for monitoring payroll transactions, had access to the product setup component which provides users with the authority to reset passwords and grant or change security access.• Another Finance Officer, responsible for monitoring accounts payable transactions, had full update access privileges to the finance and HR

applications which allowed, for example, the employee to add and modify vendors; create and approve purchase orders; add invoices; process payment transactions; and create, post, and approve journal entries in the finance application. With the access, the employee could also add new employees, modify employee records, process direct deposit, and run and adjust payroll in the HR application.

- An Operations Specialist had full update access privileges to the finance application which allowed the employee to, for example, add and modify vendors; create, and approve purchase orders; add invoices; process payment transactions; and create, post, and approve journal entries.

Cause District personnel indicated that, due to a lack of IT access review procedures, inappropriate IT access was granted to smooth operations during staffing changes in the Finance Department.

Effect Although our examination of District records supporting selected transactions indicated that the transactions were properly supported, our procedures cannot substitute for management’s responsibility to establish and maintain an adequate system of internal control. The existence of inappropriate or unnecessary IT access privileges increases the risk that unauthorized disclosure, modification, or destruction of District data and IT resources may occur and not be timely detected.

Recommendation District management should ensure that IT access privileges restrict employees and others from routinely performing functions incompatible or inconsistent with their assigned job functions. In addition, the District should ensure that the security administrator role is assigned to an employee who does not have responsibilities for monitoring financial or payroll transactions and that someone other than the security administrator documents review and approval of IT user access privileges. Such efforts should include removal of inappropriate or unnecessary access privileges based on employee job duties.

District Response The segregation of duties amongst available staff will be reviewed and certain system access corrections have/will be made based off their job duties. Superuser access will be restricted to the HR Director only as well as the ability to grant security accesses to individual.

A user access report will also be scheduled through NEFEC to be sent and signed off on monthly by the Superintendent or his designee.

SECTION III – FEDERAL AWARD FINDING AND QUESTIONED COSTS

U.S. DEPARTMENT OF EDUCATION

Finding Number	2023-005
Assistance Listing Number	84.425U
Assistance Listing Program Title	Education Stabilization (ES) Fund – American Rescue Plan Elementary and Secondary School Emergency Relief Fund
Compliance Requirement	Special Tests and Provisions
Pass-Through Entity	Florida Department of Education (FDOE)
Federal Grant/Contract Number and Grant Year	S425U210052 – 2023

Statistically Valid Sample	Not Applicable
Finding Type	Noncompliance and Significant Deficiency
Questioned Costs	\$120,795
Prior Year Finding	Not Applicable
Finding	District controls did not always ensure compliance with the Davis-Bacon Act for Federally funded construction projects exceeding \$2,000, resulting in questioned costs totaling \$120,795.
Criteria	The ES Fund provides Federal funds for school facility repairs and improvements. Title 29, Section 5.5, Code of Federal Regulations (Davis-Bacon Act), requires the District to include prevailing wage rate clauses in any construction contract exceeding \$2,000 that is financed either wholly or in part by Federal funds and ensure that contractors pay workers the prevailing wage rates established by the United States Department of Labor. This includes a requirement for the contractor to submit to the District weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls). The United States Department of Labor established “prevailing wages” by geographic area and interprets the Davis-Bacon Act to apply to construction, alteration, or repair of a public building or public work.
Condition	For the 2022-23 fiscal year, the District expended ES Fund moneys totaling \$3,967,101, including \$120,795 for three construction contracts related to heating, ventilation, and air-conditioning replacements and remodeling renovations. While the contracts included a general requirement to comply with Davis-Bacon Act provisions, the contracts did not explicitly require, and the contractors did not submit, weekly certified payrolls to the District demonstrating prevailing wage rates were paid.
Cause	District personnel indicated that they were not aware that the Davis-Bacon Act applied to these Federally funded projects and, therefore, did not include the appropriate wage rate clauses in the applicable procurement documents.
Effect	Absent specific contract clauses and weekly certified payrolls, there is an increased risk that construction contractors paid with Federal moneys will not pay workers the prevailing wage rates established by the United States Department of Labor. Although we requested, the District did not provide certified payrolls from the contractors demonstrating that the prevailing wage rates were paid for the services, resulting in questioned costs totaling \$120,795.
Recommendation	The District should enhance procedures to ensure compliance with all Davis-Bacon Act requirements. Such enhancements should ensure that applicable Federally funded facility contracts require submittal of weekly certified payrolls and that District personnel verify the payrolls were received. In addition, the District should document to the FDOE the allowability of the questioned costs or contact the FDOE regarding necessary corrective action.
District Response	<p>Vendors cited for the 22-23 fiscal year have been solicited for wage records as per the Davis Bacon act. Once they have been provided, they will be issued to the State Auditor General's Office.</p> <p>All future projects occurring on Federal Funds in the amount of \$2,000 or more will require copies of the prevailing wage records by vendors.</p>

