



Bay County District School Board

Financial Statements

June 30, 2021

BOARD MEMBERS AND SUPERINTENDENT

Board members and the Superintendent who served during the 2020-2021 fiscal year are listed below:

| | District No. |
|-----------------------------|--------------|
| Jerry Register | 1 |
| Brenda Ruthven | 2 |
| Pamm Chapman, Vice-chairman | 3 |
| Winston Chester | 4 |
| Steve Moss, Chairman | 5 |

William V. Husfelt III, Superintendent



FINANCIAL SECTION

| | |
|--------------------------------------------|---|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 4 |

Basic Financial Statements

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Government-wide Financial Statements | |
| Statement of Net Position | 13 |
| Statement of Activities | 15 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 17 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 19 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 21 |
| Statement of Net Position – Proprietary Funds | 22 |
| Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds | 24 |
| Statement of Cash Flows – Proprietary Funds | 25 |
| Combining Statement of Net Position – Discretely Presented Component Units | 27 |
| Combining Statement of Activities – Discretely Presented Component Units | 29 |
| Notes to Financial Statements | 31 |

Required Supplementary Information

| | |
|-------------------------------------------------------------------------------------------------------------------------------------|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund | 83 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Federal Education Stabilization Fund | 84 |
| Schedules of Other Postemployment Benefits | 85 |
| Schedules of Defined Benefit Pension Plans | 87 |
| Notes to Required Supplementary Information | 91 |

Combining Statements

| | |
|--------------------------------------------------------------------------------------------------------------------|----|
| Combining Balance Sheet – Nonmajor Governmental Funds | 92 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | 93 |

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

| | |
|--------------------------------------------------------------------------------------------------|----|
| Independent Auditors' Management Letter | 95 |
| Independent Accountants' Report on Compliance with Local Government Investment Policies | 97 |



| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 98 |
| Independent Auditors’ Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance | 100 |
| Schedule of Expenditures of Federal Awards | 103 |
| Notes to Schedule of Expenditures of Federal Awards | 106 |
| Schedule of Findings and Questioned Costs | 107 |
| Summary Schedule of Prior Year Audit Findings | 111 |
| Corrective Action Plan | 112 |

INDEPENDENT AUDITORS' REPORT

Honorable Superintendent and members
of the Bay County District School Board
Panama City, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Bay County District School Board (District) as of and for the year ended June 30, 2021, and the related notes to 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Palm Bay Preparatory Academy, Palm Bay Preparatory Elementary Academy, Central High School (charter schools under the Palm Bay Education Group, Inc.), Chautauqua Charter School, Inc., Community Charter Academy, Inc., Rising Leaders Academy, Inc., or the Bay Education Foundation, Inc., which represent 40 percent, 52 percent, and 41 percent, respectively, of the assets and deferred outflows of resources, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose audit reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Palm Bay Preparatory Academy, Palm Bay Preparatory Elementary Academy, Central High School (charter schools under the Palm Bay Education Group, Inc.), Chautauqua Charter School, Inc., Community Charter Academy, Inc., Rising Leaders Academy, Inc., and the Bay Education Foundation, Inc., are based solely on the audit 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Bay County District School Board as of June 30, 2021, 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.

Change in Accounting Principle

As described in note 2, the District has implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which includes guidance for identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Implementation of this standard resulted in an adjustment of \$3,505,502 to other governmental funds' beginning fund balance and governmental activities' net position. Our opinions were not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 12, and budgetary comparison information on pages 83 and 84, the schedules of other postemployment benefits on pages 85 and 86, and the schedules of defined benefit pension plans on pages 87 through 90, 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 combining statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The combining statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 combining statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Caru, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
March 31, 2022

Management's Discussion and Analysis

Management of the Bay County District School Board (District) has prepared the following discussion and analysis 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.

Financial Highlights

Key financial highlights for the 2020-2021 fiscal year are as follows:

- The District's total net position increased by \$46,199,625, or 21.7 percent. The large increase is mainly due to the additional funding associated with Hurricane Michael.
- During fiscal year 2021, general fund revenues, including other financing sources, exceeded expenditures, including other financing uses, by \$20,702,685. This may be compared to the prior year's results in which general fund expenditures exceeded revenues and other financing sources by \$16,219,815.
- At the end of fiscal year 2021, unassigned fund balance of the general fund was \$32,570,040 or 13.2 percent of total general fund expenditures.
- See note 2 in the notes to financial statements related to restatement required due to implementation of GASB Statement No. 84 and other prior period adjustments identified.

Nonfinancial Highlights

- Our schools opened, per the Governor's directive in August 2020 offering both in-person and online learning through our newly created BayLink Program.
- Provided training for more than 3,300 employees.
- Provided Chromebooks and hot spots for students learning at home.
- Set up a dedicated "help desk" operating nights and weekends to provide tech help to students and parents.
- Coordinated meal pickups for students learning at home.
- Continued construction on A. Gary Walsingham Academy, which opened in August 2021.

Overview of the Financial Statements

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

In addition, this report presents certain required supplementary information, which includes this management's discussion and analysis; schedule of revenues, expenditures and changes in fund balances – budget and actual – general fund and Federal Education Stabilization fund; schedules of other postemployment benefits and defined benefit pension plans; and notes to requirement supplementary information. Other supplementary information includes combining statements and the schedule of expenditures of federal awards.

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

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

- Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- Business-type activities – These activities account for the financial resources of the Beacon Learning Center which provides services predominantly for other districts.
- Component units – The District's 11 charter schools (Bay Haven Charter Academy, Inc., d/b/a Bay Haven Charter Academy Elementary School, Bay Haven Charter Academy Middle School, North Bay Haven Charter Elementary School, North Bay Haven Charter Middle School, and North Bay Haven Charter Career Academy; Chautauqua Charter School, Inc., d/b/a Chautauqua Learn and Serve Charter School; Palm Bay Educational Group, Inc. d/b/a Palm Bay Preparatory Academy, Palm Bay Preparatory Elementary Academy, and Central High School; Community Charter Academy, Inc., d/b/a University Academy, Inc.; and Rising Leaders Academy, Inc.) are reported as discretely presented component units. The District also presents two foundations (Bay Education Foundation, Inc. and Bay Haven Foundation) as discretely presented component units. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion in accordance with generally accepted accounting principles.

The Bay County Educational Facilities Finance Corporation (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 District and the Corporation, the financial activities of the Corporation are included in the District's financial statements as an integral part of the primary government.

Over a period of time, changes in the District's net position is an indication of an improving or deteriorating financial condition. This information should be evaluated in conjunction with other nonfinancial 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

One of the components of the basic financial statements is the fund 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 the broad categories discussed below.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize 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. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near term financing requirements.

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

The governmental fund's balance sheet and statement of revenues, expenditures, and changes in fund balance provide detailed information about the District's most significant funds. The District's major funds are the general fund, debt service – other fund, capital projects – local capital improvement fund, and capital projects – other fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. A schedule of revenues, expenditures, and changes in fund balance – budget and actual has been provided for the general fund to demonstrate compliance with the budget.

Proprietary Funds: Proprietary funds may be established to account for activities in which a fee is charged for services. Two types of proprietary funds are maintained:

- Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. Enterprise funds are appropriate for activities in which a fee is charged to external users of the District's goods and services. The District uses an enterprise fund to account for the financial activities of the Beacon Learning Center which provides educational services for a fee to individuals, public and private entities, and district school boards.
- Internal service funds are used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses the internal service funds to account for its self-insurance programs. Since these services predominantly benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail, for those enterprise funds determined to be major. The District's major enterprise fund is the Beacon Learning Center. Conversely, the internal service funds are combined into a single, aggregated column in the proprietary fund financial statements.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's progress in funding its obligation to provide other postemployment benefits to its employees.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$258,894,795 at the close of the most recent fiscal year. The following is a summary of the District's net position as of June 30, 2021, compared to net position as of June 30, 2020:

| | Governmental | | Business-type | | Total | |
|--------------------------------|----------------|----------------|---------------|--------------|----------------|----------------|
| | Activities | | Activities | | | |
| <i>June 30,</i> | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and other assets | \$ 237,751,623 | \$ 242,857,094 | \$ 4,078,835 | \$ 3,828,739 | \$ 241,830,458 | \$ 246,685,833 |
| Capital assets, net | 323,243,202 | 270,989,785 | 17,426 | 22,248 | 323,260,628 | 271,012,033 |
| Total assets | 560,994,825 | 513,846,879 | 4,096,261 | 3,850,987 | 565,091,086 | 517,697,866 |
| Deferred outflows of resources | 50,624,346 | 46,935,000 | 393,461 | 320,488 | 51,017,807 | 47,255,488 |

(Continued)

| <i>June 30,</i> | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------|------------------------------------|-----------------------|-------------------------------------|---------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current liabilities | \$ 31,039,295 | \$ 303,657,685 | \$ 184,602 | \$ 1,236,958 | \$ 31,223,897 | \$ 304,894,643 |
| Noncurrent liabilities | 307,653,436 | 28,696,635 | 1,438,267 | 333,363 | 309,091,703 | 29,029,998 |
| Total liabilities | 338,692,731 | 332,354,320 | 1,622,869 | 1,570,321 | 340,315,600 | 333,924,641 |
| Deferred inflows of resources | 16,761,620 | 18,201,486 | 136,878 | 132,057 | 16,898,498 | 18,333,543 |
| Net position | | | | | | |
| Net investment in capital assets | 223,283,318 | 198,526,895 | 17,426 | 22,248 | 223,300,744 | 198,549,143 |
| Restricted | 77,210,964 | 40,078,489 | - | - | 77,210,964 | 40,078,489 |
| Unrestricted (deficit) | (44,329,462) | (28,379,311) | 2,712,549 | 2,446,849 | (41,616,913) | (25,932,462) |
| Total net position | \$ 256,164,820 | \$ 210,226,073 | \$ 2,729,975 | \$ 2,469,097 | \$ 258,894,795 | \$ 212,695,170 |

By far, the largest portion (74%) of the District's net position is its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position (30%) represents resources that are subject to external restrictions on how they may be used.

The balance of deficit unrestricted net position is primarily the result of accruing long-term liabilities.

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

Changes in Net Position

| <i>Year ended June 30,</i> | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------------------------|------------------------------------|--------------|-------------------------------------|--------------|---------------|--------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Program revenues | | | | | | |
| Charges for services | \$ 9,654,215 | \$ 3,515,424 | \$ 2,240,617 | \$ 2,385,304 | \$ 11,894,832 | \$ 5,900,728 |
| Operating grants/ contributions | 7,649,794 | 9,776,277 | - | - | 7,649,794 | 9,776,277 |
| Capital grants/ contributions | 3,597,960 | 964,054 | - | - | 3,597,960 | 964,054 |
| General revenues | | | | | | |
| Property taxes, levied for operational purposes | 81,645,631 | 76,761,061 | - | - | 81,645,631 | 76,761,061 |
| Property taxes, levied for capital projects | 27,404,188 | 22,581,461 | - | - | 27,404,188 | 22,581,461 |
| Local sales taxes | 26,109,097 | 23,071,079 | - | - | 26,109,097 | 23,071,079 |

(Continued)

| Year ended June 30, | Governmental | | Business-type | | Total | |
|--------------------------------------------------------------|--------------------|--------------------|------------------|------------------|--------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Grants and contributions not restricted to specific programs | \$ 200,524,811 | \$ 190,703,473 | \$ - | \$ - | \$ 200,524,811 | \$ 190,703,473 |
| Unrestricted investment earnings | 269,263 | 1,906,691 | 8,325 | 90,461 | 277,588 | 1,997,152 |
| Miscellaneous | 6,588,976 | 6,493,229 | - | - | 6,588,976 | 6,493,229 |
| Total revenues | 363,443,935 | 335,772,749 | 2,248,942 | 2,475,765 | 365,692,877 | 338,248,514 |
| Functions/program expenses | | | | | | |
| Instructional services | 171,273,425 | 159,787,849 | - | - | 171,273,425 | 159,787,849 |
| Pupil services | 18,259,417 | 13,145,146 | - | - | 18,259,417 | 13,145,146 |
| Instructional media services | 2,295,069 | 2,477,011 | - | - | 2,295,069 | 2,477,011 |
| Instructional and curriculum development services | 7,487,243 | 5,544,205 | - | - | 7,487,243 | 5,544,205 |
| Instructional staff training services | 3,466,757 | 3,828,991 | - | - | 3,466,757 | 3,828,991 |
| Instruction related technology | 177,477 | 124,079 | - | - | 177,477 | 124,079 |
| School board | 1,089,724 | 735,173 | - | - | 1,089,724 | 735,173 |
| General administration services | 2,423,457 | 8,454,824 | - | - | 2,423,457 | 8,454,824 |
| School administration services | 15,012,545 | 14,194,544 | - | - | 15,012,545 | 14,194,544 |
| Facilities acquisition and construction | 14,324,936 | 17,976,089 | - | - | 14,324,936 | 17,976,089 |
| Fiscal services | 1,849,176 | 1,895,819 | - | - | 1,849,176 | 1,895,819 |
| Food services | 8,404,781 | 9,782,321 | - | - | 8,404,781 | 9,782,321 |
| Central services | 8,219,600 | 10,436,340 | - | - | 8,219,600 | 10,436,340 |
| Pupil transportation services | 9,138,735 | 9,081,503 | - | - | 9,138,735 | 9,081,503 |
| Plant operations | 18,546,921 | 16,018,434 | - | - | 18,546,921 | 16,018,434 |
| Maintenance services | 5,368,010 | 5,229,411 | - | - | 5,368,010 | 5,229,411 |
| Administrative technology services | 3,920,702 | 3,339,549 | - | - | 3,920,702 | 3,339,549 |
| Community services | 2,596,944 | 3,141,333 | - | - | 2,596,944 | 3,141,333 |
| Unallocated interest on long-term debt | 3,939,527 | 3,220,745 | - | - | 3,939,527 | 3,220,745 |
| Unallocated depreciation | 21,514,238 | 19,733,502 | - | - | 21,514,238 | 19,733,502 |
| Loss on disposal of assets | 1,043,326 | - | - | - | 1,043,326 | - |
| Beacon Learning Center | - | - | 1,988,064 | 2,092,080 | 1,988,064 | 2,092,080 |
| Total functions/program expenses | 320,352,010 | 308,146,868 | 1,988,064 | 2,092,080 | 322,340,074 | 310,238,948 |
| Change in net position | 43,091,925 | 27,625,881 | 260,878 | 383,685 | 43,352,803 | 28,009,566 |

(Continued)

| | Governmental | | Business-type | | Total | |
|--------------------------------------------------------------|----------------|----------------|---------------|--------------|----------------|----------------|
| | Activities | | Activities | | | |
| <i>Year ended June 30,</i> | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Net position - beginning (as originally reported) | \$ 210,226,073 | \$ 182,600,192 | \$ 2,469,097 | \$ 2,085,412 | \$ 212,695,170 | \$ 184,685,604 |
| Restatement adjustment/ prior period adjustment | 2,846,822 | - | - | - | 2,846,822 | - |
| Net position - beginning (as restated) | 213,072,895 | 182,600,192 | 2,469,097 | 2,085,412 | 215,541,992 | 184,685,604 |
| Net position - ending | \$ 256,164,820 | \$ 210,226,073 | \$ 2,729,975 | \$ 2,469,097 | \$ 258,894,795 | \$ 212,695,170 |

The increase in revenues of \$27,444,363 (8%) is due mainly to an overall increase in grants from prior year due to Hurricane Michael and new funds in the current year from the Federal Education Stabilization fund. Twenty-two percent of total governmental activities' revenues were generated from property taxes levied for operational purposes.

Instruction expenses represents 54% of total governmental expenses for the 2021 fiscal year. Instruction expenses increased by \$11,485,576 or 7 percent, from the prior fiscal year, due mainly to hiring additional teachers.

Business-type activities' charges for services provided substantially all of the revenues for business-type activities.

Financial Analysis of the District's Funds

Governmental Funds

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

The total fund balances of governmental funds decreased by \$10,659,030 during the fiscal year to \$159,983,841 at June 30, 2021. The fund balance is nonspendable, restricted, or assigned to indicate that it is (1) not in spendable form (\$1,118,436), (2) restricted for particular purposes (\$77,210,964), or (3) assigned for particular purposes (\$49,084,401).

Major Governmental Funds

The general fund is the District's chief operating fund. As of June 30, 2021, unassigned fund balance was \$32,570,040, while the total fund balance was \$88,507,005. As of June 30, 2021 total assets were \$113,456,037 and total liabilities and deferred inflows of resources were \$24,949,032. Total fund balance increased by \$20,702,685 during the current fiscal year. Key factors impacting the change in fund balance include an increase in revenues primarily due to Federal and State assistance related to

Hurricane Michael offset by a decrease in capital outlay expenditures primarily related to Hurricane Michael.

