

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**ALACHUA COUNTY DISTRICT
SCHOOL BOARD
GAINESVILLE, FLORIDA**

JUNE 30, 2019

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
GAINESVILLE, FLORIDA**

JUNE 30, 2019

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**ALACHUA COUNTY DISTRICT SCHOOL BOARD
GAINESVILLE, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

Alachua County District School Board
and Superintendent
Gainesville, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charter Schools, which comprise the discretely presented component units of the District. The discretely presented component units' financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the District's discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Certified Public Accountants

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Alachua County District School Board
and Superintendent
Gainesville, Florida

INDEPENDENT AUDITOR'S REPORT

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information which includes the schedule of revenues, expenditures and changes in fund balances - budget and actual - general fund, the schedule of revenues, expenditures and changes in fund balances - budget and actual - major special revenue - other federal programs funds, the schedule of the changes in the District's OPEB liability and related ratios, the schedule of District's proportionate share of the net pension liability - Florida Retirement System pension plan, the schedule of District's contributions - Florida Retirement System pension plan, the schedule of District's proportionate share of the net pension liability - health insurance subsidy pension plan, the schedule of District's contributions - health insurance subsidy pension plan, the schedule of changes in the employers' net pension liability and related ratios, the schedule of employer contributions to the early retirement plan, the schedule of investment returns, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

Alachua County District School Board
and Superintendent
Gainesville, Florida

INDEPENDENT AUDITOR'S REPORT

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Purvis, Gray and Company, LLP

January 21, 2020
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of the Alachua County District School Board has prepared the following discussion and analysis of financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the District's financial activities, (c) identify changes in the District's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the District's financial statements and notes to financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019 fiscal year are as follows:

- The District's total net position decreased by \$4.8 million, which represents a 9.7% decrease from the 2017-18 fiscal year.
- General revenues total \$296.2 million, or 91.4 percent of all revenues in the 2018-19 fiscal year, as compared to \$273.3 million, or 92.1 percent for the 2018 fiscal year. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$27.9 million, or 8.6 percent as compared to \$23.6 million, or 7.9 percent in the prior year.
- The unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$21.4 million at June 30, 2019, or 8.7 percent of General Fund expenditures as compared to \$22.5 million, or 9.5 percent at June 30, 2018.
- During the current year, General Fund expenditures exceeded revenues by \$6.4 million. This may be compared to last year's results in which General Fund expenditures exceeded revenues by \$3 million. Please note that the transfer from Capital Project- Local Capital Improvement Fund to the General Fund in the amount of \$4.7 million to cover maintenance expenditures is not classified as revenue in the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- 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

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

accrual basis of accounting. The statement of net position provides information about the District's financial position, its assets, deferred outflows of resources, liabilities and deferred inflows of resources, using an economic resources measurement focus. The difference between (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources, the net position, is a measure of the financial health of the District. The statement of activities presents information about the change in the District's net position, the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

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

- Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the state's education finance program provide most of the resources that support these activities.
- Component units – The District presents 14 charter schools as discretely presented component units. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units are reported separately from the financial information presented for the primary government. Separately issued financial statements of the charter schools are available at the District's administrative office.
- The Alachua County School Board Leasing Corporation, (Leasing Corporation), although also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the Board and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government.

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

Fund Financial Statements

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

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds use a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

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

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

Proprietary Funds. Proprietary funds use the economic resources measurement focus and accrual basis of accounting. The District maintains one proprietary fund, an internal service fund, to account for its self-insurance program. Since this service predominantly benefits government-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The District uses private-purpose trust funds to account for the District's early retirement program, the J. Dale Haynie Trust, and for a career service award program. The District uses agency funds to account for resources held for student activities and groups.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by Florida Division of Retirement. As a participating employer, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. The District also maintains a single employer Early Retirement Plan subject to GASB 68 reporting.

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

	Net Position	
	Governmental	
	Activities	
	<u>6-30-19</u>	<u>6-30-18</u>
Current and Other Assets	\$ 102,651,974.76	\$ 87,987,099.17
Capital Assets	<u>61,009,562.89</u>	<u>62,902,404.46</u>
Total Assets	<u>163,661,537.65</u>	<u>150,889,503.63</u>
Deferred Outflows	<u>63,554,789.54</u>	<u>65,517,242.20</u>
Long-Term Liabilities	233,212,171.17	236,770,805.36
Other Liabilities	<u>21,074,640.16</u>	<u>17,112,414.23</u>
Total Liabilities	<u>254,286,811.33</u>	<u>253,883,219.59</u>
Deferred Inflows	<u>18,124,617.00</u>	<u>12,568,931.00</u>
Net Position:		
Net Investment in Capital		
Assets	14,082,297.28	10,855,933.92
Restricted	47,158,901.76	33,371,259.78
Unrestricted (Deficit)	<u>(106,436,300.18)</u>	<u>(94,272,598.46)</u>
Total Net Position	<u>\$ (45,195,101.14)</u>	<u>\$ (50,045,404.76)</u>

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, furniture 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 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 the result of liabilities related to the defined benefit pension plans, compensated absences, and Other Postemployment Benefits (OPEB).

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

- The decrease in capital assets is due primarily to the depreciation expense exceeding capital outlay in the current year.
- The increase and decrease in Deferred Outflows and Deferred Inflows is the result of the Florida Retirement System, Health Insurance Subsidy, and OPEB activities.

Governmental activities increased the District's net position by \$4.8 million during the 2018-19 fiscal year. Detailed as follow:

Changes in Net Position

	Governmental Activities	
	6-30-19	6-30-18
Program Revenues:		
Charges for Services	\$ 6,114,183.12	\$ 6,423,036.57
Operating Grants and Contributions	18,827,678.92	14,927,923.17
Capital Grants and Contributions	2,935,784.86	2,249,065.55
General Revenues:		
Property Taxes, Levied for Operational Purposes	89,648,869.05	89,795,667.23
Property Taxes, Levied for Debt Service	1,254.83	3,391.24
Property Taxes, Levied for Capital Projects	23,323,729.75	21,985,980.12
Local Sales Taxes	10,581,197.38	-
Grants and Contributions Not Restricted to Specific Programs	165,783,744.86	156,448,181.99
Unrestricted Investment Earnings	2,358,419.85	1,084,858.99
Miscellaneous	4,463,671.22	3,988,994.64
	324,038,533.84	296,907,099.50
Total Revenues		

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Functions/Program Expenses:		
Instruction	\$ 162,349,856.01	\$ 154,308,403.77
Pupil Personnel Services	18,573,518.75	15,410,485.81
Instructional Media Services	4,957,441.68	4,556,763.91
Instruction and Curriculum Development Services	9,199,053.80	8,733,065.64
Instructional Staff Training	2,683,342.89	2,246,053.49
Instruction Related Technology	3,725,639.59	3,725,171.86
Board of Education	978,243.84	986,977.39
General Administration	2,460,522.32	2,146,024.70
School Administration	17,123,468.48	15,987,497.06
Facilities Acquisition and Construction	6,962,059.71	4,785,083.45
Fiscal Services	2,126,992.62	1,983,468.56
Food Services	19,237,580.39	16,451,772.51
Central Services	4,620,231.40	4,157,465.28
Pupil Transportation Services	14,214,337.04	11,739,838.26
Operation of Plant	23,983,053.39	23,385,322.87
Maintenance of Plant	8,119,666.13	7,427,615.77
Administrative Technology Services	1,655,150.08	1,723,615.61
Community Services	4,080,123.66	3,857,918.81
Interest on Long-Term Debt	1,434,532.60	1,569,200.27
Unallocated Depreciation Expenses	10,703,415.84	10,624,103.75
	<hr/>	<hr/>
Total Functions/Program Expenses	319,188,230.22	295,805,848.77
	<hr/>	<hr/>
(Decrease) Increase in Net Position	4,850,303.62	1,101,250.73
Net Position-July 1, 2018	(50,045,404.76)	(50,961,523.49)
Adjustments to Net Position	-	(185,132.00)
Net Position-June 30, 2019	\$ (45,195,101.14)	\$ (50,045,404.76)
	<hr/>	<hr/>

State revenues increased by \$7.3 million or 5.4 percent, primarily due to an increase in the Florida Education Finance Program (FEFP). Local tax revenue increased by \$11.8 million or 10.5 percent. This significant increase from fiscal year 2017-18 is due to the voter approved half cent surtax revenue that will be described in the Other Matters of Significance paragraph below. The largest revenue source is local tax revenue (38 percent).

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

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Instructional expenses represent 63.1 percent of total governmental expenses in the 2018-19 fiscal year. Instructional expenses increased by \$12.5 million, or 6.6 percent, from the previous year, this is primarily due to increase employee salaries and benefits.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Major Governmental Funds

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance is \$21.4 million, while the total fund balance is \$33.5 million. The unassigned fund balance decreased by 1.1 million, while the total fund balance decreased by \$0.3 million during the fiscal year. Key factors in this reduction are as follows:

- Total Revenue increased by \$7 million due mainly to increases in the FEFP funding.
- Total Expenditures increased by \$10.4 million, due mainly to an increase in employee salary and benefit expense.
- Total Expenditures exceeded Revenues by \$6.4 million. Please note that the transfer from Capital Outlay to the General Fund, in the amount of \$4.7 million, to cover maintenance expenditures is not classified as revenue in the General Fund.

Special Revenue - Other Federal Programs – This fund has revenues and expenditures of \$24.9 million. Because revenues in this fund are recognized to the extent expenditures are incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of \$14.9 million, all of which is restricted for the acquisition, construction, and maintenance of capital assets.

The Capital Projects – Other Fund, which is primarily comprised of the one-half cent discretionary sales surtax, has a total fund balance of \$11 million, all of which is restricted for the acquisition, land improvement and construction of capital assets.

The Other Debt Service Fund has a total fund balance of \$7.4 million, all of which is restricted for interest and principal payments of the District's debt.

Proprietary Fund

Unrestricted net position of the Internal Service Fund totaled \$8.9 million at June 30, 2019, a decrease of \$2.1 million from the previous year. This fund is used to account for the District's individual self-insurance program for employee's medical insurance, purchased services and insurance claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget and brings amendments to the Board when needed. These amendments are needed to adjust to actual revenues received and direct resources where needed. The Board approves the final amendment to the budget after year-end.

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$61.0 million (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; property under capital lease; construction in progress; and computer software.

Major capital asset events during the current fiscal year included the following:

- Construction in progress at June 30, 2019, includes various capitalized renovation and remodeling projects.

Additional information on the District's capital assets can be found in the Notes to Financial Statements section.

Long-Term Debt

At June 30, 2019, the District has total long-term debt outstanding of \$47.3 million. This amount is comprised of \$16,000 of bonds payable and \$47.2 million of certificates of participations payable.

Additional information on the District's long-term debt can be found in the Notes to the Financial Statements section.

OTHER MATTERS OF SIGNIFICANCE

The Alachua county voters approved an additional millage levy for operating purposes during the November 2016 election. The District budgeted \$15.6 million in local tax revenue from the additional millage for the 2018-19 fiscal year. The proceeds from the additional millage levy are to be used to restore and continue specific programs per the voter referendum.

In November 2018, Alachua County voters approved by referendum the imposition of a one-half cent discretionary sales surtax to be effective beginning January 1, 2019 and ending December 31, 2031. Section 212.055(6), Florida Statutes, authorizes the imposition by school boards of a one-half cent sales surtax on all taxable transactions to fund capital outlay expenditures associated with the constructions, reconstruction, improvement and technology implementation of school facilities, including the payment of bond indebtedness, subject to approval by the electors of the county voting in a referendum.

The District will continue with current plans to reduce expenses and build reserves to offset future reductions.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Alachua County District School Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: The Business Services Department, Alachua County Public Schools, 620 East University Avenue, Gainesville, Florida 32601.