ADDITIONAL MATTER

OTHER POSTEMPLOYMENT BENEFITS REPORTING

Finding Number	AM 2023-001
Opinion Unit	Governmental Activities
Financial Statements Account Title	Total OPEB Liability
Fund Name	Not Applicable
Adjustment Amounts	Not Applicable
Statistically Valid Sample	Not Applicable
Prior Year Finding	Not Applicable
Finding	The District did not obtain the required actuarial valuation to support the amounts and other information reported for the Other Postemployment Benefits (OPEB) Plan in the District annual financial report (AFR).
Criteria	<p>Generally accepted accounting principles (GAAP) require the District to report an OPEB liability for District coverage of retired employees who continue to receive health benefits offered by the District, along with related note disclosures, required supplementary information (RSI) to describe the OPEB plan, significant actuarial assumptions, and other inputs. GAAP further require the District to obtain an actuarial valuation of the District OPEB plan at least biennially since the plan included up to 436 plan members, which exceeded the 100-member minimum required for a biennial actuarial study.</p> <p>In addition, according to GAAP, certain Actuarial Standards of Practice (ASOP) must guide the preparation of the actuarial study. For example, Section 3.1.2 of the Introduction to the ASOP provides that actuarial standards should be used by actuaries who have the necessary education and experience to understand and apply them, and other individuals should consider obtaining the advice of a qualified actuary before making use of or otherwise relying upon ASOP.</p>
Condition	In the District AFR, the District reported a total OPEB liability of \$1,072,878, deferred outflows of \$92,641, deferred inflows of \$428,509, and related note disclosures and RSI. However, the District did not obtain the required biennial actuarial valuation to support the amounts and related information but instead used the same total OPEB liability and related information reported for the fiscal year ended June 30, 2022.
Cause	District personnel indicated that, while the actuarial valuation was historically provided by their health insurance broker, due to an upcoming change in providers, the broker refused to provide it for the 2022-23 fiscal year and the contract did not explicitly require the broker to perform the actuary services. Due to timing and District personnel changes, the District did not obtain the required actuarial valuation.
Effect	While we determined that the OPEB information reported in the District AFR for the 2022-23 fiscal year was materially correct, there is an increased need for the District to obtain the required biennial actuarial valuation as changes occur in participation, assumptions, and actual outcomes used to calculate the OPEB liability.
Recommendation	The District should procure and obtain the required actuarial valuation of the District OPEB plan to support OPEB information reported in the District AFR.

District Response

The district will be soliciting a new contracted vendor for future years to cover this service and obtain current actuary data.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

CORRECTIVE ACTION PLAN



Superintendent James A. Surrency, Ed. D.