The debt service – other fund is used to account for the payment of principal and interest of the District’s Certificates of Participation (COPs) and notes payable and had a total fund balance of \$6,187 at June 30, 2021.

The Federal Education Stabilization fund had a total fund balance of \$0 at June 30, 2021. These funds are restricted for learning loss recovery due to the COVID-19 virus.

The capital projects – other fund had a total fund balance of \$46,683,025 at June 30, 2021, all of which is restricted for capital projects. The \$35,834,603 decrease in fund balance from prior year is primarily related to an increase in capital outlay expenses.

Proprietary Funds

Unrestricted net position of the enterprise fund – Beacon Learning Center was \$2,712,549 at June 30, 2021, while total net position was \$2,729,975.

Internal Service Fund

Unrestricted net position of the internal service fund was \$18,490,005 at June 30, 2021.

General Fund Budgetary Highlights

The District’s budgets are prepared, and amendments made, according to Florida law. The most significant budgeted fund is the general fund.

During the 2020-2021 fiscal year, the District amended its general fund budget several times, which resulted in an increase in total budgeted revenues of \$36,290,669 or 16 percent. For the year ended June 30, 2021, actual revenues were \$4,803,421 less than the final budgeted amounts, while actual expenditures were \$84,477,263 less than the final budgeted amounts. The ending fund balance exceeded the final amended budgeted fund balance by \$79,596,806.

Capital Assets and Debt Administration

Capital Assets

The District’s investment in capital assets for its governmental and business-type activities as of June 30, 2021, was \$323,243,202 and \$17,426, respectively (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; construction in progress; and audio visual materials and computer software. The total increase in capital assets for the current fiscal year was \$52,248,595, or 19 percent.

Major capital asset events included the following:

- During the current fiscal year, the District entered into an agreement with the Bay County Board of County Commissioners and the Panama City Beach Convention and Visitors Bureau to transfer ownership of St. Andrews School in exchange for land improvements at A. Gary Walsingham Academy.
- At June 30, 2021, construction in progress includes several construction projects as further discussed in the notes to financial statements.

Additional information on the District's capital assets can be found in note 5 of the financial statements.

Debt Administration

At June 30, 2021, the District had total long-term debt outstanding of \$309,091,703. This amount was comprised of \$12,383,974 of accrued compensated absences, \$19,250,326 in estimated insurance claims payable, \$4,824,605 of other postemployment benefits liabilities, \$144,340,724 of net pension liability, \$7,079,000 in notes payable, and \$121,213,074 of certificates of participation net unamortized premiums.

Additional information on the District's long-term debt can be found in notes 6 through 9 of the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Bay County District School Board's finances. Questions concerning information provided in the report, requests for additional financial information, or information associated with the District's discretely presented component units should be addressed to the Finance Officer, Bay County District School Board, 1311 Balboa Avenue, Panama City, Florida 32401. The District's website address is <http://www.bay.k12.fl.us/>.

Bay County District School Board
Statement of Net Position
June 30, 2021

| | Primary Government | | | Component Units |
|---------------------------------------------------------------|----------------------------|-----------------------------|----------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 173,494,092 | \$ 4,021,748 | \$ 177,515,840 | \$ 27,543,256 |
| Investments | - | - | - | 652,054 |
| Restricted investments | - | - | - | 2,904,622 |
| Accounts receivable, net | 466,922 | 108,620 | 575,542 | 527,610 |
| Internal balances | 51,533 | (51,533) | - | - |
| Due from other agencies | 17,760,443 | - | 17,760,443 | 1,915,403 |
| Prepays | 2,840,555 | - | 2,840,555 | 686,107 |
| Restricted cash | 41,878,602 | - | 41,878,602 | - |
| Inventories | 1,118,436 | - | 1,118,436 | 12,374 |
| Other current assets | 141,040 | - | 141,040 | 1,038,461 |
| Total current assets | 237,751,623 | 4,078,835 | 241,830,458 | 35,279,887 |
| Noncurrent assets | | | | |
| Capital assets | | | | |
| Nondepreciable | 98,643,178 | - | 98,643,178 | 4,988,845 |
| Depreciable, net | 224,600,024 | 17,426 | 224,617,450 | 71,262,539 |
| Total noncurrent assets | 323,243,202 | 17,426 | 323,260,628 | 76,251,384 |
| Total assets | 560,994,825 | 4,096,261 | 565,091,086 | 111,531,271 |
| Deferred outflows of resources | | | | |
| Deferred loss on debt refunding | 2,442,296 | - | 2,442,296 | - |
| Deferred outflows related to pensions | 47,448,602 | 387,472 | 47,836,074 | 10,265,284 |
| Deferred outflows related to other postemployment benefits | 733,448 | 5,989 | 739,437 | - |
| Total deferred outflows of resources | 50,624,346 | 393,461 | 51,017,807 | 10,265,284 |
| Total assets and deferred outflows of resources | 611,619,171 | 4,489,722 | 616,108,893 | 121,796,555 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | 9,119,834 | 25,521 | 9,145,355 | 1,242,531 |
| Accrued expenses | 3,027,854 | 9,728 | 3,037,582 | 591,166 |
| Construction contracts payable - retainage | 3,706,734 | - | 3,706,734 | 467,274 |
| Due to other agencies | 2,765,947 | - | 2,765,947 | 557,129 |
| Unearned revenue | 2,378,015 | 149,353 | 2,527,368 | 514,822 |
| Matured certificates of participation payable | 8,105,500 | - | 8,105,500 | - |
| Matured interest payable | 1,935,411 | - | 1,935,411 | 522,943 |
| Total current liabilities | 31,039,295 | 184,602 | 31,223,897 | 3,895,865 |

(Continued)

See accompanying notes.

Bay County District School Board
Statement of Net Position (Continued)
June 30, 2021

| | Primary Government | | | |
|------------------------------------------------------------|----------------------------|-----------------------------|-----------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | Component Units |
| Noncurrent liabilities | | | | |
| Due within one year | | | | |
| Certificates of participation payable | \$ 9,349,498 | \$ - | \$ 9,349,498 | \$ - |
| Accrued compensated absences | 2,430,789 | 46,006 | 2,476,795 | 237,103 |
| Obligations under capital leases | - | - | - | 100,611 |
| Bonds payable | - | - | - | 270,000 |
| Notes payable | 1,026,000 | - | 1,026,000 | 4,030,734 |
| Net pension liability | 425,942 | - | 425,942 | - |
| Estimated insurance claims payable | 11,071,658 | - | 11,071,658 | - |
| Due in more than one year | | | | |
| Certificates of participation payable | 111,863,576 | - | 111,863,576 | - |
| Accrued compensated absences | 9,723,157 | 184,022 | 9,907,179 | 101,600 |
| Obligations under capital leases | - | - | - | 350,982 |
| Bonds payable | - | - | - | 33,388,150 |
| Net pension liability | 142,745,622 | 1,169,160 | 143,914,782 | 23,137,169 |
| Notes payable | 6,053,000 | - | 6,053,000 | 6,475,966 |
| Unearned contribution | - | - | - | 4,700,521 |
| Estimated insurance claims payable | 8,178,668 | - | 8,178,668 | - |
| Other postemployment benefits liability | 4,785,526 | 39,079 | 4,824,605 | - |
| Total noncurrent liabilities | 307,653,436 | 1,438,267 | 309,091,703 | 72,792,836 |
| Total liabilities | 338,692,731 | 1,622,869 | 340,315,600 | 76,688,701 |
| Deferred inflows of resources | | | | |
| Deferred inflows related to pensions | 15,484,197 | 126,446 | 15,610,643 | 748,347 |
| Deferred inflows related to other postemployment benefits | 1,277,423 | 10,432 | 1,287,855 | - |
| Total deferred inflows of resources | 16,761,620 | 136,878 | 16,898,498 | 748,347 |
| Total liabilities and deferred inflows of resources | 355,454,351 | 1,759,747 | 357,214,098 | 77,437,048 |
| Net position | | | | |
| Net investment in capital assets | 223,283,318 | 17,426 | 223,300,744 | 28,641,814 |
| Restricted | | | | |
| State required carryover programs | 5,887,488 | - | 5,887,488 | - |
| Debt service | 6,187 | - | 6,187 | - |
| Capital projects | 65,541,911 | - | 65,541,911 | - |
| Food service | 5,775,378 | - | 5,775,378 | - |
| Other purposes | - | - | - | 4,629,561 |
| Unrestricted (deficit) | (44,329,462) | 2,712,549 | (41,616,913) | 11,088,132 |
| Total net position | \$ 256,164,820 | \$ 2,729,975 | \$ 258,894,795 | \$ 44,359,507 |

See accompanying notes.

Bay County District School Board
Statement of Activities
Year ended June 30, 2021

| | Net (Expenses)/Revenues and Changes in Net Position | | | | | | | Component Units |
|------------------------------------------------------|--------------------------------------------------------|-------------------------|------------------------------------------|----------------------------------------|----------------------------|-----------------------------|----------------------|--------------------|
| | Expenses | Program Revenues | | | Primary Government | | | |
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | |
| Functions/Programs | | | | | | | | |
| Primary government | | | | | | | | |
| Governmental activities | | | | | | | | |
| Instructional services | \$ 171,273,425 | \$ 1,257,098 | \$ - | \$ - | \$ (170,016,327) | \$ - | \$ (170,016,327) | \$ - |
| Pupil services | 18,259,417 | - | - | - | (18,259,417) | - | (18,259,417) | - |
| Instructional media services | 2,295,069 | - | - | - | (2,295,069) | - | (2,295,069) | - |
| Instructional and curriculum development services | 7,487,243 | - | - | - | (7,487,243) | - | (7,487,243) | - |
| Instructional staff training services | 3,466,757 | - | - | - | (3,466,757) | - | (3,466,757) | - |
| Instruction related technology | 177,477 | - | - | - | (177,477) | - | (177,477) | - |
| School board | 1,089,724 | - | - | - | (1,089,724) | - | (1,089,724) | - |
| General administrative services | 2,423,457 | - | - | - | (2,423,457) | - | (2,423,457) | - |
| School administrative services | 15,012,545 | - | - | - | (15,012,545) | - | (15,012,545) | - |
| Facilities acquisition and construction | 14,324,936 | 28,290 | - | 3,597,960 | (10,698,686) | - | (10,698,686) | - |
| Fiscal services | 1,849,176 | - | - | - | (1,849,176) | - | (1,849,176) | - |
| Food services | 8,404,781 | 428,447 | 7,649,794 | - | (326,540) | - | (326,540) | - |
| Central services | 8,219,600 | 6,003,419 | - | - | (2,216,181) | - | (2,216,181) | - |
| Pupil transportation services | 9,138,735 | 265,072 | - | - | (8,873,663) | - | (8,873,663) | - |
| Plant operations | 18,546,921 | - | - | - | (18,546,921) | - | (18,546,921) | - |
| Maintenance services | 5,368,010 | - | - | - | (5,368,010) | - | (5,368,010) | - |
| Administrative technology services | 3,920,702 | - | - | - | (3,920,702) | - | (3,920,702) | - |
| Community services | 2,596,944 | 1,671,889 | - | - | (925,055) | - | (925,055) | - |
| Unallocated interest on long-term debt | 3,939,527 | - | - | - | (3,939,527) | - | (3,939,527) | - |
| Unallocated depreciation | 21,514,238 | - | - | - | (21,514,238) | - | (21,514,238) | - |
| Total governmental activities | 319,308,684 | 9,654,215 | 7,649,794 | 3,597,960 | (298,406,715) | - | (298,406,715) | - |

(Continued)

See accompanying notes.

**Bay County District School Board
Statement of Activities (Continued)
Year ended June 30, 2021**

| | Net (Expenses)/Revenues and Changes in Net Position | | | | | | | |
|-----------------------------------------------------------------|--------------------------------------------------------|-------------------------|------------------------------------------|----------------------------------------|----------------------------|-----------------------------|----------------|--------------------|
| | Expenses | Program Revenues | | | Primary Government | | | Component Units |
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | |
| Business-type activities | | | | | | | | |
| Beacon Learning Center | \$ 1,988,064 | \$ 2,240,617 | \$ - | \$ - | \$ - | \$ 252,553 | \$ 252,553 | \$ - |
| Total business-type activities | 1,988,064 | 2,240,617 | - | - | - | 252,553 | 252,553 | - |
| Total primary government | \$ 321,296,748 | \$ 11,894,832 | \$ 7,649,794 | \$ 3,597,960 | (298,406,715) | 252,553 | (298,154,162) | - |
| Component units | \$ 48,147,861 | \$ 1,466,938 | \$ 4,294,996 | \$ 1,818,154 | - | - | - | (40,567,773) |
| General revenues | | | | | | | | |
| Taxes | | | | | | | | |
| Property taxes, levied for operating purposes | | | | | 81,645,631 | - | 81,645,631 | - |
| Property taxes, levied for capital projects | | | | | 27,404,188 | - | 27,404,188 | - |
| Local sales taxes | | | | | 26,109,097 | - | 26,109,097 | - |
| Grants and contributions not restricted to specific programs | | | | | 200,524,811 | - | 200,524,811 | 38,012,916 |
| Total general revenues | | | | | 335,683,727 | - | 335,683,727 | 38,012,916 |
| Interest earnings | | | | | 269,263 | 8,325 | 277,588 | 6,238 |
| Rental income | | | | | 37,205 | - | 37,205 | - |
| Miscellaneous | | | | | 6,551,771 | - | 6,551,771 | 2,593,760 |
| Gain/(loss) on disposal of assets | | | | | (1,043,326) | - | (1,043,326) | - |
| Insurance recoveries | | | | | - | - | - | 1,143,146 |
| Forgiveness of debt | | | | | - | - | - | 1,865,892 |
| Total general revenues, interest and other revenue | | | | | 341,498,640 | 8,325 | 341,506,965 | 43,621,952 |
| Change in net position | | | | | 43,091,925 | 260,878 | 43,352,803 | 3,054,179 |
| Net position - beginning (as originally reported) | | | | | 210,226,073 | 2,469,097 | 212,695,170 | 40,572,135 |
| Restatement adjustment/prior period adjustment | | | | | 2,846,822 | - | 2,846,822 | 733,193 |
| Net position - beginning (as restated) | | | | | 213,072,895 | 2,469,097 | 215,541,992 | 41,305,328 |
| Net position - ending | \$ | | | | 256,164,820 | \$ 2,729,975 | \$ 258,894,795 | \$ 44,359,507 |

See accompanying notes.

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

| | General Fund | Debt Service - Other Fund | Special Revenue - Federal Education Stabilization Fund | Capital Projects - Other Fund | Other Governmental Funds | Total Governmental Funds |
|----------------------------------------------------------------------|-----------------------|------------------------------------|-----------------------------------------------------------------|----------------------------------------|--------------------------------|--------------------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 92,891,772 | \$ 6,186 | \$ 2,296,270 | \$ 19,069,925 | \$ 24,044,791 | \$ 138,308,944 |
| Accounts receivable, net | 443 | - | - | 409,929 | 56,550 | 466,922 |
| Due from other agencies | 15,689,472 | - | 901,291 | 15,919 | 1,153,761 | 17,760,443 |
| Due from other funds | 3,909,274 | - | 2,496,471 | 2,659,859 | 2,236,776 | 11,302,380 |
| Inventories | 965,076 | - | - | - | 153,360 | 1,118,436 |
| Restricted cash and cash equivalents | - | 10,040,912 | - | 31,837,690 | - | 41,878,602 |
| Total assets | \$ 113,456,037 | \$ 10,047,098 | \$ 5,694,032 | \$ 53,993,322 | \$ 27,645,238 | 210,835,727 |
| Liabilities, deferred inflows of resources, and fund balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 6,314,121 | \$ - | \$ 123,226 | \$ 3,200,595 | \$ 986,128 | 10,624,070 |
| Accrued expenses | 1,104,909 | - | 126,762 | - | 192,963 | 1,424,634 |
| Construction contracts payable - retainage | 306,921 | - | - | 3,317,317 | 82,496 | 3,706,734 |
| Due to other agencies | 2,344,491 | - | 388,244 | - | 33,212 | 2,765,947 |
| Due to other funds | 6,631,217 | - | 2,760,692 | 382,456 | 1,487,798 | 11,262,163 |
| Matured certificates of participation payable | - | 8,105,500 | - | - | - | 8,105,500 |
| Matured interest payable | - | 1,935,411 | - | - | - | 1,935,411 |
| Unearned revenue | 7,890 | - | 2,295,108 | - | 75,017 | 2,378,015 |
| Total liabilities | 16,709,549 | 10,040,911 | 5,694,032 | 6,900,368 | 2,857,614 | 42,202,474 |
| Deferred inflows of resources | | | | | | |
| Unavailable revenue - grant revenues | 8,239,483 | - | - | 409,929 | - | 8,649,412 |
| Total deferred inflows of resources | 8,239,483 | - | - | 409,929 | - | 8,649,412 |

(Continued)

See accompanying notes.