FINANCIAL STATEMENTS

ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
JUNE 30, 2019

Assets	Governmental Activities	Component Units
		Charter Schools
Cash and Cash Equivalents	\$ 80,592,107.69	\$ 3,939,547.00
Investments	6,951,469.78	256,246.00
Accounts Receivable, Net	-	185,107.00
Due from Other Agencies	11,546,804.15	103,534.00
Deposits Receivable	-	18,100.00
Prepaid Insurance Costs	-	142,253.00
Inventory	1,853,879.06	-
Restricted Investments	1,707,714.08	-
Capital Assets:		
Non-Depreciable Capital Assets	10,747,136.66	1,068,423.00
Depreciable Capital Assets, Net	50,262,426.23	6,962,913.00
Total Assets	163,661,537.65	12,676,123.00
Deferred Outflows of Resources		
Net Carrying Amount of Debt Refunding	636,976.54	-
Pension	62,000,173.00	1,065,654.00
Other Postemployment Benefits	917,640.00	-
Total Deferred Outflows of Resources	63,554,789.54	1,065,654.00
Liabilities		
Accrued Salaries and Benefits	3,445,931.20	89,372.00
Payroll Deductions and Withholdings	6,667,770.90	29,870.00
Accounts Payable	8,589,208.03	442,971.00
Sales Tax Payable	1,058.19	-
Deposits Payable	20,000.00	-
Due to Other Agencies	16,539.75	46,618.00
Construction Contracts Payable	115,041.42	-
Construction Contracts Payable - Retained Percentage	156,235.14	-
Estimated Unpaid Claims - Self-Insurance Program	1,956,028.00	-
Unearned Revenue	106,827.53	659.00
Non-Current Liabilities:		
Due Within One Year	9,124,159.27	1,531,804.00
Due in More than One Year	224,088,011.90	4,716,904.00
Total Liabilities	254,286,811.33	6,858,198.00
Deferred Inflows of Resources		
Pension	17,851,957.00	580,509.00
Other Postemployment Benefits	272,660.00	-
Total Deferred Inflows of Resources	18,124,617.00	580,509.00
Net Position		
Net Investment in Capital Assets	14,082,297.28	4,148,979.00
Restricted For:		
State Required Carryover Programs	3,513,334.87	-
Food Service	3,848,678.12	-
Debt Service	7,359,964.74	68,011.00
Capital Projects	27,374,041.01	115,229.00
Other Purposes	5,062,883.02	-
Unrestricted	(106,436,300.18)	1,970,851.00
Total Net Position	\$ (45,195,101.14)	\$ 6,303,070.00

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FUNCTIONS	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>
Governmental Activities		
Instruction	\$ 162,349,856.01	\$ 21,457.81
Student Support Services	18,573,518.75	-
Instructional Media Services	4,957,441.68	-
Instruction and Curriculum Development Services	9,199,053.80	-
Instructional Staff Training Services	2,683,342.89	-
Instruction-Related Technology	3,725,639.59	-
Board	978,243.84	-
General Administration	2,460,522.32	-
School Administration	17,123,468.48	-
Facilities Acquisition and Construction	6,962,059.71	-
Fiscal Services	2,126,992.62	-
Food Services	19,237,580.39	1,457,313.27
Central Services	4,620,231.40	-
Student Transportation Services	14,214,337.04	261,633.25
Operation of Plant	23,983,053.39	-
Maintenance of Plant	8,119,666.13	-
Administrative Technology Services	1,655,150.08	-
Community Services	4,080,123.66	4,373,778.79
Interest on Long-Term Debt	1,434,532.60	-
Unallocated Depreciation/Amortization Expense*	10,703,415.84	-
Total Governmental Activities	<u>\$ 319,188,230.22</u>	<u>\$ 6,114,183.12</u>
Component Units		
Charter Schools	15,189,021.00	963,983.00
Total Component Units	<u>\$ 15,189,021.00</u>	<u>\$ 963,983.00</u>

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

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

Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units
\$ -	\$ -	\$ (162,328,398.20)	\$ -
-	-	(18,573,518.75)	-
-	-	(4,957,441.68)	-
-	-	(9,199,053.80)	-
-	-	(2,683,342.89)	-
-	-	(3,725,639.59)	-
-	-	(978,243.84)	-
-	-	(2,460,522.32)	-
-	-	(17,123,468.48)	-
-	2,889,146.58	(4,072,913.13)	-
-	-	(2,126,992.62)	-
18,827,678.92	-	1,047,411.80	-
-	-	(4,620,231.40)	-
-	-	(13,952,703.79)	-
-	-	(23,983,053.39)	-
-	-	(8,119,666.13)	-
-	-	(1,655,150.08)	-
-	-	293,655.13	-
-	46,638.28	(1,387,894.32)	-
-	-	(10,703,415.84)	-
<u>\$ 18,827,678.92</u>	<u>\$ 2,935,784.86</u>	<u>(291,310,583.32)</u>	<u>-</u>
369,545.00	1,056,739.00	-	(12,798,754.00)
<u>\$ 369,545.00</u>	<u>\$ 1,056,739.00</u>	<u>-</u>	<u>(12,798,754.00)</u>
General Revenues			
Taxes:			
Property Taxes, Levied for Operational Purposes		89,648,869.05	-
Property Taxes, Levied for Debt Service		1,254.83	-
Property Taxes, Levied for Capital Projects		23,323,729.75	-
Local Sales Tax		10,581,197.38	-
Grants and Contributions Not Restricted to			
Specific Programs		165,783,744.86	13,231,621.00
Investment Earnings		2,358,419.85	11,183.00
Miscellaneous		4,463,671.22	156,115.00
Total General Revenues		<u>296,160,886.94</u>	<u>13,398,919.00</u>
Change in Net Position		4,850,303.62	600,165.00
Net Position - July 1, 2018		(50,045,404.76)	5,702,905.00
Net Position - June 30, 2019		<u>\$ (45,195,101.14)</u>	<u>\$ 6,303,070.00</u>

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General	Other Federal Programs
Assets		
Cash and Cash Equivalents	\$ 37,641,434.59	\$ 14,705.75
Investments	-	-
Due from Other Agencies	2,894,534.77	4,317,522.96
Due from Other Funds:		
Budgetary Funds	3,520,000.00	-
Internal Funds	86,263.99	-
Restricted Investments	-	-
Inventory	856,602.32	-
Total Assets	44,998,835.67	4,332,228.71
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities		
Accrued Salaries and Benefits	2,916,077.42	479,659.96
Payroll Deductions and Withholdings	5,660,711.10	692,345.38
Accounts Payable	2,876,452.73	740,223.37
Sales Tax Payable	1,058.19	-
Deposits Payable	20,000.00	-
Due to Other Funds:		
Budgetary Funds	-	2,420,000.00
Internal Funds	4,058.56	-
Construction Contracts Payable	-	-
Construction Contracts Retainage Payable	-	-
Unearned Revenue	6,058.08	-
Total Liabilities	11,484,416.08	4,332,228.71
Deferred Inflows of Resources		
Unavailable Revenue	-	-
 Fund Balances		
Non-Spendable:		
Inventory	856,602.32	-
Restricted for:		
State Required Carryover Programs	3,513,334.87	-
Debt Service	-	-
Capital Projects	-	-
Restricted for Other	5,062,883.02	-
Total Restricted Fund Balance	8,576,217.89	-
Assigned to:		
Other Budgetary Items	2,669,891.94	-
Unassigned Fund Balance	21,411,707.44	-
Total Fund Balances	33,514,419.59	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 44,998,835.67	\$ 4,332,228.71

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

<u>Other Debt Service</u>	<u>Non-Voted Capital Improvement § 1011.71(2), F.S.</u>	<u>Other Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 15,490,069.32	\$ 7,920,685.36	\$ 6,017,498.54	\$ 67,084,393.56
5,651,984.02	1,299,219.12	-	266.64	6,951,469.78
-	11,801.92	3,738,299.99	357,109.16	11,319,268.80
-	-	-	-	3,520,000.00
-	-	-	-	86,263.99
1,707,714.08	-	-	-	1,707,714.08
-	-	-	997,276.74	1,853,879.06
<u>7,359,698.10</u>	<u>16,801,090.36</u>	<u>11,658,985.35</u>	<u>7,372,151.08</u>	<u>92,522,989.27</u>
-	-	-	50,193.82	3,445,931.20
-	-	-	314,714.42	6,667,770.90
-	1,626,371.69	85,537.75	506,162.13	5,834,747.67
-	-	-	-	1,058.19
-	-	-	-	20,000.00
-	-	-	1,100,000.00	3,520,000.00
-	-	-	-	4,058.56
-	115,041.42	-	-	115,041.42
-	125,175.47	11,368.00	19,691.67	156,235.14
-	-	-	100,769.45	106,827.53
-	<u>1,866,588.58</u>	<u>96,905.75</u>	<u>2,091,531.49</u>	<u>19,871,670.61</u>
-	-	554,215.20	-	554,215.20
-	-	-	997,276.74	1,853,879.06
-	-	-	-	3,513,334.87
7,359,698.10	-	-	266.64	7,359,964.74
-	14,934,501.78	11,007,864.40	1,431,674.83	27,374,041.01
-	-	-	2,851,401.38	7,914,284.40
<u>7,359,698.10</u>	<u>14,934,501.78</u>	<u>11,007,864.40</u>	<u>4,283,342.85</u>	<u>46,161,625.02</u>
-	-	-	-	2,669,891.94
-	-	-	-	21,411,707.44
<u>7,359,698.10</u>	<u>14,934,501.78</u>	<u>11,007,864.40</u>	<u>5,280,619.59</u>	<u>72,097,103.46</u>
<u>\$ 7,359,698.10</u>	<u>\$ 16,801,090.36</u>	<u>\$ 11,658,985.35</u>	<u>\$ 7,372,151.08</u>	<u>\$ 92,522,989.27</u>

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Total Fund Balances - Governmental Funds	\$	72,097,103.46
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:		
Capital Assets	\$ 473,097,036.15	
(Accumulated Depreciation)	<u>(412,087,473.26)</u>	61,009,562.89
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in governmental funds.		
		554,215.20
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		8,926,015.94
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Bonds Payable	(16,000.00)	
Certificates of Participation Payable	(47,276,965.59)	
Compensated Absences Payable	(25,533,690.58)	
Other Postemployment Benefits Payable	(7,465,378.00)	
Net Pension Liability	<u>(152,920,137.00)</u>	(233,212,171.17)
Refunding losses reported for governmental activities are not financial resources and, therefore, not reported in the governmental funds.		
		636,976.54
The deferred outflows related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the governmental funds.		
Early Retirement Pension	1,039,594.00	
Florida Retirement System Pension	51,521,392.00	
Health Insurance Subsidy Pension	9,439,187.00	
Other Postemployment Benefits	<u>917,640.00</u>	62,917,813.00
The deferred inflows related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the governmental funds.		
Early Retirement Pension	(12,335.00)	
Florida Retirement System Pension	(11,752,629.00)	
Health Insurance Subsidy Pension	(6,086,993.00)	
Other Postemployment Benefits	<u>(272,660.00)</u>	(18,124,617.00)
Total Net Position - Governmental Activities	\$	<u><u>(45,195,101.14)</u></u>

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

ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General</u>	<u>Other Federal Programs</u>
Revenues		
Federal Direct	\$ 200,147.55	\$ 5,011,190.51
Federal Through State and Local	1,025,280.25	19,948,715.03
State Sources	138,739,978.95	-
Local Sources:		
Property Taxes	89,648,869.05	-
Local Sales Taxes	-	-
Charges for Service - Food Service	-	-
Other Local Revenue	10,100,914.07	-
Total Local Sources	<u>99,749,783.12</u>	<u>-</u>
Total Revenues	<u>239,715,189.87</u>	<u>24,959,905.54</u>
Expenditures		
Current:		
Instruction	140,999,579.12	14,842,188.51
Student Support Services	15,018,250.74	2,797,765.21
Instructional Media Services	4,733,799.74	617.81
Instruction and Curriculum Development Services	5,050,041.25	3,716,649.56
Instructional Staff Training Services	1,245,908.31	1,336,898.51
Instruction-Related Technology	3,523,220.38	47,137.57
Board	965,391.42	-
General Administration	1,190,675.81	1,211,652.04
School Administration	16,298,624.73	1,127.97
Facilities Acquisition and Construction	1,561,382.28	106,432.09
Fiscal Services	2,023,332.60	-
Food Services	-	-
Central Services	4,295,939.53	161,662.46
Student Transportation Services	11,665,362.09	97,490.89
Operation of Plant	23,298,419.67	272,784.01
Maintenance of Plant	7,782,418.78	-
Administrative Technology Services	1,588,144.59	-
Community Services	3,902,636.49	392.00
Debt Service:		
Redemption of Principal	-	-
Interest	-	-
Dues, Fees, and Issuance Costs	-	-
Capital Outlay:		
Facilities Acquisition and Construction	118,876.32	77,991.98
Other Capital Outlay	833,920.16	289,114.93
Total Expenditures	<u>246,095,924.01</u>	<u>24,959,905.54</u>
Excess (Deficiency) of Revenues Over (Under)		
Expenditures	<u>(6,380,734.14)</u>	<u>-</u>
Other Financing Sources (Uses)		
Loss Recoveries	17,650.77	-
Transfers in	6,056,739.00	-
Transfers (out)	-	-
Total Other Financing Sources (Uses)	<u>6,074,389.77</u>	<u>-</u>
Net Change in Fund Balances	(306,344.37)	-
Fund Balances, July 1, 2018	33,820,763.96	-
Fund Balances, June 30, 2019	<u>\$ 33,514,419.59</u>	<u>\$ -</u>