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GILCHRIST COUNTY SCHOOL DISTRICT

www.gilchristschools.org

Fulfilling Every Student's Potential

March 26, 2024

Gilchrist County District School Board Management's Corrective Action Plans For the Fiscal Year Ended June 30, 2023

- Finding Number:** 2023-001.
- Planned Corrective Action:** The district presented to the board a financial reporting template and a budget adjustment request template approved on 1/16/2024. Within the financial reporting template, a fund balance analysis has been included for the board's regular review. Both report and budget adjustment requests are now included within the consent agenda along with a check summary, for regular, monthly review by the board. Both templates will be presented to the board annually for approval. Further adjustments based off this audit report will be made and a new template submitted for the board's approval.
- The board policy 7.07 Accounting and Control Procedures will also be brought up for review by the board to add the requirement for other essential information, such as budget to actual cumulative-to-date expenditures by function and object or ending fund balance amounts.
- Additionally, regular corrective actions were started with the 23-24 fiscal year to institute better budgetary review and controls to maintain the district's financial condition.
- Anticipated Completion Date:** A financial report was put in place on 1/16/2024, before this report was issued, as the district management team had identified this as an issue. The new template will be presented at the April 2, 2024 meeting.
- Conservative budget actions started with the new fiscal year and will continue.
- The board policy will be scheduled to be reviewed within one of the May board sessions.
- Responsible Contact Person:** Alethea Geiger
- Finding Number:** 2023-002.
- Planned Corrective Action:** The district finance team has implemented skyward system improvements to ensure more timely processing of bank

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reconciliations. This includes imports of bank check data into skyward, implementation of the Credit Card module, and import functionality within the journal entry and cash receipt modules. This is to increase the processing time of the individual functions which contributed to the delay of bank reconciliation processing.

The district has also added one staff member to aid in the distribution of this workload and to further catch up on the individual transactions required to be performed before bank reconciliations can occur.

Anticipated Completion Date: All above mentioned corrective actions have been occurring through 4/5/2023 to the time of this writing.

Responsible Contact Person: Alethea Geiger

Finding Number: 2023-003.

Planned Corrective Action: The district has implemented a journal entry request form signed off by the cost center director and the CFO and provides written justification for each journal.

For a charge correction: this form contains the original charge's information and the account strip that the charge is to be made to. For cash or balance sheet journals: this contains the movement between the cash accounts and is signed off on by the Superintendent. Journal entries are made at the request of the cost center directors and/or specialist, except balance sheet journals identified by the CFO.

All journals are entered by the CFO but only after signature approval of the moves have been obtained. All backup documentation regarding the journals is attached within the attachment feature within Skyward and saved within the districts z/drive under the "Journal Entries" folder.

Anticipated Completion Date: This corrective action was already implemented prior to the issuance of this audit report in November 1, 2023 as it was already an identified deficiency prior to audit review.

Responsible Contact Person: Alethea Geiger

Finding Number: 2023-004.

Planned Corrective Action: The segregation of duties amongst available staff will be reviewed and certain system access corrections have/will be made based off their job duties. Security Administrator or Superuser access has been restricted to the HR Director only and the ability to grant security access to individual modules in the Skyward system.

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A user access report will also be scheduled through NEFEC to be sent and signed off on monthly by the Superintendent or his designee.

Anticipated Completion Date: Some existing accesses were already corrected as of 03/07/2024. This included the removal of departed employees who had been identified, the operational specialist access, and the restriction of the CFO's access.

Monthly reports are hoping to begin April of 2024 through NEFEC.

Responsible Contact Person: Debbie Hill

Federal Award Finding Number: 2023-005.

Planned Corrective Action: Vendors cited for the 22-23 fiscal year have been solicited for wage records as per the Davis Bacon act. Once they have been provided, they will be issued to the State Auditors General's Office.

All future projects occurring on Federal Funds of \$2,000 or more will require copies of the prevailing wage records by vendors.

Anticipated Completion Date: For the 22-23 fiscal year records, we hope to have copies in April of 2024. For all future charges, these records are being collected as the costs are incurred.

Responsible Contact Person: Alethea Geiger & Dorota Micale

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