Bay County District School Board
Balance Sheet – Governmental Funds (Continued)
June 30, 2021

| | General Fund | Debt Service - Other Fund | Special Revenue - Federal Education Stabilization Fund | Capital Projects - Other Fund | Other Governmental Funds | Total Governmental Funds |
|----------------------------------------|-----------------|------------------------------------|-----------------------------------------------------------------|----------------------------------------|--------------------------------|--------------------------------|
| Fund balance | | | | | | |
| Nonspendable | | | | | | |
| Inventories | \$ 965,076 | \$ - | \$ - | \$ - | \$ 153,360 | \$ 1,118,436 |
| Restricted | | | | | | |
| State required carryover programs | 5,887,488 | - | - | - | - | 5,887,488 |
| Food service | - | - | - | - | 5,775,378 | 5,775,378 |
| Debt service | - | 6,187 | - | - | - | 6,187 |
| Capital projects | - | - | - | 46,683,025 | 18,858,886 | 65,541,911 |
| Assigned | | | | | | |
| Future purchases and hurricane repairs | 41,020,732 | - | - | - | - | 41,020,732 |
| Other | 8,063,669 | - | - | - | - | 8,063,669 |
| Unassigned | 32,570,040 | - | - | - | - | 32,570,040 |
| Total fund balances | 88,507,005 | 6,187 | - | 46,683,025 | 24,787,624 | 159,983,841 |
| Total liabilities and fund balances | \$ 113,456,037 | \$ 10,047,098 | \$ 5,694,032 | \$ 53,993,322 | \$ 27,645,238 | |

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

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. | 323,243,202 |
| Internal service funds are used by management to charge the costs of workers' compensation and insurance costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | 18,490,005 |
| Receivables not collected within 60 days of year-end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds. | 8,649,412 |
| Deferred outflows of resources and deferred inflows of resources for pension and other postemployment benefit liabilities are applicable to future periods and, therefore, are not reported in governmental funds. Also, deferred outflows of resources related to the loss on debt refunding is applicable to future periods. | 33,777,199 |
| Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds. | (287,978,839) |
| Net position of governmental activities | \$ 256,164,820 |

See accompanying notes.

Bay County District School Board
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year ended June 30, 2021

| | General Fund | Debt Service - Other Fund | Special Revenue - Federal Education Stabilization Fund | Capital Projects - Other Fund | Other Governmental Funds | Total Governmental Funds |
|------------------------------------------------------|--------------------|------------------------------------|-----------------------------------------------------------------|----------------------------------------|--------------------------------|--------------------------------|
| Revenues | | | | | | |
| Intergovernmental | | | | | | |
| Federal direct | \$ 686,037 | \$ - | \$ - | \$ - | \$ 1,124,236 | \$ 1,810,273 |
| Federal through state and local | 54,138,739 | - | 11,332,828 | - | 25,271,486 | 90,743,053 |
| State | 115,005,576 | - | - | 526,547 | 3,646,117 | 119,178,240 |
| Local | | | | | | |
| Property taxes | 81,544,219 | - | - | - | - | 81,544,219 |
| Local sales taxes | - | - | - | 26,109,097 | - | 26,109,097 |
| District local capital improvement taxes | - | - | - | - | 27,370,142 | 27,370,142 |
| Payments in lieu of taxes | 101,412 | - | - | - | 34,046 | 135,458 |
| Charges for services | 2,957,277 | - | - | - | 428,447 | 3,385,724 |
| Rental income | 37,205 | - | - | - | - | 37,205 |
| Interest income | 142,054 | 121 | - | 29,899 | 63,525 | 235,599 |
| Miscellaneous | 2,637,604 | - | - | 296,132 | 3,068,403 | 6,002,139 |
| Total revenues | 257,250,123 | 121 | 11,332,828 | 26,961,675 | 61,006,402 | 356,551,149 |
| Expenditures | | | | | | |
| Current - education | | | | | | |
| Instructional services | 144,760,852 | - | 7,151,067 | - | 13,562,172 | 165,474,091 |
| Pupil services | 15,065,645 | - | 171,807 | - | 2,273,722 | 17,511,174 |
| Instructional media services | 2,174,684 | - | 65,378 | - | 62,688 | 2,302,750 |
| Instructional and curriculum development services | 3,984,563 | - | 210,534 | - | 2,923,429 | 7,118,526 |
| Instructional staff training services | 2,183,684 | - | 49,706 | - | 1,240,818 | 3,474,208 |
| Instruction related technology | 68,946 | - | 11,305 | - | 97,692 | 177,943 |
| School board | 1,090,905 | - | - | - | - | 1,090,905 |
| General administrative services | 3,054,987 | - | 123,879 | - | 424,046 | 3,602,912 |
| School administrative services | 14,034,212 | - | 233,827 | - | - | 14,268,039 |
| Facilities acquisition and construction | 5,343,955 | - | - | 6,544,198 | 2,445,564 | 14,333,717 |
| Central services | 2,165,334 | - | 31,764 | - | 7,206 | 2,204,304 |

(Continued)

See accompanying notes.

Bay County District School Board
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Continued)
Year ended June 30, 2021

| | General Fund | Debt Service - Other Fund | Special Revenue - Federal Education Stabilization Fund | Capital Projects - Other Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------------------------------|--------------------|------------------------------------|-----------------------------------------------------------------|----------------------------------------|--------------------------------|--------------------------------|
| Fiscal services | \$ 1,850,798 | \$ - | \$ 8,670 | \$ - | \$ - | \$ 1,859,468 |
| Food services | 77,100 | - | - | - | 8,554,339 | 8,631,439 |
| Pupil transportation services | 8,189,334 | - | 200,138 | - | 5,671 | 8,395,143 |
| Plant operations | 17,112,778 | - | 1,491,553 | - | 2,284 | 18,606,615 |
| Maintenance services | 5,210,473 | - | 46,896 | - | - | 5,257,369 |
| Administrative technology services | 3,765,997 | - | - | - | - | 3,765,997 |
| Community services | 1,579,722 | - | 314,974 | - | 708,173 | 2,602,869 |
| Capital outlay | 14,332,972 | - | 1,150,994 | 51,562,145 | 6,910,848 | 73,956,959 |
| Debt service | | | | | | |
| Principal | - | 10,386,500 | - | - | - | 10,386,500 |
| Interest and fiscal charges | - | 4,278,298 | - | - | 940 | 4,279,238 |
| Total expenditures | 246,046,941 | 14,664,798 | 11,262,492 | 58,106,343 | 39,219,592 | 369,300,166 |
| Excess (deficit) of revenues over (under) expenditures | 11,203,182 | (14,664,677) | 70,336 | (31,144,668) | 21,786,810 | (12,749,017) |
| Other financing sources (uses) | | | | | | |
| Debt proceeds | 5,000,000 | - | - | - | - | 5,000,000 |
| Transfers in | 4,499,503 | 14,657,872 | - | - | - | 19,157,375 |
| Transfers out | - | - | (70,336) | (4,689,935) | (17,307,117) | (22,067,388) |
| Total other financing sources (uses) | 9,499,503 | 14,657,872 | (70,336) | (4,689,935) | (17,307,117) | 2,089,987 |
| Net changes in fund balances | 20,702,685 | (6,805) | - | (35,834,603) | 4,479,693 | (10,659,030) |
| Fund balances - beginning (as originally reported) | 68,463,000 | 12,992 | - | 82,517,628 | 16,802,429 | 167,796,049 |
| Prior period adjustment | (658,680) | - | - | - | 3,505,502 | 2,846,822 |
| Fund balances - beginning (as restated) | 67,804,320 | 12,992 | - | 82,517,628 | 20,307,931 | 170,642,871 |
| Fund balances - ending | \$ 88,507,005 | \$ 6,187 | \$ - | \$ 46,683,025 | \$ 24,787,624 | \$ 159,983,841 |

See accompanying notes.

Bay County District School Board
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year ended June 30, 2021

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

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Net changes in fund balances - total governmental funds (page 20) | \$ (10,659,030) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. | 51,486,853 |
| The net effect of miscellaneous noncash transactions involving capital assets (i.e. sales, trade-ins, adjustments , donations, and impairments) is to increase net position. | 766,564 |
| Certain funds due from other agencies are not available and, therefore, are not recognized as revenue in the governmental fund statements. However, these funds are recognized as revenue under the full accrual basis of accounting in the statement of activities. | 442,966 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds (i.e. compensated absences, actuarially determined pension expenses, and other postemployment benefits). | (9,365,081) |
| Internal service funds are used by management to charge the costs of workers' compensation and insurance costs to individual funds. The net change of certain activities of internal service funds is reported with governmental activities. The internal balance resulting from the allocation of internal service funds to business-type activities is also reported. | 4,693,442 |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 5,726,211 |
| Change in net position of governmental activities (page 16) | \$ 43,091,925 |

See accompanying notes.

Bay County District School Board
Statement of Net Position –
Proprietary Funds
June 30, 2021

| | Business-type Activities - Beacon Learning Center | Governmental Activities - Internal Service Fund |
|------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 4,021,748 | \$ 35,185,148 |
| Accounts receivable, net | 108,620 | - |
| Due from other funds | 185 | 11,316 |
| Prepaid expenses | - | 2,840,555 |
| Other current assets | - | 141,040 |
| Total current assets | 4,130,553 | 38,178,059 |
| Noncurrent assets | | |
| Capital assets | | |
| Property, plant and equipment | 271,359 | - |
| Less accumulated depreciation | (253,933) | - |
| Total noncurrent assets | 17,426 | - |
| Total assets | 4,147,979 | 38,178,059 |
| Deferred outflows of resources | | |
| Deferred outflows related to pensions | 387,472 | 129,157 |
| Deferred outflows related to other postemployment benefits | 5,989 | 1,996 |
| Total deferred outflows of resources | 393,461 | 131,153 |
| Total assets and deferred outflows of resources | 4,541,440 | 38,309,212 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | 25,521 | 95,728 |
| Accrued expenses | 9,728 | 3,256 |
| Accrued compensated absences | 46,006 | 4,305 |
| Estimated insurance claims payable | - | 11,071,658 |
| Due to other funds | 51,718 | - |
| Unearned revenue | 149,353 | - |
| Total current liabilities | 282,326 | 11,174,947 |
| Noncurrent liabilities | | |
| Accrued compensated absences | 184,022 | 17,220 |
| Net pension liability | 1,169,160 | 389,720 |
| Other postemployment benefits liability | 39,079 | 13,026 |
| Estimated insurance claims payable | - | 8,178,668 |
| Total noncurrent liabilities | 1,392,261 | 8,598,634 |
| Total liabilities | 1,674,587 | 19,773,581 |

(Continued)

See accompanying notes.

Bay County District School Board
Statement of Net Position –
Proprietary Funds (Continued)
June 30, 2021

| | Business-type Activities - Beacon Learning Center | Governmental Activities - Internal Service Fund |
|-----------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------|
| Deferred inflows of resources | | |
| Deferred inflows related to pensions | \$ 126,446 | \$ 42,149 |
| Deferred inflows related to other postemployment benefits | 10,432 | 3,477 |
| Total deferred inflows of resources | 136,878 | 45,626 |
| Total liabilities and deferred inflows of resources | 1,811,465 | 19,819,207 |
| Net position | | |
| Net investment in capital assets | 17,426 | - |
| Unrestricted | 2,712,549 | 18,490,005 |
| Total net pension | \$ 2,729,975 | \$ 18,490,005 |

See accompanying notes.

Bay County District School Board
Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
Year ended June 30, 2021

| | Business-type Activities - Beacon Learning Center | Governmental Activities - Internal Service Fund |
|---------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------|
| Operating revenues | | |
| Charges for services | \$ 2,240,617 | \$ 29,425,127 |
| Other miscellaneous income | - | 3,686 |
| Total operating revenues | 2,240,617 | 29,428,813 |
| Operating expenses | | |
| Salaries | 882,863 | 328,400 |
| Employee benefits | 450,826 | 155,138 |
| Purchased services | 546,521 | 2,709,854 |
| Materials and supplies | 5,164 | 4,035 |
| Small equipment | 2,241 | 25,912 |
| Insurance claims | - | 19,043,095 |
| Insurance premiums | - | 5,411,489 |
| Other expenses | 89,028 | 1,125 |
| Depreciation | 11,421 | - |
| Total operating expenses | 1,988,064 | 27,679,048 |
| Net operating income | 252,553 | 1,749,765 |
| Nonoperating revenues | | |
| Interest income | 8,325 | 33,664 |
| Transfers in | - | 2,910,013 |
| Total nonoperating revenues | 8,325 | 2,943,677 |
| Changes in net position | 260,878 | 4,693,442 |
| Net position - beginning (as originally reported) | 2,469,097 | 14,074,647 |
| Restatement adjustment/prior period adjustment | - | (278,084) |
| Net position - beginning (as restated) | 2,469,097 | 13,796,563 |
| Net position - ending | \$ 2,729,975 | \$ 18,490,005 |

See accompanying notes.

Bay County District School Board
Statement of Cash Flows – Proprietary Funds
Year ended June 30, 2021

| | Business-type Activities - Beacon Learning Center | Governmental Activities - Internal Service Fund |
|---------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------|
| Operating activities | | |
| Receipts for services | \$ 2,052,130 | \$ 31,338,829 |
| Payments to suppliers | (623,212) | (8,321,110) |
| Payments to employees | (1,200,531) | (422,878) |
| Payments for insurance claims and related fees | - | (23,895,141) |
| Net cash provided (used) by operating activities | 228,387 | (1,300,300) |
| Capital and related financing activities | | |
| Payments to/(from) other funds | 6,927 | (15,326) |
| Transfers from other funds | - | 2,910,013 |
| Purchases of capital assets | (6,599) | - |
| Net cash provided by capital and related financing activities | 328 | 2,894,687 |
| Investing activities | | |
| Interest received | 8,325 | 33,664 |
| Net cash provided by investing activities | 8,325 | 33,664 |
| Net increase in cash and cash equivalents | 237,040 | 1,628,051 |
| Cash and cash equivalents - beginning | 3,784,708 | 33,557,097 |
| Cash and cash equivalents - ending | \$ 4,021,748 | \$ 35,185,148 |

(Continued)

See accompanying notes.

Bay County District School Board
Statement of Cash Flows – Proprietary Funds (Continued)
Year ended June 30, 2021

| | Business-type Activities - Beacon Learning Center | Governmental Activities - Internal Service Fund |
|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------|
| Reconciliation of net operating income to net cash provided (used) by operating activities | | |
| Net operating income | \$ 252,553 | \$ 1,749,765 |
| Adjustments to reconcile net operating income to net cash provided (used) by operating activities | | |
| Depreciation | 11,421 | - |
| (Increase) decrease in assets | | |
| Accounts receivable, net | (50,383) | 1,977,974 |
| Due from other agencies | 30,400 | - |
| Prepaid expenses | - | (168,802) |
| Other current assets | - | (67,958) |
| (Increase) decrease in deferred outflows of resources | | |
| Deferred outflows related to pensions | (73,670) | (11,481) |
| Deferred outflows related to other postemployment benefits | 698 | (1,996) |
| Increase (decrease) in liabilities | | |
| Accounts payable | 21,285 | (19,055) |
| Accrued expenses | (1,543) | 107 |
| Accrued compensated absences | (38,290) | 21,525 |
| Estimated insurance claims payable | - | (4,832,991) |
| Unearned revenue | (168,504) | - |
| Net pension liability | 234,210 | 39,114 |
| Other postemployment benefits liability | 5,389 | 13,026 |
| Increase (decrease) in deferred inflows of resources | | |
| Deferred inflows related to pensions | 6,035 | (3,005) |
| Deferred inflows related to other postemployment benefits | (1,214) | 3,477 |
| Total adjustments | (24,166) | (3,050,065) |
| Net cash provided (used) by operating activities | \$ 228,387 | \$ (1,300,300) |

See accompanying notes.