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

Other Debt Service	Non-Voted Capital Improvement § 1011.71(2), F.S.	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 5,211,338.06
-	-	-	18,726,511.78	39,700,507.06
-	-	1,819,309.24	2,076,075.33	142,635,363.52
-	23,323,139.73	590.02	1,254.83	112,973,853.63
-	-	10,026,982.18	-	10,026,982.18
-	-	-	1,457,313.27	1,457,313.27
609,999.56	447,666.17	59,473.27	165,015.91	11,383,068.98
<u>609,999.56</u>	<u>23,770,805.90</u>	<u>10,087,045.47</u>	<u>1,623,584.01</u>	<u>135,841,218.06</u>
<u>609,999.56</u>	<u>23,770,805.90</u>	<u>11,906,354.71</u>	<u>22,426,171.12</u>	<u>323,388,426.70</u>
-	-	-	-	155,841,767.63
-	-	-	-	17,816,015.95
-	-	-	-	4,734,417.55
-	-	-	-	8,766,690.81
-	-	-	-	2,582,806.82
-	-	-	-	3,570,357.95
-	-	-	-	965,391.42
-	-	-	-	2,402,327.85
-	-	-	-	16,299,752.70
-	5,036,508.46	447,023.50	-	7,151,346.33
-	-	-	-	2,023,332.60
-	-	-	18,834,377.82	18,834,377.82
-	-	-	-	4,457,601.99
-	-	-	-	11,762,852.98
-	-	-	-	23,571,203.68
-	-	-	-	7,782,418.78
-	-	-	-	1,588,144.59
-	-	-	-	3,903,028.49
-	4,972,779.00	-	46,000.00	5,018,779.00
-	1,340,530.93	-	2,620.00	1,343,150.93
-	26,617.80	-	1,066.21	27,684.01
-	4,955,917.36	622,564.38	706,914.77	6,482,264.81
-	2,564,397.94	446,989.26	81,129.21	4,215,551.50
<u>-</u>	<u>18,896,751.49</u>	<u>1,516,577.14</u>	<u>19,672,108.01</u>	<u>311,141,266.19</u>
<u>609,999.56</u>	<u>4,874,054.41</u>	<u>10,389,777.57</u>	<u>2,754,063.11</u>	<u>12,247,160.51</u>
-	6,856.41	-	370.00	24,877.18
524,281.27	-	1,382,157.36	-	7,963,177.63
<u>-</u>	<u>(4,711,943.27)</u>	<u>(1,056,739.00)</u>	<u>(2,194,495.36)</u>	<u>(7,963,177.63)</u>
<u>524,281.27</u>	<u>(4,705,086.86)</u>	<u>325,418.36</u>	<u>(2,194,125.36)</u>	<u>24,877.18</u>
1,134,280.83	168,967.55	10,715,195.93	559,937.75	12,272,037.69
6,225,417.27	14,765,534.23	292,668.47	4,720,681.84	59,825,065.77
<u>\$ 7,359,698.10</u>	<u>\$ 14,934,501.78</u>	<u>\$ 11,007,864.40</u>	<u>\$ 5,280,619.59</u>	<u>\$ 72,097,103.46</u>

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balances - Governmental Funds		\$ 12,272,037.69
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This reconciling item is the amount by which depreciation expense exceeded capital purchases and donated assets:</p>		
Capital Outlay Expenditures	\$ 10,697,816.31	
Value of Donated Land	137,100.00	
Depreciation Expense	<u>(12,724,157.88)</u>	(1,889,241.57)
<p>In the statement of activities, only the loss on the sale/disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the carrying cost of the capital assets sold/disposed.</p>		
		(3,600.00)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		554,215.20
<p>Internal service funds are used by management to charge the cost of certain activities such as insurance, to individual funds. The net revenue of internal service funds is reported with governmental activities.</p>		
		(2,123,603.23)
<p>Refunding gains and losses result from a difference between the reacquisition cost of the refunded bonds and the net carrying amount. Refunding gains or losses are amortized over the life of the related debt in the statement of activities.</p>		
		(63,697.66)
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The following details the amount of long-term debt principal and amortization in the current period:</p>		
Certificates of Participation	4,972,779.00	
Bonds Payable	46,000.00	
Amortization of Premiums	<u>71,014.76</u>	5,089,793.76
<p>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 vacation and sick leave used in excess of the amount earned in the current period.</p>		
		(2,275,412.57)
<p>Governmental funds report other postemployment benefit (OPEB) contributions as expenditures. However, in the statement of activities, the cost of OPEB is reported as an OPEB expense. This is the difference between OPEB expense and OPEB contributions in the current fiscal year.</p>		
		326,640.00
<p>Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits is reported as a pension expense. This is the difference between pension expense and contributions in the current fiscal year:</p>		
Early Retirement Pension Contributions in Excess of Expense	227,918.00	
Florida Retirement System Pension Contributions in Excess of Expense	(6,230,899.00)	
Health Insurance Subsidy Pension Expense in Excess of Contributions	<u>(1,033,847.00)</u>	(7,036,828.00)
Change in Net Position of Governmental Activities		<u>\$ 4,850,303.62</u>

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	Internal Service Fund
Assets	
Cash and Cash Equivalents	\$ 13,507,714.13
Due From Other Agencies	141,271.36
Total Assets	13,648,985.49
Liabilities	
Accounts Payable	2,754,460.36
Due to Other Agencies	12,481.19
Estimated Unpaid Claims - Self-Insurance Program	1,956,028.00
Total Liabilities	4,722,969.55
Net Position	
Unrestricted	8,926,015.94
Total Net Position	\$ 8,926,015.94

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Internal Service Fund
Operating Revenues	
Risk Management Premium Revenue	\$ 28,668,480.02
Total Operating Revenues	28,668,480.02
 Operating Expense	
Purchased Services	3,078,177.93
Insurance Claims	28,018,578.48
(Total Operating Expenses)	31,096,756.41
 (Deficiency) of Revenues (Under) Expenditures	(2,428,276.39)
 Non-Operating Revenues	
Investment Income	304,673.16
Total Non-Operating Revenues	304,673.16
 Income Before Transfers	(2,123,603.23)
 Change in Net Position	(2,123,603.23)
 Fund Balances, July 1, 2018	11,049,619.17
 Fund Balances, June 30, 2019	\$ 8,926,015.94

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Internal Service Fund
Cash Flows from Operating Activities	
Receipts from Customers	\$ 28,527,208.66
Cash Payments for Services	(2,740,565.06)
Cash Payments for Insurance Claims	(27,838,412.48)
Net Cash Used in Operating Activities	(2,051,768.88)
 Cash Flows from Investing Activities	
Interest and Dividends Received	304,673.16
Net Cash Provided by Investing Activities	304,673.16
 Net Decrease in Cash and Cash Equivalents	 (1,747,095.72)
 Cash and Cash Equivalents, July 1, 2018	 15,254,809.85
 Cash and Cash Equivalents, June 30, 2019	 \$ 13,507,714.13
 <u>Reconciliation of Operating Income to Net</u>	
<u>Cash Used in Operating Activities:</u>	
Operating Loss	\$ (2,428,276.39)
Adjustments to Reconcile Operating Loss to	
Net Cash Used in Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Due from Other Agencies	(141,271.36)
Increase in Accounts Payable	337,373.26
Increase in Due to Other Funds	239.61
Increase in Estimated Claims	180,166.00
Total Adjustments	376,507.51
Net Cash Used in Operating Activities	\$ (2,051,768.88)

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

ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	<u>Total Pension Trust Funds</u>	<u>Total Private-Purpose Trust Funds</u>	<u>Total Agency Funds</u>
Assets			
Cash and Cash Equivalents	\$ 705,424.55	\$ 408,584.96	\$ 4,019,141.00
Investments	3,712,797.25	-	-
Accounts Receivable, Net	-	-	37,858.44
Due From Other Funds - Budgetary	-	-	4,058.56
Inventory	-	-	25,241.00
Total Assets	<u>4,418,221.80</u>	<u>408,584.96</u>	<u>4,086,299.00</u>
Liabilities			
Accounts Payable	-	-	7,201.00
Due to Other Funds - Budgetary	-	-	86,263.99
Assets Held for Others	-	-	3,992,834.01
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 4,086,299.00</u>
Net Position			
Restricted for Pension Benefits	4,418,221.80	-	
Restricted for Scholarships and Other Purposes	-	408,584.96	
Total Net Position	<u>\$ 4,418,221.80</u>	<u>\$ 408,584.96</u>	

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Total Pension Trust Funds	Total Private-Purpose Trust Funds
Additions		
Contributions:		
Employer	\$ 877,289.20	\$ -
Investment Earnings:		
Interest	180,874.38	8,351.18
Gain (Loss) on Sale of Investments	(47,588.96)	-
Net Increase (Decrease) in the Fair Value of Investments	(109,253.36)	-
Total Investment Earnings	24,032.06	8,351.18
Total Additions	901,321.26	8,351.18
Deductions		
Employee Benefits	721,715.88	-
Purchased Services	22,382.00	-
Total Deductions	744,097.88	-
Change In Net Position	157,223.38	8,351.18
Net Position - July 1, 2018	4,260,998.42	400,233.78
Net Position - June 30, 2019	\$ 4,418,221.80	\$ 408,584.96

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

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

Criteria for determining if other entities are potential component units which 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 entities for which the District School Board is financially accountable and other organizations for which the nature and significance of their relationship with the School Board are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. Based on these criteria, the following component units are included within the District School Board's reporting entity:

- **Blended Component Unit**—Blended component units, are in substance, part of the primary District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The Alachua County School Board Leasing Corporation was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note 5. Due to the substantive economic relationship between the Alachua County District School Board and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

- **Discretely Presented Component Units**—The component unit columns in the government-wide financial statements include the financial data of the District's other component units. A separate column is used to emphasize that they are legally separate from the District. The component unit columns in the basic financial statements, include the financial data of 14 charter schools: Alachua Learning Elementary, Inc.; Alachua Learning Middle, Inc.; Caring and Sharing Learning School, Inc.; Einstein Montessori School, Inc.; Expressions Learning Arts Academy, Inc.; Florida School for Integrated Academics and Technology, Inc.; Genesis Preparatory School, Inc.; Healthy Learning Academy, Inc.; Micanopy Area Charter Schools, Inc.; Micanopy Middle School, Inc.; North Central FL Public Charter Schools; One Room School House Elementary, Inc.; Boulware Springs Charter School, and Resilience Charter School.

The charter schools are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the *Florida Not for Profit Corporation Act*, and Section 1002.33, Florida Statutes. The charter schools operate under charters approved by their sponsor, the Alachua County District School Board. The charter schools are considered to be component units of the District since they are fiscally dependent on the District to levy taxes for their support.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The financial data reported on the accompanying financial statements was derived from the Annual Financial Reports of the charter schools which are available at the District's administrative office for the fiscal year ended June 30, 2019.

Basis of Presentation

- 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 non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, inter-governmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the 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 are allocated to the pupil transportation services function, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

The effects of inter-fund activity have been eliminated from the government-wide financial statements.

- Fund Financial Statements—Fund financial statements report detailed information about the District in the governmental, proprietary, and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Non-major funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with the governmental fund financial statements.

The District reports the following major governmental funds:

- General Fund—to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Other Federal Programs Fund—to account for certain Federal grant program resources.
- Other Debt Service Fund—to account for resources accumulated and payments made for the principal and interest on long-term debt of governmental funds.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

- 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: construction, remodeling and addition projects; District-wide maintenance, renovation, and repair; motor vehicle purchases; new and replacement equipment purchases; payments for educational facilities and sites due under lease-purchase agreements (COPS); payments for renting and leasing education facilities and sites; payments of loans approved pursuant to Sections 1011.14 and 1011.15, Florida Statutes; and payment of the cost of leasing relocatable educational facilities.
- Capital Projects – Other—to account for financial resources generated by the voter approved half-cent sales surtax that was passed on the ballot in November 2018 and took effect in January 2019. Amounts generated by the surtax will be used to finance capital outlay for safety and security improvements; repair, renovation and remodeling of Board-owned schools, including modernization of classrooms, science labs and other spaces; technology; elimination of portable classrooms; new construction; land acquisitions and improvement; and other school facilities projects; with oversight by and independent citizens’ committee.

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

- Internal Service Fund—to account for the District’s individual self-insurance program.
- Pension Trust Fund—to account for resources used to finance the early retirement program.
- Private-Purpose Trust Fund—to account for resources of the J. Dale Haynie Trust Fund, the Diamond Sports Park and the career services award program.
- Agency Funds—to account for resources of the school internal funds which are used to administer moneys collected at several schools in connection with school, student athletic, class, and club activities.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The government-wide financial statements are prepared using the accrual basis of accounting, as are the proprietary and fiduciary funds financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become 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. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, other postemployment benefits, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary, pension benefit trust, and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term, highly liquid investments with original maturities of three months or less. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME and Florida Fixed Income Trust (FIT)-Cash Pool.

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.

Investments consist of amounts placed in the State Board of Administration Debt Service accounts for investment of debt service moneys, amounts placed with the State Board of Administration for participation in the Florida PRIME investment pool created by Section 218.405 and 218.417, Florida Statutes, amounts placed with Florida Fixed Income Trust (FL FIT) funds and those made locally. These investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME, and FLFIT Investment Pools, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The District investment in the pools is measured at amortized cost, which approximates fair value.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Investments made locally, including investments held for the pension fund, consist of money market funds, mutual funds, and United States Government Securities and are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

Inventories consist of expendable supplies held for consumption in the course of District operations. The central stores, transportation, maintenance, and the food service non-food inventories are valued at cost on the moving-average basis. The purchased food inventories are valued at final year-end contract price, which approximates cost on the first-in, first-out basis. United States Department of Agriculture surplus commodities are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased.

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 with a useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated acquisition value at the date of donation. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

Capital assets are depreciated using the weighted-average composite method, except for assets under capital lease which are depreciated under the straight-line method over the shorter of the lease term or the asset's useful life.

