

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Members of the Board  
Alachua County District School Board

We have audited 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) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. During the year ended June 30, 2022, the District adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which established criteria for identifying and reporting leases. The implementation of this statement required noncancelable leases with terms greater than one year to be reported as lease receivables and deferred inflows of resources for lessors and right-to-use assets and lease liabilities for lessees.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of depreciation, which is based on the useful life of a group of assets.

### CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants  
An Independent Member of the BDO Alliance USA

To the Members of the Board  
Alachua County District School Board

- Management's estimate of the net pension liability, pension related deferred outflows and inflows of resources, and pension expense for the District's Early Retirement Pension plan and its proportionate share of the Florida Retirement System's Pension and Health Insurance Subsidy plans, which are based on various actuarial assumptions. If these assumptions were changed, it could have a significant impact on the amounts reported.
- Management's estimate of other postemployment health care benefits liability and related deferred outflows and inflows, which are based on actuarial valuations and assumptions.
- Management's estimate of insurance claims is based on claims log reports and industry claims trends.
- The present value of leases receivable and related deferred inflows of resources is based on the total non-cancellable lease term during which the District, as lessor, expects to receive lease payments from lessees and is discounted using an estimated (imputed) interest rate.
- The present value of leases liability and related right-to-use asset is based on the total non-cancellable lease term during which the District, as lessee, expects to pay lease payments to lessors and is discounted using an estimated (imputed) interest rate.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit. However, the District did experience turnover that led to a loss of institutional knowledge and delayed the year-end closing process and audit readiness. Furthermore, new accounting standards in the current year required additional time for research, implementation and review, coupled with overall increased activity driven by significantly higher grant funding and ongoing capital projects.

#### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following items detected as a result of audit procedures were corrected by management:

- Removal of \$605,279 of additional expenditures posted related to retainage for projects that had been previously completed.
- Implementation of GASB Statement No. 87, *Leases*, resulted in the following adjustments:
  - Lessor:
    - ▶ \$1,487,602 increase in leases receivable.
    - ▶ \$1,455,868 increase in deferred inflows – leases receivable.
    - ▶ \$159,333 decrease in recognized lease revenue.
    - ▶ \$102,983 increase in lease receivable revenue amortization.
    - ▶ \$56,350 increase in non-operating interest revenue.

To the Members of the Board  
Alachua County District School Board

- Lessee:
  - ▶ \$3,237,980 increase in right-to-use assets.
  - ▶ \$3,314,574 increase in lease liability.
  - ▶ \$1,344,689 decrease in recognized lease expense.
  - ▶ \$1,201,250 increase in lease principal expense.
  - ▶ \$143,439 increase in non-operating interest expense.

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated March 23, 2023.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Future Accounting Pronouncements**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), effective in fiscal year 2023, with certain exceptions, will now require that governments recognize a subscription liability for the amount owed on contracts offset by a capitalized asset for all contracts meeting the definition of a SBITA. We recommend the District begin preparing for implementation of the new standard by making a list of all applicable subscription agreements with their key terms, such as duration, renewal options, payment amounts and escalation clauses, cancellability, etc., for evaluation under the new standard.

### **Other Matters**

We applied certain limited procedures to management's discussion and analysis, budget, and the pension and other postemployment benefits schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

To the Members of the Board  
Alachua County District School Board

We were engaged to report on the schedule of expenditures of federal awards, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Restriction on Use**

This information is intended solely for the use of Members of the Board and management of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive, flowing style.

March 23, 2023  
Gainesville, Florida