Bay County District School Board
Combining Statement of Net Position – Discretely Presented Component Units
June 30, 2021

| | Bay Haven Charter Academy, Inc. | Palm Bay Educational Group, Inc. | Chautauqua Charter School, Inc. | Community Charter Academy, Inc. | Rising Leaders Academy, Inc. | Bay Education Foundation, Inc. | Bay Haven Foundation | Total Component Units |
|--------------------------------------------------------|---------------------------------------|----------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|--------------------------------------|----------------------------|-----------------------------|
| Assets | | | | | | | | |
| Current assets | | | | | | | | |
| Cash and cash equivalents | \$ 19,145,201 | \$ 2,879,880 | \$ 608,964 | \$ 2,174,055 | \$ 915,715 | \$ 1,714,867 | \$ 104,574 | \$ 27,543,256 |
| Investments | 652,054 | - | - | - | - | - | - | 652,054 |
| Restricted investments | 2,904,622 | - | - | - | - | - | - | 2,904,622 |
| Accounts receivable, net | 102,935 | 424,675 | - | - | - | - | - | 527,610 |
| Due from other agencies | 1,048,186 | 364,942 | 67,383 | 97,881 | 309,415 | 27,596 | - | 1,915,403 |
| Prepays | 483,256 | 41,029 | - | 74,677 | 61,440 | 25,705 | - | 686,107 |
| Inventories | 12,374 | - | - | - | - | - | - | 12,374 |
| Other current assets | 11,426 | - | - | - | - | 1,027,035 | - | 1,038,461 |
| Total current assets | 24,360,054 | 3,710,526 | 676,347 | 2,346,613 | 1,286,570 | 2,795,203 | 104,574 | 35,279,887 |
| Noncurrent assets | | | | | | | | |
| Capital assets | | | | | | | | |
| Nondepreciable | 2,881,814 | - | - | 2,000,000 | 107,031 | - | - | 4,988,845 |
| Depreciable, net | 39,746,404 | 16,234,313 | 115,911 | 14,119,916 | 1,045,995 | - | - | 71,262,539 |
| Total noncurrent assets | 42,628,218 | 16,234,313 | 115,911 | 16,119,916 | 1,153,026 | - | - | 76,251,384 |
| Total assets | 66,988,272 | 19,944,839 | 792,258 | 18,466,529 | 2,439,596 | 2,795,203 | 104,574 | 111,531,271 |
| Deferred outflows of resources | 5,488,890 | 2,466,649 | 197,477 | 1,527,395 | 584,873 | - | - | 10,265,284 |
| Total assets and deferred outflows of resources | 72,477,162 | 22,411,488 | 989,735 | 19,993,924 | 3,024,469 | 2,795,203 | 104,574 | 121,796,555 |
| Liabilities | | | | | | | | |
| Current liabilities | | | | | | | | |
| Accounts payable | 678,550 | 486,283 | 11,878 | 43,522 | 4,558 | 17,740 | - | 1,242,531 |
| Accrued salaries and benefits | 37,713 | 172,056 | - | 323,124 | 58,273 | - | - | 591,166 |
| Construction contracts payable - retainage | - | 467,274 | - | - | - | - | - | 467,274 |
| Due to other agencies | - | - | - | - | - | 557,129 | - | 557,129 |

(Continued)

See accompanying notes.

Bay County District School Board
Combining Statement of Net Position – Discretely Presented Component Units (Continued)
June 30, 2021

| | Bay Haven Charter Academy, Inc. | Palm Bay Educational Group, Inc. | Chautauqua Charter School, Inc. | Community Charter Academy, Inc. | Rising Leaders Academy, Inc. | Bay Education Foundation, Inc. | Bay Haven Foundation | Total Component Units |
|------------------------------------------------------------|---------------------------------------|----------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|--------------------------------------|----------------------------|-----------------------------|
| Unearned revenue | \$ 472,316 | \$ - | \$ - | \$ 5,720 | \$ - | \$ 36,786 | \$ - | \$ 514,822 |
| Matured interest payable | 522,943 | - | - | - | - | - | - | 522,943 |
| Total current liabilities | 1,711,522 | 1,125,613 | 11,878 | 372,366 | 62,831 | 611,655 | - | 3,895,865 |
| Noncurrent liabilities | | | | | | | | |
| Due within one year | | | | | | | | |
| Accrued compensated absences | 237,103 | - | - | - | - | - | - | 237,103 |
| Bonds payable | 270,000 | - | - | - | - | - | - | 270,000 |
| Obligations under capital leases | 100,611 | - | - | - | - | - | - | 100,611 |
| Notes payable | - | 3,569,464 | 8,510 | 428,547 | 24,213 | - | - | 4,030,734 |
| Due in more than one year | | | | | | | | |
| Accrued compensated absences | 101,600 | - | - | - | - | - | - | 101,600 |
| Notes payable | - | 280,465 | 51,849 | 5,852,306 | 291,346 | - | - | 6,475,966 |
| Unearned contribution | - | - | - | 4,700,521 | - | - | - | 4,700,521 |
| Bonds payable | 33,388,150 | - | - | - | - | - | - | 33,388,150 |
| Net pension liability | 14,610,935 | 3,980,503 | 444,382 | 3,096,257 | 1,005,092 | - | - | 23,137,169 |
| Obligations under capital leases | 350,982 | - | - | - | - | - | - | 350,982 |
| Total noncurrent liabilities | 49,059,381 | 7,830,432 | 504,741 | 14,077,631 | 1,320,651 | - | - | 72,792,836 |
| Total liabilities | 50,770,903 | 8,956,045 | 516,619 | 14,449,997 | 1,383,482 | 611,655 | - | 76,688,701 |
| Deferred inflows of resources | 541,945 | 109,393 | 20,769 | 57,421 | 18,819 | - | - | 748,347 |
| Total liabilities and deferred inflows of resources | 51,312,848 | 9,065,438 | 537,388 | 14,507,418 | 1,402,301 | 611,655 | - | 77,437,048 |
| Net position | | | | | | | | |
| Net investment in capital assets | 10,225,869 | 12,384,384 | 55,552 | 5,138,542 | 837,467 | - | - | 28,641,814 |
| Restricted | | | | | | | | |
| Other purposes | 2,374,472 | 1,357,816 | - | - | - | 792,699 | 104,574 | 4,629,561 |
| Unrestricted | 8,563,973 | (396,150) | 396,795 | 347,964 | 784,701 | 1,390,849 | - | 11,088,132 |
| Total net position | \$ 21,164,314 | \$ 13,346,050 | \$ 452,347 | \$ 5,486,506 | \$ 1,622,168 | \$ 2,183,548 | \$ 104,574 | \$ 44,359,507 |

See accompanying notes.

Bay County District School Board
Combining Statement of Activities – Discretely Presented Component Units
Year ended June 30, 2021

| | Bay Haven Charter Academy, Inc. | Palm Bay Educational Group, Inc. | Chautauqua Charter School, Inc. | Community Charter Academy, Inc. | Rising Leaders Academy, Inc. | Bay Education Foundation, Inc. | Bay Haven Foundation | Total Component Units |
|-----------------------------------------------------------------|---------------------------------------|----------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|--------------------------------------|----------------------------|-----------------------------|
| Revenues | | | | | | | | |
| Charges for services | \$ 1,209,826 | \$ 130,178 | \$ - | \$ 125,500 | \$ 1,434 | \$ - | \$ - | \$ 1,466,938 |
| Operating grants and contributions | 1,926,128 | 1,505,093 | 151,782 | 256,908 | 455,085 | - | - | 4,294,996 |
| Capital grants and contributions | 998,762 | 378,265 | 26,743 | 349,178 | 65,206 | - | - | 1,818,154 |
| Grants and contributions not restricted to specific purposes | 24,990,966 | 5,288,029 | 849,537 | 4,581,270 | 2,303,114 | - | - | 38,012,916 |
| Investment earnings | 6,180 | - | - | - | - | - | 58 | 6,238 |
| Miscellaneous | 727,482 | 503,224 | 69,447 | 926,710 | 9,035 | 353,608 | 4,254 | 2,593,760 |
| Insurance recoveries | 468,410 | 479,777 | - | - | 194,959 | - | - | 1,143,146 |
| Forgiveness of debt | - | 827,295 | 117,582 | 728,715 | 192,300 | - | - | 1,865,892 |
| Total revenues | 30,327,754 | 9,111,861 | 1,215,091 | 6,968,281 | 3,221,133 | 353,608 | 4,312 | 51,202,040 |
| Expenses | | | | | | | | |
| Instructional services | 15,919,480 | 3,294,251 | 767,886 | 3,441,799 | 1,330,362 | - | - | 24,753,778 |
| Instructional support services | - | 105,444 | - | 94,275 | 2,305 | - | - | 202,024 |
| Pupil services | 772,833 | - | 125,690 | - | - | - | - | 898,523 |
| Instructional media services | 53,173 | 2,189 | - | - | - | - | - | 55,362 |
| Instructional and curriculum development services | - | 323 | - | - | - | - | - | 323 |
| Instructional staff training services | 133,875 | 37,415 | - | - | 3,041 | - | - | 174,331 |
| Instruction related technology | 352,707 | 122,794 | 708 | 39,397 | 5,059 | - | - | 520,665 |
| School board | 187,587 | 688,858 | 41,078 | 51,862 | 45,550 | - | - | 1,014,935 |
| General administrative services | 1,332,610 | - | - | - | - | - | - | 1,332,610 |
| School administrative services | 2,107,401 | 1,777,748 | 68,489 | 869,875 | 464,914 | - | - | 5,288,427 |
| Facilities acquisition and construction | 69,461 | 2,094 | - | - | 129,849 | - | - | 201,404 |
| Fiscal services | 24,473 | 131,429 | 31,225 | 135,892 | 88,117 | - | - | 411,136 |
| Food services | 792,131 | 312,488 | - | 65,654 | 125,219 | - | - | 1,295,492 |
| Pupil transportation services | 316,189 | 875 | 9,994 | - | - | - | - | 327,058 |

(Continued)

See accompanying notes.

Bay County District School Board
Combining Statement of Activities – Discretely Presented Component Units (Continued)
Year ended June 30, 2021

| | Bay Haven Charter Academy, Inc. | Palm Bay Educational Group, Inc. | Chautauqua Charter School, Inc. | Community Charter Academy, Inc. | Rising Leaders Academy, Inc. | Bay Education Foundation, Inc. | Bay Haven Foundation | Total Component Units |
|---------------------------------------------------|---------------------------------------|----------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|--------------------------------------|----------------------------|-----------------------------|
| Plant operations | \$ 1,936,170 | \$ 1,010,656 | \$ 128,566 | \$ 683,918 | \$ 155,954 | \$ - | \$ - | \$ 3,915,264 |
| Maintenance services | 567,605 | 45,496 | 10,918 | 21,956 | 39,765 | - | - | 685,740 |
| Community services | 326,827 | 46,605 | 473 | 31,251 | 1,291 | 594,714 | 56,724 | 1,057,885 |
| Unallocated interest on long-term debt | 1,600,749 | 193,032 | 3,561 | 266,623 | 11,491 | - | - | 2,075,456 |
| Unallocated depreciation | 2,205,280 | 873,630 | 12,056 | 445,089 | 64,177 | - | - | 3,600,232 |
| Debt service fees and discounts | 337,216 | - | - | - | - | - | - | 337,216 |
| Total expenses | 29,035,767 | 8,645,327 | 1,200,644 | 6,147,591 | 2,467,094 | 594,714 | 56,724 | 48,147,861 |
| Change in net position | 1,291,987 | 466,534 | 14,447 | 820,690 | 754,039 | (241,106) | (52,412) | 3,054,179 |
| Net position - beginning (as originally reported) | 19,872,327 | 12,879,516 | 437,900 | 4,665,816 | 868,129 | 1,691,461 | 156,986 | 40,572,135 |
| Prior period adjustments | - | - | - | - | - | 733,193 | - | 733,193 |
| Net position - beginning (as restated) | 19,872,327 | 12,879,516 | 437,900 | 4,665,816 | 868,129 | 2,424,654 | 156,986 | 41,305,328 |
| Net position - ending | \$ 21,164,314 | \$ 13,346,050 | \$ 452,347 | \$ 5,486,506 | \$ 1,622,168 | \$ 2,183,548 | \$ 104,574 | \$ 44,359,507 |

See accompanying notes.

Bay County District School Board

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange 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 Bay County School District's (District) governmental activities and for each segment of the business-type 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 and maintenance departments and school board office are allocated to the student transportation services, operation of plant, and central services functions, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

Reporting Entity

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

The criteria for determining if other entities are component units that should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete.

Based on the application of these criteria, the following component units are included within the District's reporting entity:

- Blended Component Units - Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

appropriately presented as funds of the District. The Bay County Educational Facilities Finance Corporation (Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in note 7. Due to the substantive economic relationship between the District and the Corporation, the financial activities of the Corporation are included in the accompanying basic financial statements. Separate financial statements of the Corporation are not published.

- Discretely Presented Component Units - The component units columns in the government-wide financial statements include the financial data of two foundations and the District's eleven charter schools. A separate column is used to emphasize that they are legally separate from the District.

Bay Education Foundation, Inc., (Foundation) is a separate nonprofit corporation organized and operated as a direct-support organization to receive, hold, invest, and administer property and to make expenditures to, and for the benefit of, the District. Because of the nature and significance of its relationship with the District, the Foundation is considered a component unit of the District. Bay Haven Foundation, is a separate nonprofit corporation organized and operated as a direct-support organization to receive, hold, invest, and administer property and to make expenditures to, and for the benefit of, Bay Haven Charter Academy, Inc. and thereby the District.

The charter schools of the District are: Bay Haven Charter Academy, Inc., d/b/a Bay Haven Charter Academy Elementary School, Bay Haven Charter Academy Middle School, North Bay Haven Charter Elementary School, North Bay Haven Charter Middle School, and North Bay Haven Charter Career Academy; Palm Bay Educational Group, Inc., d/b/a Palm Bay Preparatory Academy, Palm Bay Preparatory Elementary Academy, and Central High School; Chautauqua Charter School, Inc., d/b/a Chautauqua Learn and Serve Charter School; Community Charter Academy, Inc., d/b/a University Academy, Inc.; and Rising Leaders Academy, Inc.

The charter schools are nonprofit 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 Board. The charter schools are considered to be component units of the District because: they are fiscally dependent on the District to levy taxes for their support; the District established the charter schools and therefore are financially accountable for them; and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District.

The District may choose not to renew the charters as specified in the charters, but the District must notify the charter schools in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Pursuant to Section 1002.33(8)(e), Florida Statutes, in the event a charter school is dissolved or terminated, any encumbered funds, and all school property purchased with public funds, shall revert to the District.

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Copies of the separate financial statements for the foundations and charter schools are available at the Board's administrative office at 1311 Balboa Avenue, Panama City, Florida 32401.

Basis of Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while the business-type activities column incorporates data from the enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds.

Government-wide financial statements - The statement of net position and the statement of activities, present information about the District as a whole. These statements include the nonfiduciary financial activity of the District and its component units. The statements distinguish between governmental activities and business-type activities.

Government-wide financial statements are prepared using the flow of economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities and for each segment of the business-type 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 pupil transportation services, central services, and plant operations functions is allocated to those functions, with remaining depreciation expense reported as unallocated.

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. 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 or business segment is self-financing or draws from the general revenues of the District.

The effects of interfund activity have been eliminated from the government-wide financial statements, except for interfund services provided and used and the net residual amounts between governmental and business-type activities.

Fund financial statements - Fund financial statements report detailed information about the District in the governmental and proprietary 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. Nonmajor 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 each of the governmental fund financial statements.

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- Debt service – other fund – to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs for the District’s certificates of participation, notes and bonds payable.
- Special revenue – Federal Education Stabilization fund – to account for certain federal grant program resources related to the Elementary and Secondary School Emergency Relief (ESSER I and II), Governor’s Emergency Education Relief (GEER I and II), Coronavirus Aid, Relief, and Economic Security (CARES), and other Coronavirus Response and Relief Supplement Appropriations (CRRSA).
- Capital projects – other fund – to account for the financial resources generated by the issuance of certificates of participation, sales tax anticipation notes, and the discretionary sales surtax to be used for educational outlay needs, including new construction, renovation, remodeling projects, and technology equipment.

Additionally, the District reports the following proprietary fund types:

- Enterprise fund – Beacon Learning Center – to account for the financial activities and account balances of the Beacon Learning Center which provides educational services for a fee to individuals, public and private entities, and district school boards.
- Internal service fund – to account for the District’s self-insurance programs.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at fiscal year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. 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. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type 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 transfers 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. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Property taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary funds are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating 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 enterprise fund are charges for online educational resources and professional development courses. Operating expenses include salaries, benefits, materials, purchased services, capital outlay, and depreciation related to the development of these online educational resources and professional development courses. All revenues and expenses not

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the District's internal service funds are charges for property casualty and workers' compensation insurance.

Operating expenses include insurance claims, excess coverage premiums, and related operating costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Foundations are accounted for as a nonprofits and use the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. The charter schools are accounted for as governmental organizations and follow the same accounting model as the District.

Cash, Cash Equivalents, and Investments

The District's cash and cash equivalents include cash on hand, demand deposits, certificates of deposit, and all highly liquid short-term debt instruments 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 the Federated Government Obligations Fund.