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other than Buildings	9 – 37 years
Buildings and Fixed Equipment	10 – 50 years
Furniture, Fixtures, and Equipment	3 – 12 years
Assets Under Capital Lease	10 years
Motor Vehicles	5 – 10 years
Audio Visual Materials and Computer Software	4 – 5 years

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

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's and the HIS's 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.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

For the purpose of measuring the net pension liability, deferred outflows of resources related to the pensions, and pension expense, information about the fiduciary net position of the Alachua County Early Retirement (ERP) plan and additions to/deductions from the ERP fiduciary net position have been determined on the same basis as they are reported by the ERP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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. Debt premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Certificates of Participation are reported net of applicable premium or discount.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. A deferred outflow related to COPS 2013 refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred inflows and outflows are also reported for pension and other postemployment benefits related items.

Net Position Flow Assumption

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

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.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 government's highest level of decision-making authority. The School Board is the highest level of decision-making authority for the government that can, prior to the end of the fiscal year, commit fund balance. Once adopted, the limitations imposed by the School Board remain in place until a similar action is taken to remove or revise the limitations.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School Board has adopted Policy 6100 which authorizes the finance director to assign fund balance. The School Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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.

State Revenue Sources

Revenues from State sources for current operations are primarily from the Florida Education Finance Program administered by the Florida Department of Education (Department) 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 Department. The Department 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 for a period of five months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. The Department 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 year when the adjustments are made.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The State provides financial assistance to administer certain categorical educational programs. State Board of Education 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 year to be expended for the same categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is reserved in the governmental fund financial statements for the unencumbered balance of categorical educational program resources.

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

District Property Taxes

The School 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 Alachua County Property Appraiser, and property taxes are collected by the Alachua County Tax Collector.

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

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

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Alachua County Tax Collector at fiscal year-end but not yet remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued and no delinquent tax revenue deferral is recorded.

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

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.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

Proprietary Funds Operating and Non-Operating Revenues and Expenses

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

Note 2 - Budgetary Compliance and Accountability

The Board follows procedures established by State statutes and State Board of Education 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 law and State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School 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.

Note 3 - Investments

As described in Note 1, the District reports investments at fair value, except for investments in investment pools, which are carried at amortized cost. Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

- **Level 1**—Inputs to the valuation methodology are unadjusted, quoted prices for identical assets or liabilities in active markets that the District has the ability to access.
- **Level 2**—Inputs to the valuation methodology include: 1) quoted market prices for similar assets or liabilities in active markets; 2) quoted prices for identical or similar assets or liabilities in inactive markets; 3) inputs other than quoted prices that are observable for the asset or liability; and 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 inputs must be observable for substantially the full term of the asset or liability.
- **Level 3**—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following are the District’s investments, maturities, credit quality ratings, and fair value measurements as of June 30, 2019:

<u>Investments - Governmental Activities</u>	<u>Maturities</u>	<u>Credit Rating⁽¹⁾</u>	<u>Amount</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Measured at Fair Value:				
Money Market Mutual Funds:				
First American Government Obligation. Cl. Y ⁽²⁾	Not applicable	AAAm	\$ 1,326,933.20	\$ 1,326,933.20
Florida FIT-CP Pool	135 Days	AAAf/S1+	32,385,688.61	32,385,688.61
SBE/COBI Debt Service Accounts	6 months	Not Rated	266.64	266.64
Federal Home Loan Bank ⁽³⁾	12/22/2020	Not Rated	1,680,000.00	1,680,000.00
US Treasury Bond	8/15/2027	Not Rated	5,651,984.02	5,651,984.02
Total Investments Measured at Fair Value			<u>41,044,872.47</u>	<u>\$ 41,044,872.47</u>
Measured at Amortized Cost:				
State Board of Administration (SBA):				
Florida PRIME	28 Days	AAAm	<u>36,065,031.18</u>	
Total Investments			77,109,903.65	
Cash Deposits			<u>12,141,387.90</u>	
Total Cash and Investments - Governmental Activities			<u>\$ 89,251,291.55</u>	
As Presented in the Accompanying Statement of Net Position:				
Cash and Cash Equivalents			\$ 80,592,107.69	
Investments			6,951,469.78	
Restricted Investments			<u>1,707,714.08</u>	
			<u>\$ 89,251,291.55</u>	

Note:

- (1) Ratings from Standard and Poor's (S&P)
- (2) These funds are held under a trust agreement in connection with the Certificates of Participation, Series 2005-QZAB, 2010A, 2010B financing arrangements (see Note 5). Money market funds include amounts invested in securities that are issued or guaranteed as to payment of principal and interest by the United States Government.
- (3) These funds are held under a security delivery agreement in connection with the Certificates of Participation, 2005-QZAB (see Note 5).

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

<u>Investments - Fiduciary Funds</u>	<u>Maturities</u>	<u>Credit Rating ⁽¹⁾</u>	<u>Amount</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Fiduciary Funds				
Money Market	Not applicable	Not rated	\$ 57,415.83	\$ 57,415.83
Equities	Not applicable	Not rated	1,995,619.12	1,995,619.12
Exchange-Traded Funds (ETFs)	Not applicable	Not rated	1,659,762.30	1,659,762.30
Total Investments Measured at Fair Value			<u>3,712,797.25</u>	<u>\$ 3,712,797.25</u>
Measured at Amortized Cost				
State Board of Administration:				
Florida PRIME	28 Days	AAAm	699,782.89	
Total Investments			<u>4,412,580.14</u>	
Cash Deposits			<u>4,433,367.62</u>	
Total Cash and Investments - Fiduciary Funds			<u>\$ 8,845,947.76</u>	
As presented in the accompanying Statement of Fiduciary Net Position:				
Cash and Cash Equivalents			\$ 5,133,150.51	
Investments			<u>3,712,797.25</u>	
			<u>\$ 8,845,947.76</u>	

Note:

(1) Ratings from Standard and Poor's (S&P)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. 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 and FL FIT use 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.

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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 funds. 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 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 of 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, 2019, 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 the account value.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the SBA’s Florida PRIME, or any other inter-governmental 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 to qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District does not have a formal investment policy that limits its investment choices.

The District’s investments in the SBE debt service accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate risk and credit risk for this account.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and: 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body’s interest in the security; 2) if in book entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United

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States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The District does not have a formal investment policy that addresses custodial credit risk.

In conjunction with the issuance of its \$1,794,000 Taxable Certificates of Participation, Series 2005-QZAB, The School Board of Alachua County, U.S. Bank, as successor Trustee, and Wells Fargo Bank, National Association formerly known as Wachovia Bank, N.A. as provider, entered into a Security Delivery Agreement dated December 22, 2005. The original deposits totaled \$1,176,198.25 and will accrue to a total value of \$1,794,000 on December 22, 2020, at the guaranteed rate of 3.57%. At the time of each deposit by the Board, the Trustee purchases and holds on behalf of the Board eligible securities from the provider. Eligible securities include direct obligations of the United States Treasury of the United States Government and certain obligations of Federal agencies, which represent the full faith and credit of the United States of America, and other securities as outlined in the Security Delivery Agreement.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. Investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. Section 218.415(8), Florida Statutes, requires the District to diversify investments to the extent practicable to control risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold.

The District does not have a formal investment policy that limits the amount the District may invest in any one issuer.

See Note 13 for concentrations of investments in the District's early retirement program, reported in the Pension Trust Fund.

Foreign Currency Risk

The District does not have a formal policy that limits its investment in foreign currency.

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Note 4 - Changes in Capital Assets

Changes in capital assets are presented in the table below.

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 5,664,706.69	\$ 137,100.00	\$ 3,600.00	\$ 5,798,206.69
Construction in Progress	3,663,519.24	6,482,264.81	5,196,854.08	4,948,929.97
Total Capital Assets Not Being Depreciated	<u>9,328,225.93</u>	<u>6,619,364.81</u>	<u>5,200,454.08</u>	<u>10,747,136.66</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	39,116,057.44	448,081.50	-	39,564,138.94
Buildings and Fixed Equipment	366,801,782.39	4,748,772.58	166,646.29	371,383,908.68
Furniture, Fixtures, and Equipment	24,707,577.80	1,696,483.88	3,363,184.67	23,040,877.01
Motor Vehicles	23,047,988.96	2,511,458.69	360,212.68	25,199,234.97
Audio Visual Materials and Computer Software	3,445,684.86	7,608.93	291,553.90	3,161,739.89
Total Capital Assets Being Depreciated	<u>457,119,091.45</u>	<u>9,412,405.58</u>	<u>4,181,597.54</u>	<u>462,349,899.49</u>
Less Accumulated Depreciation for:				
Improvements Other than Buildings	33,187,157.28	1,252,243.46	-	34,439,400.74
Buildings and Fixed Equipment	323,148,317.03	7,695,675.30	166,646.29	330,677,346.04
Furniture, Fixtures, and Equipment	23,392,124.22	1,315,453.58	3,363,184.67	21,344,393.13
Motor Vehicles	20,401,883.78	2,430,531.29	360,212.68	22,472,202.39
Audio Visual Materials and Computer Software	3,415,430.61	30,254.25	291,553.90	3,154,130.96
Total Accumulated Depreciation	<u>403,544,912.92</u>	<u>12,724,157.88</u>	<u>4,181,597.54</u>	<u>412,087,473.26</u>
Total Capital Assets Being Depreciated, Net	<u>53,574,178.53</u>	<u>(3,311,752.30)</u>	<u>-</u>	<u>50,262,426.23</u>
Governmental Activities Capital Assets, Net	<u>\$ 62,902,404.46</u>	<u>\$ 3,307,612.51</u>	<u>\$ 5,200,454.08</u>	<u>\$ 61,009,562.89</u>

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Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
Governmental Activities	
Pupil Transportation Services	\$ 2,020,742.04
Unallocated	<u>10,703,415.84</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 12,724,157.88</u>

Note 5 - Certificates of Participation – Direct Placement

Certificates of Participation at June 30, 2019, are as follows:

<u>Series</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Lease Term Maturity</u>	<u>Original Amount</u>
Series 2005-QZAB	\$ 1,794,000.00	(1)	2021	\$ 1,794,000.00
Series 2010A	11,211,997.00	4.98	2027	11,211,997.00
Series 2010B	4,230,521.00	4.490	2027	7,163,003.00
Series 2010C	4,655,000.00	2.89	2021	9,872,500.00
Series 2011	4,600,300.00	2.94	2021	9,629,900.00
Series 2013	20,075,000.00	3.05	2029	20,285,000.00
Total Certificates of Participation	<u>\$ 46,566,818.00</u>			

Note:

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

The District entered into financing arrangements, characterized as lease-purchase agreements, with the Alachua School Board Leasing Corporation whereby the District secured financing of various educational facilities and equipment. The financing was accomplished through the issuance of certificates of participation by the Corporation to third-party investors, to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangements, the District has given ground leases on District property to the Alachua School Board Leasing Corporation, with rental fees of \$1 per year, except for the 2005-QZAB, which are secured by computer equipment. The initial terms of the leases end on the earlier of the maturity date, or the date on which the certificates are paid in full; however, if lease obligations remain outstanding, the ground leases may be renewed for additional terms of five years. The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the leases and to provide for the rent payments through to term, the District may be required to surrender the properties included under the ground lease agreements for the benefit of the securers of the certificates as specified by the arrangements. The lease payments, which are used to make debt service payments on the certificates,

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are payable from funds appropriated annually by the District for such purpose from the local capital outlay tax levy or other funds legally available. The District properties included in the ground leases under these arrangements include land on which the projects have been constructed. The projects related to the ground leases are as follows:

Series 2010-A Qualified School Construction Bonds

Santa Fe High School Classroom Addition
Meadowbrook Elementary School

Series 2010-B Build America Bonds

Meadowbrook Elementary School

Series 2010-C Refunding

Certain Certificates of Participation, Series 2001, maturing in the years 2011 to 2021, and the underlying projects

Series 2011 Refunding

Certain Certificates of Participation, Series 2001, maturing in the years 2011 to 2021, and the underlying projects

Series 2013 Refunding

Certain Certificates of Participation, Series 2013, maturing in the years 2013 to 2029, and the underlying projects

The lease under the Series 2005-QZAB issue includes computer equipment purchased throughout the District. Lease payments, with the exception of the Series 2005-QZAB issues, are payable by the District, semiannually, on July 1 and January 1.

The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 6,076,482.91	\$ 4,918,176.00	\$ 1,158,306.91
2021	8,080,256.77	7,067,629.00	1,012,627.77
2022	3,480,817.02	2,587,148.00	893,669.02
2023	3,478,566.84	2,705,243.00	773,323.84
2024	3,481,066.82	2,833,726.00	647,340.82
2025-2030	28,041,080.69	26,454,896.00	1,586,184.69
Total Minimum Lease Payments	<u>\$ 52,638,271.05</u>	<u>\$ 46,566,818.00</u>	<u>\$ 6,071,453.05</u>

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The Series 2005-QZAB Certificates of Participation were issued under a special program whereby the certificates, bearing an original issue date of December 22, 2005, will mature on December 22, 2020, for the original \$1,794,000 issue amount. There is no interest cost for borrowing monies under this program. Mandatory lease payment account deposits of \$235,240 for five consecutive years beginning on December 22, 2006, were established. It is anticipated that these deposits, along with accrued interest, will be sufficient to redeem the Certificates at maturity.