Cash deposits are held by banks that are qualified public depositories under Florida law or through the Federally Insured Cash Account Program, which complies with the provisions of Section 218.415(23), Florida Statutes, and is therefore exempt from Florida's public deposits program pursuant to Section 280.03(3)(f), Florida Statutes. 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. The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

Unspent proceeds from 2019 and 2020 certificate of participation bonds, as well as funds transferred to the fiscal agent for repayment of bonds, are classified as restricted cash and cash equivalents on the balance sheet because their use is limited by applicable bond covenants. Other restricted amounts reflect money put into a trust by the District for the a future improvement of a charter school.

Inventories

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are measured at net realizable value and stated at average cost, except that 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. Although the costs of inventories are recorded as expenditures when used rather than purchased, a fund balance reserve is established at fiscal year-end

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to indicate that inventories do not constitute available expendable resources even though inventories are a component of current assets.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. The costs of prepaids are recorded as expenditures/expenses when consumed rather than when 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. Capital assets 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 and having a useful service life of more than one year. Such assets are recorded at historical cost or estimated historical cost if historical cost is unknown. Donated assets are recorded at acquisition value at the date of donation.

Interest costs incurred during construction of capital assets are not capitalized as part of the cost of construction.

Capital assets are depreciated using the unweighted average method, generally over the following estimated useful lives:

| Description | Estimated Lives |
|----------------------------------------------|------------------------|
| Improvements other than buildings | 9 – 37.5 years |
| Buildings and fixed equipment | 10 – 50 years |
| Furniture, fixtures, and equipment | 3 – 15 years |
| Motor vehicles | 5 – 10 years |
| Audio visual materials and computer software | 5 years |

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, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from FRS and HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The District's retirement plans and related amounts are described in a subsequent note.

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Changes in long-term liabilities for the current year are reported in a subsequent note.

Compensated Absences

In the government-wide financial statements, accrued compensated absences (i.e., paid absences for employee vacation leave and sick leave) are shown as liabilities to the extent that it is probable that the benefits will result in compensation to the employee through paid time-off or other means such as 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 accrued compensated absences includes estimated payroll taxes, where applicable. Changes in long-term liabilities for the current year are reported in a subsequent note.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure/expense) until then. The District has three types of items that qualify for reporting in this category, deferred outflows related to pensions, deferred outflows related to other postemployment benefits (OPEB), and deferred loss from debt refunding. The deferred loss from debt 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. The deferred outflows of resources related to pensions and OPEB are discussed in subsequent notes.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first two items, deferred inflows of resources related to pensions and OPEB, are reported in the statement of net position and discussed in subsequent notes. The remaining item is reported in the governmental funds balance sheet as unavailable revenue related to grants and will be recognized as an inflow of resources in the period that the amounts become available.

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position is classified in three categories. The general meaning of each is as follows:

Net investment in capital assets - represents the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Restricted - includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation.

Unrestricted - indicates that portion of net position that is available for future periods.

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 generally, to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of limitations requiring the use of resources for specific purposes.

The nonspendable fund balance classification includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable fund balance as of June 30, 2021, of \$1,118,436 is from inventories which are not in spendable form.

The restricted fund balance classification includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. The balance as of June 30, 2021, of \$77,210,964 is restricted by creditors for repayment of debt issued, state required carryover programs, food service, and capital projects. The balance as of June 30, 2021 of \$77,204,777 is restricted by enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balance at June 30, 2021.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the assignment of fund balance. The Board may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent years 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. The assigned fund balance as of June 30, 2021, of \$49,084,401 is from purchase orders issued and outstanding at year-end, carryover amounts for various projects, and Hurricane Michael repairs.

The unassigned fund balance classification is the residual classification for the general fund. The balance as of June 30, 2021 is \$32,570,040.

Fund Balance Flow Assumptions

The District may fund outlays for a particular purpose from both restricted and unrestricted resources (committed, assigned, and unassigned). 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 generally 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, and then unassigned fund balance.

Program Revenues

Amounts reported as program revenues include charges paid by the recipient of 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 or business segment is self-financing or draws from the general revenues of the District.

State Revenue Sources

Significant revenues from state sources for current operations include the Florida Education Finance Program administered by the FDOE under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE)

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

students and related data to FDOE. FDOE performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of nine months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. FDOE may also adjust subsequent fiscal period allocations based on 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 the adjustments are made.

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

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

District Property Taxes

The District 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 Bay County Property Appraiser, and property taxes are collected by the Bay County Tax Collector.

The District adopted the 2020 tax levy on September 10, 2020. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Outlay Surtax

In November 2010, the voters of Bay County approved a half-cent school capital outlay surtax on taxable sales in the County for 10 years, effective January 1, 2011, to pay construction costs of certain school facilities and related costs in accordance with Section 212.055(6), Florida Statutes. In August 2018, the voters approved the continuation of the half-cent school capital outlay surtax for an additional 10 years effective January 1, 2021.

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.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ significantly from those estimates.

Subsequent Events

Management of the District has evaluated subsequent events through March 31, 2022, the date the financial statements were available to be issued.

Recently Issued and Implemented Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 was effective for the fiscal years beginning after December 15, 2019. See note 2 for details of the impact of this statement on the financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The District early implemented the provisions of this standard during the year ended June 30, 2021. The implementation of this statement had no impact on the financial statements.

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this statement were effective for reporting periods beginning after December 15, 2019.

The requirements are applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions are applied on a prospective basis. The implementation of this statement had no impact on the financial statements.

The following accounting standards have been issued by GASB that may have an effect on the District.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019- 3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In May 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in statement no. 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

Bay County District School Board Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this statement.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in GAAP for state and local governments. This statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this statement are effective for fiscal years ending after December 15, 2021.

The District is evaluating the requirements of the above statements and their impact on reporting.

**Bay County District School Board
Notes to Financial Statements**

Note 2: CHANGE IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS

The following adjustments were made to the beginning balances of net position and fund balance as of June 30, 2020:

| | General Fund - Fund Balance | Other Governmental Funds - Fund Balance | Internal Service Fund - Net Position |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------|--------------------------------------------|
| Balance as of June 30, 2020, as originally reported | \$ 68,463,000 | \$ 16,802,429 | \$ 14,074,647 |
| Restatement due to implementation of GASB Statement No. 84 | - | 3,505,502 | - |
| Prior period adjustment related to net pension liability and deferred outflows and inflows of resources related to pensions | - | - | (278,084) |
| Prior period adjustment related to prior overstated revenue accruals | (658,680) | - | - |
| Balance as of June 30, 2020, as restated | \$ 67,804,320 | \$ 20,307,931 | \$ 13,796,563 |

| | Governmental Activities - Net Position | Fudiciary Funds - Internal Accounts Payable | Component Units - Net Position |
|------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|---------------------------------------------------|--------------------------------------|
| Balance as of June 30, 2020, as originally reported | \$ 210,226,073 | \$ 3,505,502 | \$ 40,572,135 |
| Restatement due to implementation of GASB Statement No. 84 | 3,505,502 | (3,505,502) | - |
| Prior period adjustment related to audit adjustments made to Bay Education Foundation, Inc., as previously reported balances were unaudited | - | - | 733,193 |
| Prior period adjustment related to prior overstated revenue accruals | (658,680) | - | - |
| Balance as of June 30, 2020, as restated | \$ 213,072,895 | \$ - | \$ 41,305,328 |

Bay County District School Board Notes to Financial Statements

Note 2: CHANGE IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS (Continued)

Change in accounting principles - In fiscal year 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. Based on this change in accounting principles, the District's agency funds, previously reported as fiduciary funds, are now considered special revenue funds.

Prior period adjustments - The District identified three prior period adjustments related to balances originally reported as of June 30, 2020. Fund balance in the general fund and governmental activities' net position were overstated by \$658,680 related to an overstatement of revenue accruals at fiscal year-end 2020. Net position of the internal service funds was overstated by \$278,084 due to the exclusion of an allocation of the net pension liability and related deferred inflows and outflows of resources associated with that fund. Finally the net position of component units was understated by \$733,193 due to the original reporting of unaudited balances for the Bay Education Foundation, Inc. as the audited financial statements were not available at time of issuance for fiscal year 2020.

Note 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The following is an explanation of differences between the governmental funds balance sheet and the governmental activities' statement of net position:

The total fund balances of the District's governmental funds at June 30, 2021 (\$159,983,841) differs from the total net position of governmental activities (\$256,164,820) reported in the statement of net position. This difference results from the long-term economic resources focus of the statement of net position and the current financial resources focus of the governmental funds' balance sheet.

Capital Related Items

When capital assets (improvements other than buildings, buildings and fixed equipment, furniture, fixtures, and equipment, motor vehicles, and audio visual material and computer software) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, they are capitalized and depreciated in the statement of net position.

| | |
|------------------------------------------------|----------------|
| Cost of capital assets | \$ 839,073,700 |
| Accumulated depreciation | (515,830,498) |
| <hr/> | |
| Capital assets net of accumulated depreciation | \$ 323,243,202 |
| <hr/> | |

**Bay County District School Board
Notes to Financial Statements**

Note 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Long-term Debt

Long-term liabilities in the District's governmental activities are not reported as fund liabilities. All liabilities are reported in the statement of net position.

| | |
|---------------------------------------|----------------|
| Notes payable | \$ 7,079,000 |
| Certificates of participation payable | 121,213,074 |
| Other postemployment benefits | 4,772,500 |
| Net pension liability | 142,781,844 |
| Accrued compensated absences | 12,132,421 |
| <hr/> | |
| Total long-term liabilities | \$ 287,978,839 |
| <hr/> | |

Deferred Inflows and Outflows of Resources Related to Noncurrent Debt

Deferred inflows and outflows related to the pension plans, other postemployment benefits, and loss from debt refunding in the District's governmental activities are not reported as fund assets and liabilities. All deferred inflows and outflows of resources are reported in the statement of net position.

| | |
|-------------------------------------------------------------------------|---------------|
| Deferred outflows of resources related to pensions | \$ 47,319,445 |
| Deferred inflows of resources related to pensions | (15,442,048) |
| Deferred outflows of resources related to other postemployment benefits | 731,452 |
| Deferred inflows of resources related to other postemployment benefits | (1,273,946) |
| Deferred outflows of resources related to debt refunding | 2,442,296 |
| <hr/> | |
| Deferred outflows and inflows of resources | \$ 33,777,199 |
| <hr/> | |

Deferred Inflows Related to Unavailable Revenue

Receivables not collected within 60 days of year-end are not considered available to pay the current period's expenditures and, therefore, are deferred inflows of resources in the governmental funds.

| | |
|---------------------------------------------------------------|--------------|
| Deferred outflows of resources related to unavailable revenue | \$ 8,649,412 |
| <hr/> | |

Internal Service Fund

Internal service funds are reported as enterprise funds at the fund level, but are reported as governmental activities in the government-wide financial statements.

| | |
|-----------------------------------------------------|---------------|
| Total assets and deferred outflows of resources | \$ 38,309,212 |
| Total liabilities and deferred inflows of resources | (19,819,207) |
| <hr/> | |
| Total internal service fund | \$ 18,490,005 |
| <hr/> | |

Bay County District School Board Notes to Financial Statements

Note 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The following is an explanation of the differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One of those reconciliation elements is governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these capital assets are allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------|
| Capital outlay | \$ | 73,956,959 |
| Depreciation | | (22,470,106) |
| <hr/> | | |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities | \$ | 51,486,853 |
| <hr/> | | |

Another element of that reconciliation states the net effect of miscellaneous noncash transactions involving capital assets (i.e. sales, trade-ins, adjustments, donations, and impairment) is to increase net position. The details of this difference are as follows:

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|
| Loss on disposal of fixed assets | \$ | (1,043,326) |
| Donation of fixed assets | | 1,809,890 |
| <hr/> | | |
| Net adjustment to increase net changes in fund balance - total governmental funds to arrive at change in net position of governmental activities | \$ | 766,564 |
| <hr/> | | |

Another element of that reconciliation states that the issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of this difference is as follows:

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|
| Principal payments and payments to bond refunding escrow | \$ | 10,386,500 |
| Amortization of loss on debt refunding and bond premiums | | 339,711 |
| Debt proceeds | | (5,000,000) |
| <hr/> | | |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities | \$ | 5,726,211 |
| <hr/> | | |

Bay County District School Board Notes to Financial Statements

Note 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Another element of that reconciliation is some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (e.g. compensated absences, changes in net pension liability, and amortization of deferred gains on losses on bond refunding). The detail of this difference is as follows:

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------|
| Change in accrued compensated absences | \$ | (424,200) |
| Change in other postemployment benefits liability | | (149,102) |
| Change in net pension liability | | (14,213,273) |
| Change in deferred inflows of resources related to pensions | | 1,116,111 |
| Change in deferred outflows of resources related to pensions | | 4,167,315 |
| Change in deferred inflows of resources related to other postemployment benefits | | 324,227 |
| Change in deferred outflows of resources related to other postemployment benefits | | (186,159) |
| <hr/> | | |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities | \$ | (9,365,081) |
| <hr/> | | |

Internal service funds are reported as enterprise funds at the fund level but as governmental activities at the government-wide level. The detail of this difference is as follows:

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------|
| Total revenues | \$ | 32,372,490 |
| Total expenses | | (27,679,048) |
| <hr/> | | |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities | \$ | 4,693,442 |
| <hr/> | | |

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

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----|---------|
| Change in unavailable revenue | \$ | 442,966 |
| <hr/> | | |
| Net adjustment to increase net changes in fund balance - total governmental funds to arrive at change in net position of governmental activities | \$ | 442,966 |
| <hr/> | | |

Note 4: DEPOSITS AND INVESTMENTS

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(16), Florida Statutes, authorizes the District to invest surplus funds in the following:

- a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01

Bay County District School Board Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENTS (Continued)

- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency
- c) Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02
- d) Direct obligations of the United States Treasury
- e) Federal agencies and instrumentalities
- f) Rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel
- g) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian
- h) Other investments authorized by law or by ordinance for a county or a municipality
- i) Other investments authorized by law or by resolution for a school district or a special district

The District's investment policy limits investments to those prescribed by Florida Statutes as well as sets certain additional limitations on portfolio composition by type of investment as well as minimum rating requirements and maximum maturity limitations for certain investments.

- 1) The Florida State Board of Administration's Local Government Surplus Funds Trust Fund (SBA) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in section 163.01 Florida Statutes
 - a) Portfolio composition - A maximum of forty percent of available monies may be invested in any one investment pool. A combined maximum of sixty percent of available monies may be invested in all such qualified pools.
 - b) Rating requirements - Eligible pools shall be rated "AAAm" or "AAAm-G" or better by Standard & Poor's, or the equivalent by another rating agency.
- 2) United States government securities: Negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government; including but not limited to notes, bills, bonds, strips, and state and local government series securities
 - a) Portfolio composition - A maximum of 100% of available monies may be invested in the United States government securities.
 - b) Maturity limitations - The maximum length to maturity of any direct investment in the United States government securities is five years from the date of purchase.
- 3) United States government agency securities: bonds, debentures, notes or callables issued or guaranteed by United States government agencies, provided such obligations are backed by the full faith and credit of the United States government. Such securities may include, but are not limited to the following:

Bay County District School Board Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENTS (Continued)

- a) United States export/import bank - Direct obligations or fully guaranteed certificates of beneficial ownership
 - b) Farmer Home Administration - Certificates of beneficial ownership
 - c) Federal Financing Bank - Discount notes, notes and bonds
 - d) Federal Housing Administration Debentures
 - e) General Services Administration
 - f) United States Maritime Administration Guaranteed - Title XI financing
 - g) New Communities Debentures - United States government guaranteed debentures
 - h) United States Public Housing Notes and Bonds - United States government guaranteed public housing notes and bonds
 - i) United States Department of Housing and Urban Development - Project notes and local authority bonds
 - j) Portfolio composition - A maximum of sixty percent (60%) of available monies may be invested in United States government agencies and a maximum of forty percent (40%) in the securities any one such agency.
 - k) Maturity limitations - The maximum length to maturity for an investment in any United States government agency security is five years from the date of purchase.
- 4) United States government enterprises and instrumentalities
- a) Securities of United States government enterprises and instrumentalities are not eligible investments under this policy, unless recommended by the superintendent and approved by the board in advance.
- 5) Interest bearing time deposits, saving accounts, or demand deposit accounts
- a) Purchase authorization - The superintendent may invest in nonnegotiable interest bearing time certificates of deposit, savings accounts and interest bearing demand deposit accounts (checking accounts) in banks organized under the laws of this state and/or in national banks organized under the laws of the United States. Eligible institutions must be members of the Federal Deposit Insurance Corporation (FDIC) and any investments/deposits must be secured by the Florida Security for Public Deposits Act, Florida Statutes, Chapter 280. In addition, to the extent allowed by 218.415(23), Florida Statutes, the superintendent may invest in eligible certificates of deposit and other financial instruments that are fully guaranteed/insured by the FDIC or collateralized with securities eligible under this policy.
 - b) Portfolio composition - A maximum of sixty percent of available monies may be invested in non-negotiable interest bearing time certificates of deposit or savings accounts which are not 100% insured by the FDIC, but which do meet the requirements above. A maximum of seventy-five percent of available monies may be invested in nonnegotiable interest bearing time certificates of deposit or savings accounts which are 100% insured by the FDIC.
From time to time, the superintendent may deposit monies in demand deposit accounts/money market accounts in banks other than the District's primary depository bank. Any such deposits shall be subject to a maximum of thirty percent and must be secured by the Florida Security for Public Deposits Act, Florida Statutes Chapter 280. Upon opening such accounts, the superintendent shall provide appropriate disclosure to the board.
 - c) Limits on individual issuers - A maximum of fifteen percent of available monies may be deposited with any one issuer where the investment is not one hundred percent insured by the FDIC.

Bay County District School Board Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENTS (Continued)

The term of such certificates shall be consistent with the District's short-term cash flow requirements and in no event shall the maximum maturity on any certificate be greater than one year from the date of purchase unless recommended by the superintendent and approved by the board in advance.

- 6) Money market funds: Securities and Exchange Commission registered money market funds with the highest credit quality rating from a rating agency. The funds must be registered and in compliance with 17 C.F.R. 270.2a-7 of the Federal Code of Regulations.
 - a) Eligible funds - Shares in open-end, no-load provided such funds are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R. 270.2a-7
 - b) Portfolio composition - A maximum of thirty percent of available monies may be invested in any one registered 2a-7 money market fund. A combined maximum of fifty percent of available monies may be invested in all registered 2a-7 money market funds.
 - c) Limits of individual issuers - A maximum of thirty percent of available monies may be invested with any one SEC Rule 2a-7 money market fund.
 - d) Rating requirements - The funds shall be rated "AAAm" or "AAAm-G" or better by Standard & Poor's, or the equivalent by another rating agency.
 - e) Due diligence requirements - A thorough review of any investment in a fund is required prior to investing, and on a continual basis thereafter. The basis for such review shall be contained in the administrative procedures developed by the superintendent.
- 7) Investment Company Act of 1940: Investments; securities or, other interest in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940
 - a) Investment authorization shares in open-end or closed-end funds registered under the Federal Investment Company Act of 1940. Such investments are limited to core-funds only.
 - b) Portfolio composition - A maximum of twenty percent of available monies may be invested in mutual funds.
 - c) Limits of individual issuers - A maximum of twenty percent of available monies may be invested with any one non-SEC Rule 2a-7 investment mutual fund.
 - d) Rating requirements - The mutual funds shall be rated "AAAm" or "AAAm-G" or better by Standard & Poor's, or the equivalent by another nationally recognized rating agency.
 - e) Due diligence requirements - A thorough review of any investment mutual fund is required prior to investing, and on a continual basis. The basis for such review shall be contained in the administrative procedures developed by the superintendent.
- 8) State and/or local government taxable and or tax-exempt debt: general obligation, revenue bonds, and certificates of participation issued by state and/or local governments
 - a) Rating requirements - a.) long-term: must constitute pre-refunded obligations escrowed in United States Treasury Securities, or must have long-term debt ratings; b.) must be in one of the three highest rating categories by at least one of the nationally recognized credit rating agencies; and c.) short-term: ratings must be in the highest short-term rating category by at least one of the nationally recognized credit rating agencies
 - b) Portfolio composition - A maximum of twenty five percent of available monies may be invested in state and/or local government taxable and or tax-exempt debt.
 - c) Maturity limitations - The maximum length to maturity of any direct investment in the United States government securities is five years from the date of purchase.

Bay County District School Board Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENTS (Continued)

- 9) Other investments permitted by the state statute and not prohibited by this policy as may be recommended by the superintendent and approved in advance by the board
- a) Investment authorization - The superintendent may invest in other investments permitted by the state statute with advance approval of the board.
 - b) Portfolio composition - A maximum of ten percent of available monies, or such other amount recommended by the superintendent and approved by the board, may be invested in other investments permitted by the state statute.
- 10) Due diligence requirements - A thorough review of any other investment permitted by the state statute and not prohibited by this policy is required prior to investing, and on a continual basis.

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

Cash deposits are held by banks that are qualified public depositories under Florida law or through the Federally Insured Cash Account (FICA) program, which complies with the provisions of Section 218.415(23), Florida Statutes, and is therefore exempt from Florida's public deposits program pursuant to Section 280.03(3)(f), Florida Statutes. All deposits are insured by the FDIC, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The District does not have a policy for custodial credit risk. All bank balances of the District were fully insured or collateralized as required by Chapter 280, Florida Statutes at June 30, 2021.

Concentration of Credit Risk

As of June 30, 2021, the District did not hold any investments that were considered to be a concentration of credit risk.

At June 30, 2021, the District had the following investments:

| Deposits and investments | Maturities | Fair Value |
|---------------------------------------------------|-------------------|-----------------------|
| State Board of Administration (SBA): | | |
| Florida Prime (1) | 50 Day Average | \$ 74,431,702 |
| Goldman Sachs Government Obligations Fund (1) (2) | 44 Day Average | 41,478,602 |
| Total | | \$ 115,910,304 |

Bay County District School Board Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENTS (Continued)

- (1) Investments reported as cash equivalents for financial statement reporting purposes.
- (2) The Goldman Sachs Government Obligations Fund invests exclusively in obligations issued or guaranteed as to principal and interest by the United States Government or its agencies or instrumentalities, and repurchase agreements secured by such instruments. Shares in this fund are held in trust in connection with the District's certificates of participation.

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District's investments in the Goldman Sachs Government Obligations Fund is valued using Level 1 inputs.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits the length of investments as follows: (1) investments of short-term funds shall have maturities of no longer than 12 months, and (2) investments of bond reserves, construction funds, and other nonoperating funds shall have a term appropriate for the need for funds and in accordance with debt covenants, but in no event shall exceed five years. Investments of construction funds that are proceeds of tax-exempt debt issues shall have maturities of no longer than three years.

Florida PRIME and Goldman Sachs Government Obligations Fund 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. The dollar WAM of Florida PRIME at June 30, 2021, is 50 days and for Goldman Sachs Government Obligations Fund at June 30, 2021, is 44 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

For Florida PRIME, with regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board 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, the Investment Advisory Council, and the Participant Local Government 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,

Bay County District School Board Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENTS (Continued)

the Executive Director may extend the moratorium until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

With regard to liquidity fees, Florida Statutes section 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees.

As of June 30, 2021, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

Note 5: CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the tables below:

| Governmental Activities | June 30, 2020 | Additions | Deletions/ Transfers | June 30, 2021 |
|---------------------------------------------------|--------------------|-------------------|-------------------------|--------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 20,007,839 | \$ 65,962 | \$ 36,400 | \$ 20,037,401 |
| Construction in progress | 55,060,180 | 57,512,217 | 33,966,620 | 78,605,777 |
| Total capital assets not being depreciated | 75,068,019 | 57,578,179 | 34,003,020 | 98,643,178 |
| Capital assets being depreciated | | | | |
| Improvements other than buildings | 17,615,194 | 3,245,325 | 22,464 | 20,838,055 |
| Buildings and fixed equipment | 618,526,467 | 43,601,916 | 5,113,740 | 657,014,643 |
| Furniture, fixtures, and equipment | 37,398,032 | 4,205,141 | 4,218,304 | 37,384,869 |
| Motor vehicles | 16,602,476 | 979,584 | 1,518,814 | 16,063,246 |
| Audio visual materials and computer software | 9,006,385 | 123,324 | - | 9,129,709 |
| Total capital assets being depreciated | 699,148,554 | 52,155,290 | 10,873,322 | 740,430,522 |
| Less accumulated depreciation | | | | |
| Improvements other than buildings | 8,577,356 | 818,233 | 22,460 | 9,373,129 |
| Buildings and fixed equipment | 444,758,422 | 17,881,254 | 4,371,779 | 458,267,897 |
| Furniture, fixtures, and equipment | 28,237,610 | 2,492,796 | 3,953,340 | 26,777,066 |

(Continued)

**Bay County District School Board
Notes to Financial Statements**

Note 5: CHANGES IN CAPITAL ASSETS (Continued)

| Governmental Activities | June 30, 2020 | Additions | Deletions/ Transfers | June 30, 2021 |
|----------------------------------------------------------------------------|----------------------|-------------------|---------------------------------|----------------------|
| Motor vehicles | \$ 12,649,403 | \$ 1,251,670 | \$ 1,518,814 | \$ 12,382,259 |
| Audio visual materials and computer software | 9,003,995 | 26,152 | - | 9,030,147 |
| Total accumulated depreciation | 503,226,786 | 22,470,105 | 9,866,393 | 515,830,498 |
| Total capital assets being depreciated, net of accumulated depreciation | 195,921,768 | 29,685,185 | 1,006,929 | 224,600,024 |
| Total governmental activities' capital assets, net | \$ 270,989,787 | \$ 87,263,364 | \$ 35,009,949 | \$ 323,243,202 |
| <hr/> | | | | |
| Business-type Activities | June 30, 2020 | Additions | Deletions | June 30, 2021 |
| Capital assets being depreciated | | | | |
| Furniture, fixtures, and equipment | \$ 163,801 | \$ 6,599 | \$ - | \$ 170,400 |
| Motor vehicles | 16,367 | - | - | 16,367 |
| Audio visual materials and computer software | 84,593 | - | - | 84,593 |
| Total capital assets being depreciated | 264,761 | 6,599 | - | 271,360 |
| Less accumulated depreciation | | | | |
| Furniture, fixtures, and equipment | 147,590 | 5,384 | - | 152,974 |
| Motor vehicles | 16,367 | - | - | 16,367 |
| Audio visual materials and computer software | 78,556 | 6,037 | - | 84,593 |
| Total accumulated depreciation | 242,513 | 11,421 | - | 253,934 |
| Total capital assets being depreciated, net of accumulated depreciation | 22,248 | (4,822) | - | 17,426 |
| Total business-type activities' capital assets, net | \$ 22,248 | \$ (4,822) | \$ - | \$ 17,426 |

**Bay County District School Board
Notes to Financial Statements**

Note 5: CHANGES IN CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

| Function | Amount |
|--------------------------------------|----------------------|
| Governmental activities | |
| Pupil transportation services | \$ 772,786 |
| Plant operations | 64,277 |
| Central services | 118,805 |
| Unallocated | 21,514,237 |
| <hr/> | |
| Total governmental activities | \$ 22,470,105 |
| <hr/> | |
| Business-type activities | |
| Beacon Learning Center | \$ 11,421 |
| <hr/> | |

Note 6: NOTES PAYABLE

The notes payable balance from direct borrowings at June 30, 2021 was comprised of the following:

Revenue Anticipation Note, Series 2018

The District borrowed \$5,000,000 on June 1, 2018, under provisions of Section 1011.14, Florida Statutes at 2.65 percent. Proceeds were used for the design and implementation of safety and security projects at existing facilities. The note is secured by a pledge of all legally available revenues and is expected to be repaid with Local Capital Improvement revenues. The note was set to mature June 1, 2019 with extensions allowed at the board's discretion to June 1, 2023. As of June 30, 2021, the board has exercised two extensions to June 1, 2023. The total principal and interest remaining to be paid on the note is \$2,161,998. Total principal and interest paid during the fiscal year was \$1,080,567. \$ 2,079,000

Community Disaster Loan

The District borrowed \$5,000,000 in October 2020, under an agreement with the Federal Emergency Management Agency (FEMA) under the Community Disaster Loan program with an interest rate of 1.625% per year. The principal and interest less any amounts that may be cancelled by the government pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, were due in November 2024. The total principal and interest remaining to be paid on the note is \$5,343,656. No amounts were paid for principal or interest during the fiscal year. In September 2021, the Federal government forgave all amounts due related to this loan. 5,000,000

| | |
|---------------------------------------------------|---------------------|
| Total notes payable | 7,079,000 |
| Less amounts due within one year | 1,026,000 |
| Notes payable – amounts due in more than one year | \$ 6,053,000 |

Bay County District School Board
Notes to Financial Statements

Note 6: NOTES PAYABLE (Continued)

Future minimum debt service requirements on the notes are as follows:

| Year ending June 30, | Principal | Interest | Total |
|----------------------|---------------------|-------------------|---------------------|
| 2022 | \$ 1,026,000 | \$ 55,093 | \$ 1,081,093 |
| 2023 | 1,053,000 | 27,905 | 1,080,905 |
| 2024 | - | - | - |
| 2025 | 5,000,000 | 343,656 | 5,343,656 |
| Total | \$ 7,079,000 | \$ 426,654 | \$ 7,505,654 |

Note 7: CERTIFICATES OF PARTICIPATION

The District entered into a financing arrangement on November 1, 1994, which was characterized as a master lease-purchase agreement, with the Bay County Educational Facilities Finance Corporation (Corporation) whereby the District secured financing of various educational facilities in the total amount of \$23,715,000. The financing was accomplished through the issuance of Certificates of Participation, Series 1994 to be repaid from the proceeds of rents paid by the District.

The District entered into a financing arrangement on November 1, 1994, which was characterized as a lease-purchase agreement, with the Bay County Educational Facilities Finance Corporation (Corporation) to issue certificates of participation (Certificates) and to provide a vehicle for future Certificate financings. Such financings are repaid from the proceeds of rents paid by the District.

As a condition of these financing arrangements, the District has given a ground lease on District property to the Corporation, with a rental fee of \$10 per year. The initial term of the lease commenced on November 1, 1994, and ends on the earlier of (a) payment of the outstanding Certificates, or (b) June 30, 2045. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the Certificates for a period of time specified by the arrangement which may be through June 30, 2045.

The District properties included in the ground lease under the master lease-purchase arrangement include properties at Patronis Elementary School; Lucille Moore Elementary School; Robert L. Young Service Center; J.R. Arnold High School; Emerald Bay Academy; New Horizons Learning Center; Breakfast Point Academy; Deer Point Elementary School; Jinks Middle School Gymnasium; Bay High School Science, Technology, Engineering, and Mathematics classrooms; and A. Gary Walsingham Academy.

Certificates outstanding as of June 30, 2021, include the following direct placements:

Bay County District School Board Notes to Financial Statements

Note 7: CERTIFICATES OF PARTICIPATION (Continued)

The Refunding Certificates of Participation, Series 2013, include outstanding serial certificates maturing from 2020 through 2023. These payments are payable by the District, semiannually, on July 1 and January 1 at an interest rate of 2.21 percent.

The Refunding Certificates of Participation, Series 2015, include outstanding serial certificates maturing from 2020 through 2029. These payments are payable by the District, semiannually, on July 1 and January 1 at an interest rate of 2.56 percent.

The Certificates of Participation, Series 2019, include outstanding serial certificates maturing from 2021 through 2030. These payments are payable by the District, semiannually, on July 1 and January 1 at an interest rate of 1.99 percent.

The Certificates of Participation, Series 2020A, include outstanding serial certificates maturing from 2030 through 2040. These payments are payable by the District, semiannually, on July 1 and January 1 at interest rates ranging from 4 to 5 percent.

The Certificates of Participation, Series 2020B, include outstanding serial certificates maturing from 2021 through 2023. These payments are payable by the District, semiannually, on July 1 and January 1 at an interest rate of 5 percent.

The following is a schedule of future minimum lease payments required under the master lease-purchase agreement as of June 30:

| Year ending June 30, | Principal | Interest | Premium | Total |
|----------------------|-----------------------|----------------------|---------------------|-----------------------|
| 2022 | \$ 8,704,500 | \$ 3,596,969 | \$ 644,998 | \$ 12,301,469 |
| 2023 | 8,970,600 | 3,305,686 | 619,297 | 12,276,286 |
| 2024 | 8,380,000 | 3,003,499 | 336,587 | 11,383,499 |
| 2025 | 9,355,000 | 2,805,843 | 336,587 | 12,160,843 |
| 2026 | 9,575,000 | 2,583,569 | 336,587 | 12,158,569 |
| 2027 - 2031 | 38,700,000 | 9,448,263 | 1,682,935 | 48,148,263 |
| 2032 - 2036 | 15,555,000 | 5,105,400 | 1,682,935 | 20,660,400 |
| 2037 - 2040 | 15,000,000 | 1,529,600 | 1,333,048 | 16,529,600 |
| Total | \$ 114,240,100 | \$ 31,378,829 | \$ 6,972,974 | \$ 145,618,929 |

Note 8: DEFEASED DEBT

On May 28, 2020, the Board issued \$10,775,000 in Refunding Certificates of Participation, Series 2020B, with an interest rate of 5 percent, to refund the District's Refunding Certificates of Participation, Series 2010. The net proceeds of \$11,590,252 (after payment of \$109,890 in fees and other issuance costs)

Bay County District School Board Notes to Financial Statements

Note 8: DEFEASED DEBT (Continued)

together with other District funds were placed in an irrevocable trust with an escrow agent. As a result, \$15,175,000 of Refunding Certificates of Participation, Series 2010, are considered to be in-substance defeased at June 30, 2020, and the liability for these Certificates has been removed from the government-wide financial statements. This refunding reduced total debt service payments over the next 4 years by \$673,453 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$651,929.