Note 6 - Bonds Payable

Bonds payable at June 30, 2019, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:			
Series 2014B, Refunding	\$ 16,000.00	2.00-5.00	2020
Total Bonds Payable	\$ 16,000.00		

The various bonds were issued to finance capital outlay projects of the District or to refund prior bonds. The following is a description of the bonded debt issues:

State School Bonds

These bonds are issued by the State Board of Education on behalf of the District. The bonds mature serially, and are secured by a pledge of the District's portion of the State-assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of Debt Service Fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration. Annual requirements to amortize all bonded debt outstanding as of June 30, 2019, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 16,320.00	\$ 16,000.00	\$ 320.00
Total	\$ 16,320.00	\$ 16,000.00	\$ 320.00

Note 7 - Changes in Long-Term Liabilities

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

<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>	<u>Due in One Year</u>
Governmental Activities					
Bonds Payable	\$ 62,000.00	\$ -	\$ 46,000.00	\$ 16,000.00	\$ 16,000.00
Direct Placement:					
Certificates of Participation Payable	51,539,597.00	-	4,972,779.00	46,566,818.00	4,918,176.00
Premium on Certificates of Participation	781,162.35	-	71,014.76	710,147.59	-
Other Long-Term Liabilities:					
Compensated Absences Payable	23,258,278.01	4,147,204.45	1,871,791.88	25,533,690.58	2,054,913.72
Other Postemployment Benefit	7,652,249.00	-	186,871.00	7,465,378.00	917,640.00
Net Pension Liability	153,477,519.00	-	557,382.00	152,920,137.00	1,217,429.55
Total Governmental Activities	\$ 236,770,805.36	\$ 4,147,204.45	\$ 7,705,838.64	\$ 233,212,171.17	\$ 9,124,159.27

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

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Note 8 - Fund Balance Reporting

Fund balance classifications comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in the following five categories:

Non-Spendable—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. Examples of items that are not in spendable form include inventory, prepaid amounts, long-term amounts of loans and notes receivable, and property acquired for resale. The District classifies its amounts reported as inventories as non-spendable.

Restricted—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. The District classifies most of its fund balances other than General Fund as restricted, as well as unspent State categorical and earmarked educational funding reported in the General Fund, that are legally or otherwise restricted.

Committed—The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority (i.e., the District School Board). These amounts cannot be used for any other purpose unless the district school board removes or changes the specified use by taking the same action it employed to previously commit the amounts. The District did not have any committed fund balances at June 30, 2019.

Assigned—The portion of fund balance that is intended to be used for specific purposes, but is neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as non-spendable, restricted, or committed. The District also classifies amounts as assigned that are constrained to be used for specific purposes based on actions of the Superintendent and Chief Financial Officer and not included in other categories.

Unassigned—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.

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The following is a schedule of fund balances by category at June 30, 2019.

	Major Funds				Non-Major Funds	Total
	General	Other Debt Service Funds	Local Capital Improvement	Other Capital Improvement		
Non-Spendable						
Inventory	\$ 856,602.32	\$ -	\$ -	\$ -	\$ 997,276.74	\$ 1,853,879.06
Total Non-Spendable	<u>856,602.32</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>997,276.74</u>	<u>1,853,879.06</u>
Spendable						
Restricted:						
Categorical	3,513,334.87	-	-	-	-	3,513,334.87
Voter Approved Millage	3,765,769.56	-	-	-	-	3,765,769.56
Adult Education Program	1,297,113.46	-	-	-	-	1,297,113.46
Food Service	-	-	-	-	2,851,401.38	2,851,401.38
Debt Service	-	7,359,698.10	-	-	266.64	7,359,964.74
Capital Outlay	-	-	14,934,501.78	11,007,864.40	1,431,674.83	27,374,041.01
Total Restricted	<u>8,576,217.89</u>	<u>7,359,698.10</u>	<u>14,934,501.78</u>	<u>11,007,864.40</u>	<u>4,283,342.85</u>	<u>46,161,625.02</u>
Assigned:						
Encumbrances	878,901.08	-	-	-	-	878,901.08
Extended Day Enrichment	1,463,906.71	-	-	-	-	1,463,906.71
Other State and Local Grants	327,084.15	-	-	-	-	327,084.15
Total Assigned	<u>2,669,891.94</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,669,891.94</u>
Unassigned	21,411,707.44	-	-	-	-	21,411,707.44
Total Spendable	<u>32,657,817.27</u>	<u>7,359,698.10</u>	<u>14,934,501.78</u>	<u>11,007,864.40</u>	<u>4,283,342.85</u>	<u>70,243,224.40</u>
Total Fund Balance	<u>\$ 33,514,419.59</u>	<u>\$ 7,359,698.10</u>	<u>\$ 14,934,501.78</u>	<u>\$ 11,007,864.40</u>	<u>\$ 5,280,619.59</u>	<u>\$ 72,097,103.46</u>

Note 9 - Inter-Fund Receivables, Payables, and Transfers

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

Funds	Inter-Fund	
	Receivables	Payables
Major Funds:		
General	\$ 3,520,000.00	\$ -
Special Revenue:		
Other Federal Programs	-	2,420,000.00
Non-Major Governmental Funds	-	1,100,000.00
Fiduciary Funds:		
Agency	-	-
Total	<u>\$ 3,520,000.00</u>	<u>\$ 3,520,000.00</u>

Inter-fund balances generally arise due to expenditures being adjusted between funds to cover negative cash balances, departmental costs and utilities. All balances are expected to be repaid in less than one year.

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

<u>Funds</u>	<u>Inter-Fund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 6,056,739.00	\$ -
Capital Projects:		
Local Capital Improvement		4,711,943.27
Other Capital Projects	1,382,157.36	1,056,739.00
Debt Service	524,281.27	-
Non-Major Governmental Funds	-	<u>2,194,495.36</u>
Total	<u>\$ 7,963,177.63</u>	<u>\$ 7,963,177.63</u>

The principal purpose of the inter-fund transfers were to provide for expenditures originally paid out of other funds (e.g., portable rentals and maintenance were paid out of the General Fund but with Capital Projects Funds moneys).

Note 10 - Schedule of State Revenue Sources

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

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 95,169,067.00
Transportation	4,024,847.00
Instruction Materials	2,383,342.00
Categorical Educational Programs:	
Class Size Reduction Operating Funds	30,634,805.00
Other	1,972,518.78
Workforce Development Program	493,947.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,082,550.36
Food Service Supplement	197,029.47
Mobile Home License Tax	90,229.28
School Security Grant	640,000.00
Miscellaneous	<u>5,947,027.63</u>
Total	<u>\$ 142,635,363.52</u>

Accounting policies relating to certain State revenue sources are described in Note 1.

Note 11 - Property Taxes

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

	<u>Millages</u>	<u>Taxes Levied</u>
<u>GENERAL FUND</u>		
Non-Voted School Tax:		
Required Local Effort	4.016	\$ 62,371,157.00
Basic Discretionary Local Effort	0.748	11,616,939.00
Voted School Tax:		
Additional Operating One Mill	1.000	15,530,667.00
<u>CAPITAL PROJECTS FUNDS</u>		
Non-Voted Tax:		
Local Capital Improvements	<u>1.500</u>	<u>23,296,000.00</u>
Total	<u>7.264</u>	<u>\$ 112,814,763.00</u>

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
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Note 12 - Retirement Plans

Florida Retirement System (FRS)

General Information about the FRS

The FRS Pension Plan 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 FRS Pension 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 Health Insurance Subsidy (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 Pension Plan 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 non-integrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services website (www.dms.myflorida.com).

FRS Pension Plan

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

- Regular Class—Members of the FRS who do not qualify for membership in the other classes.
- Elected Officer Class—Members who hold specified elective offices in local government.
- Senior Management Service Class—Members in senior management level position.

Plan Benefits—Employees enrolled in the FRS Pension Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Pension plan on or after July 1, 2011, vest at eight 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 FRS Pension 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. Members of the FRS Pension Plan may include up to four years of credit for military service toward creditable service. The FRS Pension Plan also includes an early retirement provision; however, there is a 5% benefit reduction for each year a member retires before his or her normal retirement date.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
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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 instruction 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.

Benefits under the FRS Pension 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight 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 (from 1.60% - 3.00%). Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member initially enrolled in the FRS Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is 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, based on the ratio of service credit accrued pre-July 2011. 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 for FRS during the District's 2018-19 fiscal year were as follows:

<u>Class</u>	Year Ended June 30, 2019	
	Percent of Gross Salary	
	<u>Employee</u>	<u>Employer ⁽¹⁾</u>
Regular	3.00	8.26
Elected Officers	3.00	48.70
Senior Management Service	3.00	24.06
DROP	0.00	14.03
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon the retirement class in which reemployed.

The District's contributions to the FRS Pension Plan totaled \$10,138,630 for the fiscal year ended June 30, 2019.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At June 30, 2019, the District reported the following net pension liability:

	FRS Pension Plan
District's Proportion	0.329150771%
District's Proportionate Share of Net Pension Liability	\$99,141,919

The District's proportionate share of the net pension liability was based on the District's contributions during the FRS Pension Plan's fiscal year relative to the contributions of all participating members in the same fiscal year. At June 30, 2018, the District's proportion decreased 0.004804339% from its proportion as of June 30, 2017.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$16,335,623 related to the FRS Pension Plan.

In addition, the District reported deferred outflows and inflows of resources related to FRS Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 8,398,811.00	\$ 304,837.00
Change of Assumptions	32,394,757.00	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	7,659,922.00
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	589,194.00	3,787,870.00
District FRS Contributions Subsequent to the Measurement Date	10,138,630.00	-
Total	\$ 51,521,392.00	\$ 11,752,629.00

The deferred outflows related to pensions, totaling \$10,138,630, resulting from District contributions to the FRS Pension Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Amount
2020	\$ 12,052,027.00
2021	7,695,874.00
2022	327,534.00
2023	5,336,847.00
2024	3,697,340.00
Thereafter	520,511.00
Total	\$ 29,630,133.00

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Actuarial Assumption—The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability:

	FRS Pension Plan
Inflation	2.60 percent
Salary Increases	3.25 Percent, Average, Including Inflation
Investment Rate of Return, Including Inflation	7.00 Percent, Net of Pension Plan Investment Expense
Mortality Table	RP2000 with Projected Scale BB
Actuarial Cost Method	Individual Entry Age

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.90%	2.90%	1.80%
Fixed Income	18.00%	4.40%	4.30%	4.00%
Global Equity	54.00%	7.60%	6.30%	17.00%
Real Estate (Property)	11.00%	6.60%	6.00%	11.30%
Private Equity	10.00%	10.70%	7.80%	26.50%
Strategic Investments	6.00%	6.00%	5.70%	8.60%
Total	100.00%			
Assumed Inflation - Mean			2.60%	1.90%

(1) As outlined in Plan's Investment Policy.

The discount rate used to measure the total pension liability was 7.00%. The FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate—The following presents the net pension liability of the District, calculated using the current discount rate of 7.00%, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District’s Proportionate Share of the Net Pension Liability	\$ 180,938,160	\$ 99,141,919	\$ 31,205,305

Payables to the FRS Plan—At June 30, 2019, the District reported a payable of \$2,400,863.64 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2019.

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. The HIS Plan is administered by the Florida Department of Management Services, Division of Retirement.

Plan Benefits—For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. Retirees under a state administered retirement system must provide proof of health insurance coverage to be eligible to receive benefits, which may include Medicare.

Contributions—The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2019, the contribution rate was 1.66% 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 \$2,645,906 for the fiscal year ended June 30, 2019.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At June 30, 2019, the District reported the following net pension liability:

	HIS Pension Plan
District's Proportion	0.469929423%
District's Proportionate Share of Net Pension Liability	\$49,737,858

The District's proportionate share of the net pension liability was based on the District's contributions during the HIS Pension Plan's fiscal year relative to the contributions of all participating members in the same fiscal year. At June 30, 2018, the District's proportion decreased 0.00202205% from its proportion as of June 30, 2017.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018.

For the fiscal year ended June 30, 2019, the District recognized the Plan pension expense of \$3,679,753. In addition, the District reported deferred outflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 761,465.00	\$ 84,503.00
Change of Assumptions	5,531,464.00	5,258,702.00
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	30,023.00	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of HIS Contributions	470,329.00	743,788.00
District Contributions Subsequent to the Measurement Date	2,645,906.00	-
Total	\$ 9,439,187.00	\$ 6,086,993.00

The deferred outflows of resources related to HIS, totaling \$2,645,906 resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Amount
2020	\$ 663,164.00
2021	660,634.00
2022	344,121.00
2023	43,312.00
2024	(671,728.00)
Thereafter	(333,215.00)
Total	\$ 706,288.00

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Actuarial Assumptions—The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability:

	HIS Pension Plan
Inflation	2.60 Percent
Salary Increases	3.25 Percent, Including Inflation
Municipal Bond Rate	3.87 Percent
Mortality Table	RP2000 with Projected Scale BB
Actuarial Cost Method	Individual Entry Age

The discount rate used to measure the total pension liability increased from 3.58% to 3.87% for the HIS Pension Plan’s fiscal year ended June 30, 2018. 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 Pension Plan sponsor. The discount rate increased from the prior year due to changes in the applicable municipal bond rate.

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

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
District’s Proportionate Share of the Net Pension Liability	\$ 56,648,505	\$ 49,737,858	\$ 43,977,432

Payables to the HIS Plan—At June 30, 2019, the District reported a payable of \$348,701.37 for the outstanding amount of contributions to the HIS plan required for the fiscal year ended June 30, 2019.

Investment Plan

Plan Description—As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in a defined contribution plan, 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.

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Plan Administration—The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

Plan Benefits—Service retirement benefits are based upon the value of the member’s account upon retirement. Employer and employee contributions, including amounts contributed to individual members’ accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. 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. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance.

Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended June 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; 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.

Contributions—The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members’ accounts during the Investment Plan’s fiscal year ending June 30, 2019, were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Elected County Officers	11.34
Senior Management Service	7.67

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The District’s Investment Plan pension expense totaled \$2,288,944 for the fiscal year ended June 30, 2019.

Payables to the Investment Plan—At June 30, 2019, the District reported a payable of \$368,810.36 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2019.

Early Retirement Plan

Plan Description—As authorized by Section 1012.685, Florida Statutes, the Board implemented an Early Retirement Plan (ERP), effective January 1, 1984. The ERP is a single-employer defined benefit pension plan. The purpose of the ERP is to provide District employees, who elect to retire under the early retirement provisions of the Florida Retirement System, described earlier in Note 13, with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age. The Board administers ERP assets in a Pension Trust Fund and is responsible for their investment. The Board acts as the administrative agent for the ERP. The ERP does not issue a stand-alone report, and is not included in the report of a Public Employee Retirement System of another entity.

As of June 30, 2019, employee membership data related to the ERP were as follows:

Retirees and Beneficiaries Currently Receiving Benefits	<u>149</u>
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A summary of eligibility and benefits follows:

- **Eligibility**—A member of the ERP is eligible upon attainment of age 55 to 61, completion of 25 or more years of creditable service, and having applied for retirement under the Florida Retirement System.

Provided, however, for those retiring during the period from July 1, 2008 (August 1, 2008 for Teachers), through June 30, 2009, at least 20 years of creditable service must represent employment by the School Board of Alachua County and the employee must have at least 20 years of experience in the Florida Retirement System.

For those retiring during the period from July 1, 2009, through June 30, 2013, the 15 years immediately preceding retirement must be as an employee of the School Board of Alachua County.

The ERP is closed to new enrollees as of July 1, 2013.

- **Benefits**—Amount of the reduction in monthly benefits from the Florida Retirement System as a consequence of early retirement.
- **Contributions and Reserves**—The ERP was established by the Board on January 1, 1984, and may be subsequently amended by Board action. Pursuant to the ERP agreement, no contributions shall be required or permitted from any member. Board contributions shall be sufficient to meet the annual service cost of the ERP.

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Periodic employer contributions to the ERP are determined on an actuarial basis using the Entry Age Normal Cost Method. Annual service cost is funded on a current basis.

Significant actuarial assumptions used to compute annual required contributions are the same as those to determine the total pension liability.

Contributions to the ERP in the 2018-19 fiscal year totaled \$877,289, all of which were paid by the Board. The computation of the annual required contributions for 2019 was based on the same: (a) actuarial assumptions, (b) benefit provisions, (c) actuarial funding method, and (d) other significant factors as used to determine annual required contributions in the previous year.

All of the assets in the District’s Pension Trust Fund are legally required reserves. None of the assets have been designated by the Board for any other specific purpose.

Costs of administering the ERP are financed through the ERP’s resources (employer contributions and investment earnings).

Summary of Significant Accounting Policies—Significant accounting policies related to basis of accounting and the method of asset valuation are disclosed in Note 1. Investment disclosures related to the Pension Trust Fund are in Note 3. There are no inter-fund loans outstanding between the Pension Trust Fund and other funds.

Investment Policy—The ERP’s investment policy is established and may be amended by the Board. ERP assets are to be managed in a moderately conservative manner with the objective of preserving the purchasing power of the participant’s assets, with a secondary objective of the growth of capital. The policy allows for equity investments (not to exceed 50 percent of the ERP assets), fixed income investments, which should be well diversified to avoid undue exposure to any single economic sector of individual issuer, and investments in U.S. Government guaranteed obligations with no limitation.

Asset Allocation—

	<u>Balance</u> <u>June 30, 2019</u>	<u>% of Plan</u> <u>Net Assets</u>
State Board of Administration:		
Florida PRIME (1)	\$ 291,197.93	7.27%
Stifel:		
Equities	1,995,619.12	49.84%
Corporate Bonds	811,373.04	20.26%
U.S. Government Bonds	488,917.91	12.21%
Money Market	57,415.83	1.44%
Other	359,471.35	8.98%
Total	<u>\$ 4,003,995.18</u>	<u>100%</u>

(1) Reported as Cash and Cash Equivalents

* In June 2018, after a meeting of the Investment Committee, Stifel, Nicolaus & Company, Inc. (the custodian and manager of ERP plan assets) was instructed to change the account to a lower cost investment strategy. All investments were sold and transferred into the Money Market account in June. In July 2018, index fund investments were purchased per the Committee’s instructions.

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Rate of Return—For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.83 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—As of June 30, 2019, the District reported a net pension liability of \$4,040,360. The total pension liability for the ERP was determined by an actuarial valuation as of July 1, 2017 and recalculated as of June 30, 2018, using a standard actuarial roll-forward technique.

The components of the net pension liability of the ERP as of June 30, 2018 (measurement date) and for the year then ended, were as follows:

Employer Fiscal Year Ended June 30, 2019
(Based on Measurement Period Ending June 30, 2018)

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at July 1, 2018	\$ 8,190,982	\$ 3,958,373	\$ 4,232,609
Changes for the Year:			
Service Cost	-	-	-
Interest	508,412	-	508,412
Differences Between Expected and Actual Experience	340,489	-	340,489
Changes to Assumptions	-	-	-
Contributions - Employer	-	852,392	(852,392)
Contributions - Employee	-	-	-
Net Investment Income	-	201,758	(201,758)
Benefit Payments	(738,525)	(738,525)	-
Refunds	-	-	-
Administrative Expenses	-	(13,000)	13,000
Net Changes	<u>110,376</u>	<u>302,625</u>	<u>(192,249)</u>
Balances at June 30, 2019	<u><u>\$ 8,301,358</u></u>	<u><u>\$ 4,260,998</u></u>	<u><u>\$ 4,040,360</u></u>

The components of the net pension liability of the ERP as of June 30, 2019 measurement date, were as follows:

Total Pension Liability	\$ 8,148,203
Plan Fiduciary Net Position	<u>(4,418,222)</u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 3,729,981</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	54.22%

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$649,438. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 162,238.00	\$ 12,335.00
District ERP Contributions Subsequent to the Measurement Date	877,356.00	-
Total	\$ 1,039,594.00	\$ 12,335.00

The deferred outflows of resources, totaling \$877,356, resulting from District contributions to the ERP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. The other amount reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Net Deferred Outflows of Resources
2020	\$ 76,861.00
2021	53,628.00
2022	7,652.00
2023	11,762.00
2024	-
Thereafter	-
Total	\$ 149,903.00

Actuarial Assumptions—The Total Pension Liability (TPL) for the ERP was measured as of a June 30, 2019 measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The TPL was recalculated as of July 1, 2018, using a standard actuarial roll-forward technique. The assumptions used to measure the TPL as of the measurement date include an inflation assumption of 2.5 percent per year, and annual cost-of-living adjustments of 3 percent per year. Mortality rates were taken from gender distinct RP-2000 Healthy Participant Mortality Tables. For female participants 100 percent White Collar Annuitant rates are used, for male participants a blend of 50 percent White Collar Annuitant rates with 50 percent Blue Collar Annuitant rates are used. Mortality improvements for all members are generationally projected using Scale BB. These rates have been adopted by the Florida Retirement System after the 2014 experience study.

Discount Rate—GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the TPL. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The projected Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. For years that assets are projected to be on hand in a future year, the assumed net long-term rate of return is used as the discount rate. For years when assets are projected to be insufficient to meet benefit payments, the use of a specific municipal yield is used as the discount rate, as described in the following paragraph.

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The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects: (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on pension plan investments is 6.5 percent; the municipal bond rate is 3.80 percent.

The employer complies with Florida Statutes by making contributions to the trust in the amounts at least equal to the actuarially determined contribution. It was assumed that the employer would continue to comply with the funding requirement imposed by such statutes. Based on this current contribution policy, the ERP is expected to eliminate the unfunded actuarial accrued liability by 2025 and, consequently, the ERP's fiduciary net position together with the future contributions are expected to be available to finance all projected future benefit payments of current ERP members.

Generally speaking, a plan that receives actual contributions in accordance with a funding policy or contribution policy that employs an individual actuarial cost method (such as entry age method in use by this employer) and closed amortization over a reasonable period (such as this employer) will not have a cross-over date and, therefore, will use its net long-term expected rate of return as the discount rate for GASB purposes. Therefore, for this year, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity—Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the ERP's net pension liability, calculated using a Single Discount Rate of 6.50%, as well as what the ERP's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	<u>1% Decrease</u> <u>5.50%</u>	<u>Current Single Rate</u> <u>Assumption</u> <u>6.50%</u>	<u>1% Increase</u> <u>7.50%</u>
Net Pension Liability Measured at June 30, 2019	\$ 4,400,896.00	\$ 3,729,981.00	\$ 3,145,552.00
Net Pension Liability Measured at June 30, 2018	\$ 4,746,023.00	\$ 4,040,360.00	\$ 3,427,610.00

Note 13 - Postemployment Health Care Benefits

Plan Description

The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical, prescription drug, dental, and vision coverage. The District subsidizes the premium rates paid by

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retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The District does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB Plan does not issue a stand-alone report, and is not included in the report of a public employee retirement system or other entity. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

Benefits Provided—The OPEB Plan provides healthcare insurance benefits for retirees and their dependents. The OPEB Plan only provides implicit subsidy as described above.

June 30, 2018, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	363
Active Plan Members	3,486
Total Plan Members	3,849

Total OPEB Liability—The District’s total OPEB liability of \$7,465,378 was measured as of June 30, 2018. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, and recalculated as of June 30, 2018, using a standard actuarial roll-forward technique.

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

Inflation	2.50 percent, annually
Discount Rate	3.62 percent
Salary Increases	Salary increase rates used in the July 1, 2016, actuarial valuation of the FRS; 3.70-7.80 percent, including inflation.
Retirement Age	Retirement rates used in the July 1, 2016, actuarial valuation of the FRS. They are based on the results of a Statewide experience study covering the period 2008 through 2013.
Mortality	Mortality tables used in the July 1, 2016, actuarial valuation of the FRS. They are based on results of a Statewide experience study covering the period 2008 through 2013.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend rates starting at 7 percent and gradually decreasing to an ultimate trend rate of 4.24 percent plus 0.4 percent increase for excise tax.
Aging Factors	Based on the 2013 SOA Study “Health Care Costs- From Birth to Death”.
Expenses	Administrative expenses are included in the per Capita health costs.

The discount rate used to measure the total pension liability was 3.62 percent. For plans that do not have formal assets, the discount rate should equal a yield or index rate for 20-year, tax exempt general obligation municipal bond with an average AA/Aa or higher rating as of the measurement date. For the purpose of the OPEB Plan actuarial valuation, the municipal bond rate of 3.62 percent was based on the daily rate closed to but not later than the measurement date for the “Fidelity General Obligation AA Index”.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Changes in the Total OPEB Plan Liability—The following table shows the change in the District’s OPEB Plan liability:

	Amount
Balance at June 30, 2018	\$ 7,652,249
Changes for the Year:	
Service Cost	351,389
Interest	271,014
Changes in Assumptions and Other Inputs	(27,484)
Benefit Payments	(781,790)
Net Changes	(186,871)
Balance at June 30, 2019	\$ 7,465,378

Changes of assumption and other inputs reflect a change in the discount rate from 3.56 percent as of the beginning of the measurement period to 3.62 percent as of June 30, 2018.