Note 9: CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

| Governmental Activities | Beginning Balance | Additions | Deductions | Ending Balance | Due in One Year |
|--------------------------------------------------------------------|----------------------|---------------|---------------|-------------------|--------------------|
| Certificates of participation payable from direct placements | \$ 122,345,600 | \$ - | \$ 8,105,500 | \$ 114,240,100 | \$ 8,704,500 |
| Unamortized premium | 7,617,972 | - | 644,998 | 6,972,974 | 644,998 |
| Total certificates of participation payable from direct placements | 129,963,572 | - | 8,750,498 | 121,213,074 | 9,349,498 |
| Notes payable | 4,360,000 | 5,000,000 | 2,281,000 | 7,079,000 | 1,026,000 |
| Estimated insurance claims payable | 24,083,317 | 20,314,240 | 25,147,231 | 19,250,326 | 11,071,658 |
| Accrued compensated absences | 11,708,221 | 1,192,120 | 746,395 | 12,153,946 | 2,430,789 |
| Net pension liability | 128,919,177 | 14,252,387 | - | 143,171,564 | 425,942 |
| Other postemployment benefits liability | 4,623,398 | 545,109 | 382,981 | 4,785,526 | - |
| Total governmental activities | \$ 303,657,685 | \$ 41,303,856 | \$ 37,308,105 | \$ 307,653,436 | \$ 24,303,887 |

| Business-type Activities | Beginning Balance | Additions | Deductions | Ending Balance | Due in One Year |
|-----------------------------------------|----------------------|------------|------------|-------------------|--------------------|
| Accrued compensated absences | \$ 268,318 | \$ - | \$ 38,290 | \$ 230,028 | \$ 46,006 |
| Net pension liability | 934,950 | 234,210 | - | 1,169,160 | - |
| Other postemployment benefits liability | 33,690 | 8,478 | 3,089 | 39,079 | - |
| Total business-type activities | \$ 1,236,958 | \$ 242,688 | \$ 41,379 | \$ 1,438,267 | \$ 46,006 |

Bay County District School Board Notes to Financial Statements

Note 9: CHANGES IN LONG-TERM LIABILITIES (Continued)

In the governmental activities, accrued compensated absences, net pension liability, and other postemployment benefits liability are generally liquidated with resources of the general fund. Estimated insurance claims payable is generally liquidated with resources of the internal service fund.

Note 10: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

| June 30, 2021 | Receivables | Payables |
|--------------------------------------------------------|----------------------|----------------------|
| General fund | \$ 3,909,274 | \$ 6,631,217 |
| Special revenue - Federal Education Stabilization fund | 2,496,471 | 2,760,692 |
| Capital projects - other fund | 2,659,859 | 382,456 |
| Beacon Learning Center | 185 | 51,718 |
| Nonmajor governmental funds | 2,236,776 | 1,487,798 |
| Internal service fund | 11,316 | - |
| Total | \$ 11,313,881 | \$ 11,313,881 |

Interfund receivables and payables are primarily to reimburse the general fund for expenditures paid on behalf of other funds, property taxes due to capital projects – local capital improvement funds from the general fund, and revenue due to capital outlay and debt service fund from the general fund.

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

| June 30, 2021 | Transfers In | Transfers Out |
|--------------------------------------------------------|----------------------|----------------------|
| General fund | \$ 4,499,503 | \$ - |
| Special revenue - Federal Education Stabilization fund | - | 70,336 |
| Capital projects - other fund | - | 4,689,935 |
| Debt service - other fund | 14,657,872 | - |
| Nonmajor governmental funds | - | 17,307,117 |
| Internal service fund | 2,910,013 | - |
| Total | \$ 22,067,388 | \$ 22,067,388 |

Interfund transfers are mainly to provide for debt repayments and to assist in financing maintenance operations of the District. Additionally, funds were transferred from capital projects (nonmajor) to the internal service fund for property casualty insurance premiums and from general fund to the Federal Education Stabilization fund to reclassify certain expenditures originally expended in the general fund but identified as allowable expenditures under the CARES Act grants in the current year which allowed for identified expenditures to be reimbursed retroactively to March 13, 2020.

**Bay County District School Board
Notes to Financial Statements**

Note 11: NET POSITION CLASSIFICATION

Net Position Restrictions

The following is a description of reported net position restrictions in governmental activities at June 30, 2021.

Governmental Activities

| | | |
|-----------------------------------|-----------|-------------------|
| State required carryover programs | \$ | 5,887,488 |
| Debt service | | 6,187 |
| Capital projects | | 65,541,911 |
| Food service | | 5,775,378 |
| Total | \$ | 77,210,964 |

Net Investment in Capital Assets

The elements of the calculation for net investment in capital assets are as follows:

| | Governmental Activities | Business-type Activities | Total |
|--------------------------------------------|------------------------------------|-------------------------------------|-----------------------|
| Capital assets, net | \$ 323,243,202 | \$ 17,426 | \$ 323,260,628 |
| Outstanding debt related to capital assets | (131,397,574) | - | (131,397,574) |
| Unspent bond proceeds | 31,437,690 | - | 31,437,690 |
| Total | \$ 223,283,318 | \$ 17,426 | \$ 223,300,744 |

Note 12: SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's state revenue sources for the year ended June 30, 2021:

| | Amount |
|--------------------------------------------------------|---------------|
| Florida Education Finance Program | \$ 80,726,458 |
| Categorical Educational Program - Class Size Reduction | 27,490,826 |
| Workforce Development Program | 2,854,566 |
| Voluntary prekindergarten | 948,900 |
| Charter school capital outlay | 2,695,897 |
| | (Continued) |

**Bay County District School Board
Notes to Financial Statements**

Note 12: SCHEDULE OF STATE REVENUE SOURCES (Continued)

| | Amount |
|---------------------------------------------|----------------|
| Capital outlay and debt service distributed | \$ 836,862 |
| Other miscellaneous | 3,624,731 |
| Total | \$ 119,178,240 |

The accounting policies related to certain state revenue sources are described in note 1.

Note 13: PROPERTY TAXES

The following is a summary of millage rates and taxes levied on the 2020 tax roll for the 2020-2021 fiscal year.

| | Millage Rate | Taxes Levied |
|----------------------------------|---------------------|---------------------|
| General fund | | |
| Nonvoted school tax | | |
| Required local effort | 3.720 | \$ 70,008,694 |
| Basic discretionary local effort | 0.748 | 14,077,017 |
| Capital projects funds | | |
| Nonvoted tax | | |
| Local capital improvements | 1.500 | 28,229,312 |
| Total | 5.968 | \$ 112,315,023 |

Note 14: DEFINED BENEFIT PENSION PLANS

General Information

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

Note 14: DEFINED BENEFIT PENSION PLANS (Continued)

Essentially all regular employees of the District are eligible to enroll as members of the state-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of FRS, which includes its financial statements, required supplementary information, actuarial reports, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

Florida Retirement System Pension Plan

Plan Description

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

- Regular – Members of the FRS who do not qualify for membership in the other classes
- Elected County Officers – Members who hold specified elective offices in local government
- Special Risk – Members who are employed as law enforcement officers and meet the criteria to qualify for this class

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

**Bay County District School Board
Notes to Financial Statements**

Note 14: DEFINED BENEFIT PENSION PLANS (Continued)

Benefits Provided

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

| <u>Class, Initial Enrollment, and Retirement Age/Years of Service</u> | <u>Percent Value</u> |
|-----------------------------------------------------------------------|----------------------|
| Regular members initially enrolled before July 1, 2011 | |
| Retirement up to age 62 or up to 30 years of service | 1.60 |
| Retirement at age 63 or with 31 years of service | 1.63 |
| Retirement at age 64 or with 32 years of service | 1.65 |
| Retirement at age 65 or with 33 or more years of service | 1.68 |
| Regular members initially enrolled on or after July 1, 2011 | |
| Retirement up to age 65 or up to 33 years of service | 1.60 |
| Retirement at age 66 or with 34 years of service | 1.63 |
| Retirement at age 67 or with 35 years of service | 1.65 |
| Retirement at age 68 or with 36 or more years of service | 1.68 |
| Elected County Officers | 3.00 |
| Special Risk | |
| Service on and after October 1, 1974 | 3.00 |

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

Health Insurance Subsidy 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

Bay County District School Board Notes to Financial Statements

Note 14: DEFINED BENEFIT PENSION PLANS (Continued)

at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2020-2021 fiscal year were as follows:

| Class | Percent of Gross Salary | |
|------------------------------------------------------------|-------------------------|--------------|
| | Employee | Employer (1) |
| FRS, regular | 3.00 | 10.00 |
| FRS, elected county official | 3.00 | 49.18 |
| FRS, special risk | 3.00 | 24.45 |
| DROP – applicable to members from all of the above classes | 0.00 | 16.98 |
| FRS, reemployed retiree | note (2) | note (2) |

Notes:

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

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2021, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. 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, including employee contributions, totaled \$10,708,045 to FRS and \$2,138,239 to the HIS Plan for the fiscal year ended June 30, 2021. The District contributed 100% of its statutorily required contributions for the current and preceding three years.

**Bay County District School Board
Notes to Financial Statements**

Note 14: DEFINED BENEFIT PENSION PLANS (Continued)

Pension Liabilities and Pension Expense

The District reports a liability for its proportionate share of net pension liabilities. Net pension liabilities were measured as of June 30, 2020, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2020. The District's proportions of the net pension liabilities were based on the District's actuarially determined share of contributions to the pension plans, relative to the contributions of all participating entities.

| | FRS | HIS |
|---------------------------|----------------|---------------|
| Net pension liability | \$ 103,483,091 | \$ 40,857,633 |
| Proportion at: | | |
| Current measurement date | 0.2387623% | 0.3346288% |
| Prior measurement date | 0.2592514% | 0.3626021% |
| Pension expense/(benefit) | \$ 19,516,987 | \$ 2,452,788 |

Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to FRS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Effect of economic/demographic gains or losses (difference between expected and actual experience) | \$ 3,960,508 | \$ - |
| Effect of assumptions changes or inputs | 18,733,732 | - |
| Net difference between projected and actual investment earnings | 6,161,482 | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | - | 8,153,178 |
| District contributions subsequent to the measurement date | 10,708,045 | - |
| Total | \$ 39,563,767 | \$ 8,153,178 |

Bay County District School Board Notes to Financial Statements

Note 14: DEFINED BENEFIT PENSION PLANS (Continued)

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to HIS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Effect of economic/demographic gains or losses (difference between expected and actual experience) | \$ 1,671,325 | \$ 31,519 |
| Effect of assumptions changes or inputs | 4,393,359 | 2,375,712 |
| Net difference between projected and actual investment earnings | 32,621 | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 36,763 | 5,050,234 |
| District contributions subsequent to the measurement date | 2,138,239 | - |
| Total | \$ 8,272,307 | \$ 7,457,465 |

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the District's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

| Measurement period ending June 30, | FRS Expense | HIS Expense |
|------------------------------------|----------------------|-----------------------|
| 2022 | \$ 3,646,191 | \$ 58,346 |
| 2023 | 7,331,311 | (234,328) |
| 2024 | 6,318,191 | (733,374) |
| 2025 | 3,317,223 | (343,419) |
| 2026 | 89,628 | (80,898) |
| Thereafter | - | 10,276 |
| Total | \$ 20,702,544 | \$ (1,323,397) |

Actuarial Assumptions

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

| | FRS | HIS |
|---------------------------|-------|-------|
| Inflation | 2.40% | 2.40% |
| Salary increases | 3.25% | 3.25% |
| Investment rate of return | 6.80% | N/A |
| Discount rate | 6.80% | 2.21% |

Bay County District School Board Notes to Financial Statements

Note 14: DEFINED BENEFIT PENSION PLANS (Continued)

Mortality assumptions for both plans were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in actuarial assumptions occurred in 2020:

- FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%.
- HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21%.

The long-term expected investment rate of return for the FRS Pension Plan was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

| | Target Allocation | Annual Arithmetic Return | Annual (Geometric) Return | Standard Deviation |
|------------------------|----------------------|--------------------------------|---------------------------------|-----------------------|
| Cash | 1.0% | 2.20% | 2.20% | 1.20% |
| Fixed income | 19.0% | 3.00% | 2.90% | 3.50% |
| Global equity | 54.2% | 8.00% | 6.70% | 17.10% |
| Real estate (property) | 10.3% | 6.40% | 5.80% | 11.70% |
| Private equity | 11.1% | 10.80% | 8.10% | 25.70% |
| Strategic investments | 4.4% | 5.50% | 5.30% | 6.90% |
| | <u>100.0%</u> | | | |

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

**Bay County District School Board
Notes to Financial Statements**

Note 14: DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2021.

| FRS Net Pension Liability | | | HIS Net Pension Liability | | |
|----------------------------------|----------------------|---------------------|----------------------------------|----------------------|---------------------|
| Current | | | Current | | |
| 1 % Decrease | Discount Rate | 1 % Increase | 1 % Decrease | Discount Rate | 1 % Increase |
| \$ 165,245,105 | \$ 103,483,091 | \$ 51,899,188 | \$ 47,229,600 | \$ 40,857,633 | \$ 35,642,196 |

Pension plan fiduciary net position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Payables to the Pension Plan

At June 30, 2021, the District had no outstanding contributions to the FRS Plan or the HIS Plan required for the fiscal year ended June 30, 2021.

Note 15: DEFINED CONTRIBUTION PENSION PLAN

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida's Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of

Bay County District School Board Notes to Financial Statements

Note 15: DEFINED CONTRIBUTION PENSION PLAN (Continued)

0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2020-2021 fiscal year were as follows:

| Class | Percentage of Gross Compensation | |
|------------------------------|-------------------------------------|----------|
| | Employer | Employee |
| FRS, Regular | 3.30 | 3.00 |
| FRS, Elected County Officers | 8.34 | 3.00 |
| FRS, Special Risk | 11.00 | 3.00 |

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5 year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled \$839,734 for the fiscal year ended June 30, 2021.

Note 16: OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The Other Postemployment Benefits (OPEB) Plan (Plan) is a single-employer defined benefit plan administered by the District that provides OPEB for all employees who satisfy the District's retirement eligibility provisions. Pursuant to Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical and prescription drug coverage. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than

Bay County District School Board Notes to Financial Statements

Note 16: OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

the premium cost applicable to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The Plan contribution requirement and benefit terms of the District and the Plan members are established and may be amended through action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Plan provides healthcare insurance benefits for retirees and their dependents. The Plan only provides an implicit subsidy as described above.

Summary of Membership Information

The following table provides a summary of the number of participants in the plan as of the valuation date:

| | |
|----------------------------|-------|
| Retirees and beneficiaries | 171 |
| Active plan members | 2,075 |
| Total plan members | 2,246 |

Total OPEB Liability

The District's total OPEB liability of \$4,824,605 was measured as of June 30, 2021, based on an actuarial valuation dated July 1, 2020.

Actuarial Assumptions and Other Inputs

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

| | |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Actuarial valuation method | Entry Age Normal |
| Mortality rates | RP-2014 Total Dataset Mortality Table was projected back to 2006 with scale MP-2014 and then forward using scale MP-2019. |
| Salary Increases | 4 percent |
| Discount rate | 2.66 percent, based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020. |
| Healthcare cost trend rates | 7.5 percent graded uniformly down to 6.75 percent over 3 years and following the Getzen model thereafter. |
| Aging variance | Claims were adjusted based on the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013. |

**Bay County District School Board
Notes to Financial Statements**

Note 16: OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

| | | | | | |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------|--------|--------|
| Plan participation | 40 percent of future eligible retirees are assumed to elect medical coverage upon retirement. | | | | |
| Medical claims cost | \$14,116 annual cost | | | | |
| Funding policy | Benefits are funded on a pay-as-you-go basis. No assets have been segregated and restricted to provide for these benefits. | | | | |
| Annual retiree contribution | Medical plan: \$8,289 (retiree) and \$8,773 (spouse) | | | | |
| Amortization periods | Contribution calculations: 20 years (closed) beginning July 1, 2017 | | | | |
| | Experience gains or losses: Amortized over the average working lifetime of all participants which for the current period is 6 years. Plan amendments are recognized immediately. Investment gains or losses are amortized over a 5 year period. Changes in actuarial assumptions are amortized over the average working lifetime of all participants. | | | | |
| Coordination with Medicare | Benefits for retirees are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65 or after permanent disability. | | | | |
| Expenses | Administrative expenses are included in the per capita health costs. | | | | |
| Marital status | Actual spouse participation was based on the census data and males were assumed to be three years older than female spouses. | | | | |
| Retirement rates by age | 55 - 20%, 56-58 - 5%, 59-61 - 10%, 62 - 25%, 63-64 - 5%, and 65 - 100% | | | | |
| Disability and withdrawal rates by age | | Attained Age | | | |
| | | 20 | 35 | 50 | 60 |
| | Disability rates | 1.000 | 1.000 | 10.100 | 10.800 |
| | Withdrawal rates | | | | |
| | Estimated experience (1st year select) | 510.50 | 491.50 | 413.50 | 327.50 |
| | Estimated experience (2nd year select) | 140.80 | 137.40 | 123.00 | 105.90 |
| | Estimated experience (ultimate) | 105.60 | 59.80 | 38.40 | 31.30 |

Discount Rate

There are no invested plan assets held in trust to finance the OPEB Plan liability. The discount rate used equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA rating as of the measurement date. For the purpose of the OPEB Plan valuation, the municipal bond rate was 2.66% for the measurement date of June 30, 2020 and June 30, 2021.