Sensitivity of the District’s Total OPEB Plan Liability to Changes in the Discount Rate—The following presents the District’s OPEB Plan liability calculated using the discount rate of 3.62 percent, as well as what the OPEB Plan liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
OPEB Plan Liability	\$ 7,943,471	\$ 7,465,378	\$ 7,002,499

Sensitivity of the District’s Total OPEB Plan Liability to the Healthcare Cost Trend Rate Assumption—Regarding the sensitivity of the total OPEB liability, calculated using the assumed trend rates as well as what the OPEB Plan’s total liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease (19.00% Down to 3.64%)	Current Healthcare Cost Trend Rate Assumption 2.56%	1% Increase (21.00% Down to 5.64%)
OPEB Plan Liability	\$ 6,525,505	\$ 7,465,378	\$ 8,598,585

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$591,000. At June 30, 2019, 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>
Changes of Assumptions or Other Inputs	\$ -	\$ 272,660
Benefits Paid Subsequent to the Measurement Date	917,640	-
Total	<u>\$ 917,640</u>	<u>\$ 272,660</u>

The deferred outflows of resources related to OPEB totaling \$917,640 resulting from benefits paid subsequent to the measurement date, will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amortization</u>
2020	\$ (31,403)
2021	(31,403)
2022	(31,403)
2023	(31,403)
2024	(31,403)
Thereafter	(115,645)
	<u>\$ (272,660)</u>

Note 14 - Construction Contract Commitments

The following is a summary of construction contract commitments remaining at fiscal year-end:

<u>Project</u>	<u>Amount</u>	<u>To Date</u>	<u>Balance</u>
Various Projects	\$ 4,181,182.80	\$ 1,592,048.26	\$ 2,589,134.54

Note 15 - 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 year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2019:

<u>Major Funds</u>					
<u>General</u>	<u>Special Revenue Other Federal Programs</u>	<u>Capital Projects Local Capital Improvement</u>	<u>Capital Projects Other</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,229,420.78	\$ 640,904.48	\$ 4,166,070.38	\$ 3,034,436.65	\$ 552,622.67	\$ 9,623,454.96

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 16 - 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 Alachua County District School Board is a member of the Florida School Board Insurance Trust (FSBIT), a protected self-insurance fund for Florida school boards. FSBIT was established under the authority of Section 624.4622, Florida Statutes, for the purpose of pooling property, casualty, and workers' compensation exposure; purchasing and procuring insurance coverage of various types or providing self-insurance; and providing risk management services for the Florida school boards.

Settled claims resulting from the risks described above have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District's health and hospitalization insurance program is administered by an insurance carrier under an agreement wherein the total premium is divided and the District retains on deposit a portion of the premium in a minimum premium account. The insurance carrier draws on this account to pay claims submitted by District employees and dependents.

A liability in the amount of \$1,956,028.00 was determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2019.

The following schedule represents the changes in claims liability for the current and prior fiscal years for the District's self-insurance program:

<u>Fiscal Year</u>	<u>Beginning-of-Fiscal Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-End</u>
2017-18	\$ 2,377,657.00	\$ 24,978,727.14	\$ (25,580,522.14)	\$ 1,775,862.00
2018-19	1,775,862.00	29,794,440.48	(29,614,274.48)	1,956,028.00

Note 17 - Litigation

The District is involved in several pending and threatened legal actions. In the opinion of District management, the range of potential loss from all such claims and actions should not materially affect the financial condition of the District.

REQUIRED SUPPLEMENTARY INFORMATION

ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal Direct	\$ 190,000.00	\$ 190,000.00	\$ 200,147.55	\$ 10,147.55
Federal Through State	1,000,000.00	1,000,000.00	1,025,280.25	25,280.25
State Sources	141,078,276.00	139,064,841.13	138,739,978.95	(324,862.18)
Local Sources:				
Property Taxes Levied for				
Operational Purposes	89,518,762.00	89,518,762.00	89,648,869.05	130,107.05
Other Local Revenue	7,388,678.00	9,163,530.23	10,100,914.07	937,383.84
Total Local Sources	<u>96,907,440.00</u>	<u>98,682,292.23</u>	<u>99,749,783.12</u>	<u>1,067,490.89</u>
Total Revenues	<u>239,175,716.00</u>	<u>238,937,133.36</u>	<u>239,715,189.87</u>	<u>778,056.51</u>
Expenditures				
Current:				
Instruction	140,638,458.82	149,171,837.07	141,433,110.81	7,738,726.26
Student Support Services	14,930,189.07	16,169,077.60	15,022,766.51	1,146,311.09
Instructional Media Services	4,652,763.19	4,849,571.86	4,758,630.19	90,941.67
Instruction and Curriculum				
Development Services	4,969,322.45	5,082,826.19	5,052,597.25	30,228.94
Instructional Staff Training Services	959,948.64	1,361,148.92	1,245,908.31	115,240.61
Instruction-Related Technology	3,350,019.20	3,883,469.11	3,671,424.23	212,044.88
Board	969,475.91	1,107,436.25	965,391.42	142,044.83
General Administration	1,238,845.37	1,295,437.58	1,207,767.81	87,669.77
School Administration	15,939,105.06	16,655,641.81	16,299,890.73	355,751.08
Facilities Acquisition and Construction	117,314.53	2,416,132.02	1,687,705.56	728,426.46
Fiscal Services	1,846,762.26	2,038,727.38	2,029,572.60	9,154.78
Central Services	3,983,157.98	4,436,591.49	4,351,917.73	84,673.76
Student Transportation Services	12,034,793.99	12,474,429.20	11,665,362.09	809,067.11
Operation of Plant	23,112,747.23	23,942,849.32	23,412,322.65	530,526.67
Maintenance of Plant	7,832,348.57	8,126,770.97	7,791,868.24	334,902.73
Administrative Technology Services	1,526,241.82	1,858,751.08	1,597,051.39	261,699.69
Community Services	4,069,457.61	4,251,733.61	3,902,636.49	349,097.12
Total Expenditures	<u>242,170,951.70</u>	<u>259,122,431.46</u>	<u>246,095,924.01</u>	<u>13,026,507.45</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(2,995,235.70)</u>	<u>(20,185,298.10)</u>	<u>(6,380,734.14)</u>	<u>13,804,563.96</u>
Other Financing Sources (Uses)				
Loss Recoveries	-	-	17,650.77	17,650.77
Transfers in	5,000,000.00	5,000,000.00	6,056,739.00	1,056,739.00
Total Other Financing Sources (Uses)	<u>5,000,000.00</u>	<u>5,000,000.00</u>	<u>6,074,389.77</u>	<u>1,074,389.77</u>
Net Change in Fund Balance	2,004,764.30	(15,185,298.10)	(306,344.37)	14,878,953.73
Fund Balances, July 1, 2018	33,820,763.96	33,820,763.96	33,820,763.96	-
Fund Balances, June 30, 2019	<u>\$ 35,825,528.26</u>	<u>\$ 18,635,465.86</u>	<u>\$ 33,514,419.59</u>	<u>\$ 14,878,953.73</u>

ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE - OTHER FEDERAL PROGRAMS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal Direct	\$ 4,833,846.00	\$ 5,346,184.98	\$ 5,011,190.51	\$ (334,994.47)
Federal Through State	18,664,367.94	27,920,520.95	19,948,715.03	(7,971,805.92)
Total Revenues	<u>23,498,213.94</u>	<u>33,266,705.93</u>	<u>24,959,905.54</u>	<u>(8,306,800.39)</u>
Expenditures				
Current:				
Instruction	13,011,199.56	20,148,939.10	15,031,303.44	5,117,635.66
Student Support Services	2,770,658.52	3,252,121.88	2,797,765.21	454,356.67
Instructional Media Services	-	617.81	617.81	-
Instruction and Curriculum Development Services	4,119,252.59	5,076,640.74	3,716,649.56	1,359,991.18
Instructional Staff Training Services	1,845,622.21	2,279,580.91	1,336,898.51	942,682.40
Instruction-Related Technology	90,635.00	50,130.02	47,137.57	2,992.45
General Administration	1,109,711.06	1,450,954.58	1,211,652.04	239,302.54
School Administration	150.00	150.00	1,127.97	(977.97)
Facilities Acquisition and Construction	27,650.00	152,803.06	284,424.07	(131,621.01)
Central Services	156,446.00	244,798.39	161,662.46	83,135.93
Student Transportation Services	81,903.00	174,490.46	97,490.89	76,999.57
Operation of Plant	282,136.00	435,086.98	272,784.01	162,302.97
Community Services	2,850.00	392.00	392.00	-
(Total Expenditures)	<u>23,498,213.94</u>	<u>33,266,705.93</u>	<u>24,959,905.54</u>	<u>8,306,800.39</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances, July 1, 2018	-	-	-	-
Fund Balances, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS

Reporting Date:	6/30/2019	6/30/2018
Measurement Date:	6/30/2018	6/30/2017
Total OPEB Liability		
Service Cost	\$ 351,389.00	\$ 372,754.00
Interest on the Total OPEB Plan Liability	271,014.00	236,861.00
Changes of Assumptions and Other Inputs	(27,484.00)	(305,389.00)
Benefit Payments	<u>(781,790.00)</u>	<u>(781,790.00)</u>
Net Change in Total OPEB Plan Liability	(186,871.00)	(477,564.00)
Net OPEB Plan Liability, Beginning of Year	<u>7,652,249.00</u>	<u>8,129,813.00</u>
Net OPEB Plan Liability, End of Year	<u><u>\$ 7,465,378.00</u></u>	<u><u>\$ 7,652,249.00</u></u>
Covered-Employee Payroll	\$ 135,349,719.00	\$ 132,329,035.00
Covered-Employee as a Percentage of Covered-Employee Payroll	5.52%	5.78%

Notes:

Changes of Assumptions. The discount rate used to determine the total OPEB liability was changed from 3.56% as of June 30, 2017 to 3.62% as of June 30, 2018.

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	2018	2017	2016	2015	2014	2013
District's Proportion of the FRS Net Pension Liability	0.329150771%	0.333955110%	0.337428960%	0.363005442%	0.376718195%	0.360131413%
District's Proportionate Share of the FRS Net Pension Liability	\$ 99,141,919.00	\$ 98,781,681.00	\$ 85,201,077.00	\$ 46,887,021.00	\$ 22,935,350.00	\$ 61,994,644.00
District's Covered Payroll	\$ 153,785,895.00	\$ 150,492,423.00	\$ 145,149,581.00	\$ 143,480,067.00	\$ 143,475,121.00	\$ 137,035,421.00
District's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll	64.47%	65.64%	58.70%	32.68%	15.99%	45.24%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	2019	2018	2017	2016	2015	2014
Contractually Required FRS Contribution	\$ 10,138,630.00	\$ 9,380,533.00	\$ 8,737,907.00	\$ 8,228,743.00	\$ 8,850,381.00	\$ 8,251,727.00
FRS Contributions in Relation to the Contractually Required Contribution	(10,138,630.00)	(9,380,533.00)	(8,737,907.00)	(8,228,743.00)	(8,850,381.00)	(8,251,727.00)
FRS Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 159,389,770.00	\$ 153,785,895.00	\$ 150,492,423.00	\$ 145,149,581.22	\$ 143,480,067.00	\$ 143,475,121.00
FRS Contributions as a Percentage of Covered Payroll	6.36%	6.10%	5.81%	5.67%	6.17%	5.75%

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN**

	2018	2017	2016	2015	2014	2013
District's Proportion of the HIS Net Pension Liability	0.469929423%	0.471951473%	0.469683331%	0.472913056%	0.482660875%	0.471044120%
District's Proportionate Share of the HIS Net Pension Liability	\$ 49,737,858.00	\$ 50,463,229.00	\$ 54,739,647.00	\$ 48,229,693.00	\$ 45,129,970.00	\$ 41,010,584.00
District's Covered Payroll	\$ 153,785,895.00	\$ 150,492,423.00	\$ 145,149,581.00	\$ 143,480,067.00	\$ 143,475,121.00	\$ 137,035,421.00
District's Proportionate Share of the HIS Net Pension Liability as a Percentage of Covered Payroll	32.34%	33.53%	37.71%	33.61%	31.45%	29.93%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN**

	2019	2018	2017	2016	2015	2014
Contractually Required HIS Contribution	\$ 2,645,906.00	\$ 2,548,439.00	\$ 2,498,167.00	\$ 2,407,426.00	\$ 1,807,768.00	\$ 1,653,434.00
HIS Contributions in Relation to the Contractually Required Contribution	(2,645,906.00)	(2,548,439.00)	(2,498,167.00)	(2,407,426.00)	(1,807,768.00)	(1,653,434.00)
HIS Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 159,389,770	\$ 153,785,895	\$ 150,492,423	\$ 145,149,581	\$ 143,480,067	\$ 143,475,121
HIS Contributions as a Percentage of Covered Payroll	1.66%	1.66%	1.66%	1.66%	1.26%	1.15%

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION
LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS *
EARLY RETIREMENT PLAN**

Measurement Period Ended June 30,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability						
Interest on the Total Pension Liability	\$ 516,132.00	\$ 508,412.00	\$ 515,082.00	\$ 542,196.00	\$ 535,600.00	\$ 534,065.00
Difference Between Actual and Expected Experience	52,428.00	340,489.00	122,460.00	(13,541.00)	85,869.00	68,749.00
Change in Assumptions	-	-	-	-	-	1,230,536.00
Benefit Payments	(721,715.00)	(738,525.00)	(741,802.00)	(733,136.00)	(723,476.00)	(704,972.00)
Net Change in Total Pension Liability	<u>(153,155.00)</u>	<u>110,376.00</u>	<u>(104,260.00)</u>	<u>(204,481.00)</u>	<u>(102,007.00)</u>	<u>1,128,378.00</u>
Total Pension Liability - Beginning	<u>8,301,358.00</u>	<u>8,190,982.00</u>	<u>8,295,242.00</u>	<u>8,499,723.00</u>	<u>8,601,730.00</u>	<u>7,473,352.00</u>
Total Pension Liability - Ending (a)	<u>8,148,203.00</u>	<u>8,301,358.00</u>	<u>8,190,982.00</u>	<u>8,295,242.00</u>	<u>8,499,723.00</u>	<u>8,601,730.00</u>
Plan Fiduciary Net Position						
Contributions - Employer/State	877,289.00	852,392.00	832,205.00	790,474.00	745,502.00	208,514.00
Net Investment Income	24,032.00	201,758.00	258,258.00	3,583.00	109,146.00	393,297.00
Benefit Payments	(721,715.00)	(738,525.00)	(741,802.00)	(733,136.00)	(723,476.00)	(704,972.00)
Administrative Expense	(22,382.00)	(13,000.00)	(3,988.00)	(20,988.00)	(24,862.00)	(9,593.00)
Net Change in Plan Fiduciary Net Position	<u>157,224.00</u>	<u>302,625.00</u>	<u>344,673.00</u>	<u>39,933.00</u>	<u>106,310.00</u>	<u>(112,754.00)</u>
Plan Fiduciary Net Position - Beginning	<u>4,260,998.00</u>	<u>3,958,373.00</u>	<u>3,613,700.00</u>	<u>3,573,767.00</u>	<u>3,467,458.00</u>	<u>3,580,212.00</u>
Plan Fiduciary Net Position - Ending (b)	<u>4,418,222.00</u>	<u>4,260,998.00</u>	<u>3,958,373.00</u>	<u>3,613,700.00</u>	<u>3,573,768.00</u>	<u>3,467,458.00</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,729,981.00</u>	<u>\$ 4,040,360.00</u>	<u>\$ 4,232,609.00</u>	<u>\$ 4,681,542.00</u>	<u>\$ 4,925,955.00</u>	<u>\$ 5,134,272.00</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	54.22%	51.33%	48.33%	43.56%	42.05%	40.31%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Notes to Schedule	N/A	N/A	N/A	N/A	N/A	N/A

* GASB No. 67 was adopted for the 2014 Fiscal Year and 10-year trend information will be developed from that date forward.

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF EMPLOYER CONTRIBUTIONS
EARLY RETIREMENT PLAN
LAST 10 FISCAL YEARS**

FY Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll *	Actual Contribution as a % of Covered Payroll
2010	\$ 789,193.00	\$ 789,193.00	\$ -	\$ 126,794,672.00	0.62%
2011	732,610.00	732,610.00	-	130,414,767.00	0.56%
2012	495,614.00	806,287.00	(310,673.00)	123,016,217.00	0.66%
2013	467,497.00	562,617.00	(95,120.00)	N/A	N/A
2014	614,307.00	208,514.00	405,793.00	N/A	N/A
2015	745,502.00	745,502.00	-	N/A	N/A
2016	790,474.00	790,474.00	-	N/A	N/A
2017	832,205.00	832,205.00	-	N/A	N/A
2018	852,392.00	852,392.00	-	N/A	N/A
2019	877,356.00	877,289.00	67.00	N/A	N/A

* The Early Retirement Plan closed to new employees hired on or after July 1, 2013.

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
 REQUIRED SUPPLEMENTARY INFORMATION -
 SCHEDULE OF INVESTMENT RETURNS
 LAST 10 FISCAL YEARS *
 EARLY RETIREMENT PLAN**

Fiscal Year Ended June 30,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2019	1.83%
2018	2.11%
2017	7.67%
2016	-0.02%
2015	3.58%
2014	13.94%

* GASB No. 67 was adopted for the 2014 Fiscal Year and 10-year trend information will be developed from that date forward.

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

Note 1 - Budgetary Basis of Accounting

The Board follows procedures established by State statutes 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 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.

Note 2 - Florida Retirement System Pension Plan

Changes of Assumptions. The long-term expected rate of return used to determine total pension liability was decreased from 7.10% to 7.00%, and the active member mortality assumption was updated.

Note 3 - Health Insurance Subsidy Pension Plan

Changes of Assumptions. The municipal bond rate used to determine total pension liability was increased from 3.58% to 3.87%.

Note 4 - Early Retirement Plan

Actuarially determined contribution rates are calculated as of July 1 of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Valuation Date	July 1, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	10 Years
Asset Valuation Method	Market Value of Assets
Inflation	2.50%

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

Salary Increases	Not applicable: there are no active participants
Investment Rate of Return	6.5% per year compounded annually, net of investment expense
Retirement Age	Not applicable: there are no active participants
Post-Retirement COLA	3.00% (automatic)
Mortality	RP2000 Table (Combined Healthy) – 100% White Collar Annuitant rates are used for female members, a blend of 50% White Collar Annuitant rates with 50% Blue Collar Annuitant rates are used for male participants. Mortality improvement for all members are generationally projected using scale BB.

There were no assumption changes or benefit changes for the reporting year ending June 30, 2019.

**ADDITIONAL ELEMENTS OF REPORTS PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED
STATES; THE UNIFORM GUIDANCE; AND *RULES OF THE
AUDITOR GENERAL* OF THE STATE OF FLORIDA**

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Clustered				
Child Nutrition Cluster:				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	18002	\$ -	\$ 3,458,356.00
National School Lunch Program	10.555	18001, 18003	-	12,962,861.36
Summer Food Service Program for Children	10.559	18006, 18007	-	544,718.98
Total Child Nutrition Cluster			-	16,965,936.34
Special Education Cluster:				
United States Department of Education:				
Special Education - Grants to States:				
Florida Department of Education	84.027	263	-	6,742,454.99
Total Special Education - Grants to States				
Special Education - Preschool Grants:				
Florida Department of Education	84.173	267	-	146,411.51
Total Special Education Cluster			-	6,888,866.50
Temporary Assistance for Needy Families Cluster:				
United States Department of Health and Human Services:				
University of South Florida:				
Temporary Assistance for Needy Families	93.558	None	-	135,574.86
Not Clustered				
United States Department of Agriculture:				
Florida Department of Health:				
Child and Adult Care Food Program	10.558	None	-	1,401,580.39
Florida Department of Agriculture and Consumer Services:				
Child Nutrition Discretionary Grants Limited Availability	10.579	None	-	180,488.91
Fresh Fruit and Vegetable Program	10.582	18004	-	193,967.92
Total United States Department of Agriculture			-	1,776,037.22
United States Department of Defense:				
Air Force Junior Reserve Officers Training Corps	12.UNK	N/A	-	73,436.17
Navy Junior Reserve Officers Training Corps	12.UNK	N/A	-	145,212.66
Total United States Department of Defense			-	218,648.83
United States Department of Education:				
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	-	8,532,418.04
Migrant Education - State Grant Program	84.011	217	-	937,375.98
Career and Technical Education - Basic Grants to States	84.048	161	-	363,573.73
Education for Homeless Children and Youth	84.196	127	-	77,010.63
Immediate Aid to Restart School Operations	84.938	105, 107	-	155,733.09
Twenty-First Century Community Learning Centers	84.287	244	-	1,037,897.85
English Language Acquisition State Grants	84.365	102	-	142,825.41
Student Support and Academic Enrichment	84.424	241	-	446,835.11
Supporting Effective Instruction State Grants:	84.367			
Florida Department of Education		224	-	1,130,573.83
Total United States Department of Education			-	12,824,243.67
United States Department of Health and Human Services:				
Head Start	93.600	N/A	-	4,992,689.23
United States Department of Homeland Security:				
FEMA Disaster Assistance	97.036	N/A	-	286,919.45
Total Expenditures of Federal Awards			\$ -	\$ 44,088,916.10

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 Alachua County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the District.
 - (2) Summary of Significant Accounting Policies. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
 - (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
 - (4) Non-Cash Assistance – National School Lunch Program. Includes \$1,262,372 of donated food used during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
 - (5) Head Start. Expenditures include \$351,832 for grant number/program year 04CH4753/04 and \$4,640,857 for grant number/program year 04CH4753/05.
 - (6) FEMA Disaster Assistance. Expenditures for the FEMA reimbursement were incurred in the prior year.

**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**

Alachua County District School Board
and Superintendent
Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Alachua County District School Board (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 21, 2020. Other auditors audited the financial statements of the Charter Schools, which comprise the discretely presented component units of the District, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

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Alachua County District School Board
and Superintendent
Gainesville, Florida

**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***

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, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Purvis, Gray and Company, LLP

January 21, 2020
Gainesville, Florida

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

Alachua County District School Board
and Superintendent
Gainesville, Florida

Report on Compliance for Each Major Federal Program

We have audited Alachua County District School Board's (the District) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Other auditors audited the financial statements of the Charter Schools, which comprise the discretely presented component units of the District, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of compliance and other matters that are reported on separately by those auditors.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Alachua County District School Board
and Superintendent
Gainesville, Florida

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Purvis, Gray and Company, LLP

January 21, 2020
Gainesville, Florida

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Non-compliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Type of Auditor’s Report Issued on Compliance for Major Programs:	Unmodified for all major programs
Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510(a) of the Uniform Guidance?	No
Identification of Major Programs:	Special Education Cluster (CFDA No. 84.027 & 84.173) Child and Adult Care Food Program (CFDA No. 10.558) Head Start Program (CFDA No. 93.600)
Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$1,322,667
Auditee Qualified as Low-risk Auditee?	Yes

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR AUDIT FINDINGS

No prior year findings were reported.

CORRECTIVE ACTION PLANNED FOR CURRENT YEAR AUDIT FINDINGS

There are no current year audit findings included in the current year schedule of findings and questioned costs.

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

Alachua County District School Board
and Superintendent
Gainesville, Florida

We have examined Alachua County District School Board, Florida's (the District) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended June 30, 2019, as required by Section 10.806(2)(c), *Rules of the Auditor General*. Other auditors audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. This letter does not include the results of the other auditors and such information related to those audits is reported on separately by those auditors. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. These standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2019.

Pursuant to Chapter 119, Florida Statutes, this letter is a public record and its distribution is not limited. Auditing standards accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Superintendent, Board Members of the District, and management and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

January 21, 2020
Gainesville, Florida

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MANAGEMENT LETTER

Alachua County District School Board
and Superintendent
Gainesville, Florida

Report on the Financial Statements

We have audited the financial statements of the Alachua County District School Board, Florida (the District), as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated January 21, 2020. Other auditors audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. This letter does not include the results of the other auditors and such information related to those audits is reported on separately by those auditors.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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); and Chapter 10.800, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Sections 315, regarding compliance requirements in accordance with Chapter 10.800, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated January 21, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.804(1)(f)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Financial Condition and Management

Section 10.804(1)(f)2., *Rules of the Auditor General*, requires us to communicate whether or not the District School Board has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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Alachua County District School Board
and Superintendent
Gainesville, Florida

MANAGEMENT LETTER

Pursuant to Sections 10.804(1)(f)5.a. and 10.805(7), *Rules of the Auditor General*, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.804(1)(f)3., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendation:

■ 2019-1 – Timeliness of Bank Reconciliation

One of the key components of a sound system of internal controls is the timely and accurate reconciliation of bank accounts. During our audit we noted that bank reconciliations were delayed several months, resulting in adjustments to the general ledger made in the incorrect accounting period. We recommend that the District prepare bank reconciliations in a timely manner to reduce the risk of errors or irregularities that may go undetected for an extended period of time.

Transparency

Section 10.804(1)(f)6., *Rules of the Auditor General*, requires that we communicate the results of our determination as to whether the Alachua County District School Board maintains on its Web site the information specified in Section 1011.035, Florida Statutes. (Section 1011.035, Florida Statutes, provides that district school boards shall prominently post on their Web site a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public). In connection with our audit, we determined that the District maintained on its Web site the information specified in Section 1011.035, Florida Statutes.

Additional Matters

Section 10.804(1)(f)4., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the District School Board members, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

January 21, 2020
Gainesville, Florida

BOARD MEMBERS

Tina Certain
Robert P. Hyatt
Leanetta McNealy, Ph.D.
Gunnar F. Paulson, Ed.D.
Eileen F. Roy

SUPERINTENDENT OF SCHOOLS

Karen D. Clarke



An 'A-rated' District

Mission Statement: We are committed to the success of every student!

District Office
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32601-5498

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December 26, 2019

Purvis, Gray and Company, LLP
P. O. Box 23999
Gainesville, FL 32602

Re: Financial Statements and Independent Auditor's Report School Board of Alachua County Annual Financial Report

Dear Purvis, Gray & Company,

We appreciate your completion of the financial statement audit for the fiscal year ending June 30, 2019. We agree with the report's recommendation in the Management Letter on finding 2019-01 Timeliness of Bank Reconciliation to prepare reconciliations in a timely manner. In addition to these recommendations, we have developed an internal schedule of reconciliations, and have addressed workload issues. We feel the above corrective action will address the concerns outlined in finding 2019-01.

Sincerely,

Alex Rella
Asst. Superintendent, Business Services