**Bay County District School Board
Notes to Financial Statements**

Note 16: OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Changes in Plan Provisions, Assumptions, and Actuarial Methods

The changes of assumptions were based on the following:

- The discount rate decreased from 2.98 percent to 2.66 percent.
- The medical claims aging table was updated to be based on factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013.
- The healthcare cost trend rate decreased from 8 percent grading uniformly down to 5 percent over 10 years to 7.5 percent grading uniformly down to 6.75 percent over 3 years and following the Getzen model thereafter.
- The mortality rates were updated using mortality improvement scale MP-2019.

Changes in the Total OPEB Plan Liability

| | Amount |
|-------------------------------------------------------|---------------|
| Balance at June 30, 2020 | \$ 4,657,088 |
| Changes for the year: | |
| Service cost | 428,578 |
| Interest | 125,009 |
| Differences between expected and actual experience | - |
| Changes of assumptions or other inputs | - |
| Benefit payments | (386,070) |
| Net change in other postemployment benefits liability | 167,517 |
| Balance at June 30, 2021 | \$ 4,824,605 |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66 percent) or 1 percentage point higher (3.66 percent) than the current rate:

| | 1 % Decrease | Current Cost Trend Rate | 1 % Increase |
|----------------------|---------------------|------------------------------------|---------------------|
| Total OPEB Liability | \$ 4,831,959 | \$ 4,824,605 | \$ 4,473,825 |

Bay County District School Board
Notes to Financial Statements

Note 16: OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

The following table presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.5 percent decreasing to 5.75 percent) or 1 percentage point higher (8.5 percent decreasing to 7.75 percent) than the current healthcare cost trend rates:

| | 1 % Decrease | Current Discount Rate | 1 % Increase |
|----------------------|---------------------|----------------------------------|---------------------|
| Total OPEB Liability | \$ 4,212,552 | \$ 4,824,605 | \$ 5,174,068 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$416,483. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-----------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Effect of assumptions changes or inputs | \$ 739,437 | \$ - |
| Net difference between projected and actual investment earnings | - | 1,287,855 |
| Total | \$ 739,437 | \$ 1,287,855 |

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

| Measurement period ending June 30, | |
|-------------------------------------------|---------------------|
| 2022 | \$ (137,105) |
| 2023 | (137,105) |
| 2024 | (137,105) |
| 2025 | (137,103) |
| Total | \$ (548,418) |

**Bay County District School Board
Notes to Financial Statements**

Note 17: CONSTRUCTION CONTRACTS AND OTHER SIGNIFICANT COMMITMENTS

Construction contracts – encumbrances include the following construction contract commitments at June 30, 2021:

| Project | | Total Contract Amount | Completed to Date | Balance Committed |
|----------------------|------------|----------------------------------|------------------------------|------------------------------|
| Arnold | Contractor | \$ 1,239,689 | \$ 173,227 | \$ 1,066,462 |
| Bay High | Architect | 810,991 | 618,612 | 192,379 |
| | Contractor | 12,957,240 | - | 12,957,240 |
| | Architect | 739,113 | 650,782 | 88,331 |
| | Contractor | 15,900,386 | 9,989,588 | 5,910,798 |
| | Architect | 325,000 | 281,470 | 43,530 |
| | Contractor | 8,275,827 | 8,017,346 | 258,481 |
| Bozeman | Contractor | 939,295 | 703,992 | 235,303 |
| Callaway | Contractor | 792,152 | 597,108 | 195,044 |
| Cc Washington | Contractor | 331,851 | 7,321 | 324,530 |
| Cedar Grove | Contractor | 1,613,363 | 1,310,836 | 302,527 |
| Cherry Street | Contractor | 1,499,475 | 1,286,530 | 212,945 |
| Deerpoint | Contractor | 589,534 | 44,713 | 544,821 |
| Haney | Architect | 41,310 | 38,070 | 3,240 |
| | Contractor | 1,385,611 | 322,771 | 1,062,840 |
| | Architect | 582,454 | 401,943 | 180,511 |
| | Contractor | 2,881,095 | 93,241 | 2,787,854 |
| Hiland Park | Contractor | 1,292,130 | 1,270,116 | 22,014 |
| Jinks | Architect | 371,708 | 361,503 | 10,205 |
| | Contractor | 8,036,514 | 7,400,813 | 635,701 |
| Lucille Moore | Contractor | 591,300 | 24,618 | 566,682 |

(Continued)

**Bay County District School Board
Notes to Financial Statements**

Note 17: CONSTRUCTION CONTRACTS AND OTHER SIGNIFICANT COMMITMENTS (Continued)

| Project | | Total Contract Amount | Completed to Date | Balance Committed |
|-------------------------|------------|----------------------------------|------------------------------|------------------------------|
| Lynn Haven | | | | |
| | Contractor | \$ 1,015,726 | \$ 870,036 | \$ 145,690 |
| Margaret K Lewis | | | | |
| | Contractor | 625,722 | 570,294 | 55,428 |
| Merritt Brown | | | | |
| | Contractor | 1,283,439 | 1,245,739 | 37,700 |
| Mosley | | | | |
| | Contractor | 2,320,482 | 2,173,632 | 146,850 |
| Mowat | | | | |
| | Architect | 296,585 | 249,994 | 46,591 |
| | Contractor | 5,977,567 | 1,953,857 | 4,023,710 |
| | Architect | 891,076 | 128,207 | 762,869 |
| Northside | | | | |
| | Contractor | 733,872 | 507,995 | 225,877 |
| Oakland Terrace | | | | |
| | Contractor | 595,966 | 29,775 | 566,191 |
| Patterson | | | | |
| | Contractor | 354,744 | 90,523 | 264,221 |
| Parker | | | | |
| | Contractor | 1,288,543 | 269,191 | 1,019,352 |
| Rosenwald | | | | |
| | Contractor | 1,858,287 | 80,796 | 1,777,491 |
| Rutherford | | | | |
| | Architect | 459,990 | 453,640 | 6,350 |
| | Contractor | 5,022,928 | 4,038,897 | 984,031 |
| | Architect | 18,500 | 16,791 | 1,709 |
| | Contractor | 534,705 | 481,234 | 53,471 |
| Southport | | | | |
| | Contractor | 825,009 | 778,170 | 46,839 |
| Surfside | | | | |
| | Contractor | 1,468,987 | 38,289 | 1,430,698 |
| Tommy Smith | | | | |
| | Contractor | 643,930 | 610,574 | 33,356 |
| Tyndall | | | | |
| | Architect | 24,035 | - | 24,035 |
| | Architect | 657,617 | 445,948 | 211,669 |
| | Contractor | 881,985 | 528,347 | 353,638 |

(Continued)

**Bay County District School Board
Notes to Financial Statements**

Note 17: CONSTRUCTION CONTRACTS AND OTHER SIGNIFICANT COMMITMENTS (Continued)

| Project | Total Contract Amount | Completed to Date | Balance Committed |
|----------------------------------|----------------------------------|------------------------------|------------------------------|
| Waller | | | |
| Contractor | \$ 552,276 | \$ 35,722 | \$ 516,554 |
| Walsingham | | | |
| Architect | 2,226,860 | 2,121,759 | 105,101 |
| Contractor | 33,568,890 | 19,910,459 | 13,658,431 |
| Contracts under \$250,000 | 3,289,322 | 1,780,807 | 1,508,515 |
| Total | \$ 128,613,081 | \$ 73,005,276 | \$ 55,607,805 |

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 above construction contracts are identified as assigned fund balance on the balance sheet unless they are related to a fund which is already restricted.

Note 18: 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. Workers' compensation, automobile liability, and general liability coverage are being provided on a self-insured basis up to specified limits. The District has entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis. The District has contracted with an insurance administrator to administer these self-insurance programs, including the processing, investigating, and payment of claims.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts not recorded, if any, to be immaterial.

Settled claims resulting from the risks described above have not exceeded commercial insurance coverage in any of the past three fiscal years except for the claim made in regards to Hurricane Michael which exceeded the \$100,000,000 maximum.

Bay County District School Board Notes to Financial Statements

Note 18: RISK MANAGEMENT PROGRAMS (Continued)

General and Workers' Compensation Claims

A liability in the amount of \$11,198,536 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2021 related to general and workers' compensation claims. The loss estimates include legal and certain other expenses associated with claims settlements (allocated loss adjustment expenses). These estimates do not include provisions for unallocated loss adjustment expenses, such as fees for the claim administrators or other miscellaneous costs associated with claims settlements.

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

| Fiscal Year | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claims Payments | Balance at Fiscal Year End |
|-------------|------------------------------------------|-------------------------------------------------------|--------------------|----------------------------------|
| 2018-2019 | \$ 13,822,209 | \$ 262,096 | \$ (2,284,198) | \$ 11,800,107 |
| 2019-2020 | 11,800,107 | 3,975,973 | (1,557,676) | 14,218,404 |
| 2020-2021 | 14,218,404 | - | (3,019,868) | 11,198,536 |

Health Insurance Claims

Health prescription drug coverage is being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

Effective January 1, 2016, the District became partially self-insured with respect to employee health insurance coverage. The plan covers all eligible active and retired employees and their dependents. Blue Cross Blue Shield of Florida provides claims processing and administrative services for the plan.

Health benefits were self-insured up to a specific stop loss amount of \$150,000 per participant and a maximum aggregate benefit of \$1,000,000. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount.

Additionally, the District has entered into a contract with a vendor to operate a wellness center. All District full-time employees, in addition to retirees and dependents ages 6 and older, who have district health insurance may see a licensed clinician and receive sick care, access to health coaching services, and wellness programs free of charge.

Settled claims resulting from the health insurance risks described above have not exceeded commercial insurance coverage since the program's inception in January 2016.

The District reports a liability when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. This amount includes an amount for claims that have been incurred, but not

Bay County District School Board Notes to Financial Statements

Note 18: RISK MANAGEMENT PROGRAMS (Continued)

reported. The District reevaluates the claims liability periodically and the claims liability totaled \$8,051,790 as of June 30, 2021.

Funding for health insurance premiums is derived from three sources:

- City contribution for active employees
- Active employee contributions for dependent coverage
- Retired employee contributions

The following schedule represents the changes in claims liability for the past 3 fiscal years for the District's self-insurance program:

| Fiscal Year | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claims Payments | Balance at Fiscal Year End |
|-------------|------------------------------------------|-------------------------------------------------------|--------------------|----------------------------------|
| 2018-2019 | \$ 2,385,494 | \$ 19,732,401 | \$ (17,151,287) | \$ 4,966,608 |
| 2019-2020 | 4,966,608 | 19,467,824 | (14,569,519) | 9,864,913 |
| 2020-2021 | 9,864,913 | 20,314,240 | (22,127,363) | 8,051,790 |

Note 19: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the District. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Note 20: SUBSEQUENT EVENTS

On September 30, 2021, the Community Disaster Loan for \$5,000,000 was forgiven through "The Extended Government Funding and Delivering Emergency Assistance Act" passed by the federal government.

In March 2022, the District approved a transfer from the general fund to capital projects – other fund for \$5,910,988.

In March 2022, the District received approval for \$56,003,154 in additional Elementary and Secondary School Emergency Relief funds. This grant allows the recipient to identify expenditures for reimbursement retroactively to March 13, 2020.

Required Supplementary Information

Bay County District School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund
Year ended June 30, 2021

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------------------------------|----------------|--------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | | | | |
| Federal direct | \$ 460,181 | \$ 583,808 | \$ 686,037 | \$ 102,229 |
| Federal through state and local | 28,233,724 | 60,764,788 | 54,138,739 | (6,626,049) |
| State | 112,978,328 | 115,056,033 | 115,005,576 | (50,457) |
| Local | | | | |
| Property taxes | 80,722,282 | 80,722,282 | 81,544,219 | 821,937 |
| Payments in lieu of taxes | - | - | 101,412 | 101,412 |
| Charges for services | 1,986,860 | 2,470,694 | 2,957,277 | 486,583 |
| Rental income | - | 37,205 | 37,205 | - |
| Interest income | 750,000 | 750,000 | 142,054 | (607,946) |
| Miscellaneous | 631,500 | 1,668,734 | 2,637,604 | 968,870 |
| Total revenues | 225,762,875 | 262,053,544 | 257,250,123 | (4,803,421) |
| Expenditures | | | | |
| Current - education | | | | |
| Instructional services | 165,788,018 | 172,327,446 | 144,760,852 | 27,566,594 |
| Pupil services | 20,689,451 | 21,190,375 | 15,065,645 | 6,124,730 |
| Instructional media services | 2,450,052 | 2,920,411 | 2,174,684 | 745,727 |
| Instructional and curriculum development services | 4,030,838 | 4,518,454 | 3,984,563 | 533,891 |
| Instructional staff training services | 1,874,730 | 2,702,868 | 2,183,684 | 519,184 |
| Instruction related technology | 122,250 | 313,279 | 68,946 | 244,333 |
| School board | 1,004,756 | 1,276,996 | 1,090,905 | 186,091 |
| General administrative services | 5,322,920 | 16,538,839 | 3,054,987 | 13,483,852 |
| School administrative services | 14,275,045 | 15,605,505 | 14,034,212 | 1,571,293 |
| Facilities acquisition and construction | 1,769,606 | 6,223,518 | 5,343,955 | 879,563 |
| Fiscal services | 1,789,388 | 1,993,729 | 1,850,798 | 142,931 |
| Food services | - | 107,539 | 77,100 | 30,439 |
| Central services | 2,680,835 | 3,070,230 | 2,165,334 | 904,896 |
| Pupil transportation services | 8,869,373 | 9,080,986 | 8,189,334 | 891,652 |
| Plant operations | 18,571,976 | 19,100,763 | 17,112,778 | 1,987,985 |
| Maintenance services | 5,236,593 | 5,614,796 | 5,210,473 | 404,323 |
| Administrative technology services | 4,826,652 | 4,060,351 | 3,765,997 | 294,354 |
| Community services | 2,012,913 | 1,811,308 | 1,579,722 | 231,586 |
| Capital outlay | 22,206,348 | 42,066,811 | 14,332,972 | 27,733,839 |
| Total current | 283,521,744 | 330,524,204 | 246,046,941 | 84,477,263 |
| Excess (deficit) of revenues over (under) expenditures | (57,758,869) | (68,470,660) | 11,203,182 | 79,673,842 |
| Other financing sources (uses) | | | | |
| Debt proceeds | - | 5,000,000 | 5,000,000 | - |
| Transfers in | 1,780,642 | 4,576,539 | 4,499,503 | (77,036) |
| Total other financing sources (uses) | 1,780,642 | 9,576,539 | 9,499,503 | (77,036) |
| Net changes in fund balance | (55,978,227) | (58,894,121) | 20,702,685 | 79,596,806 |
| Fund balance - beginning | 67,804,320 | 67,804,320 | 67,804,320 | - |
| Fund balance - ending | \$ 11,826,093 | \$ 8,910,199 | \$ 88,507,005 | \$ 79,596,806 |

See independent auditors' report and notes to required supplementary information.

Bay County District School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Federal Education Stabilization Fund
Year ended June 30, 2021

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------------------------------|----------------|---------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | | | | |
| Federal through state and local | \$ 6,102,207 | \$ 12,238,367 | \$ 11,332,828 | \$ (905,539) |
| Total revenues | 6,102,207 | 12,238,367 | 11,332,828 | (905,539) |
| Expenditures | | | | |
| Current - education | | | | |
| Instructional services | 3,272,157 | 4,997,883 | 7,151,067 | (2,153,184) |
| Pupil services | 114,837 | 72,725 | 171,807 | (99,082) |
| Instructional media services | - | 521 | 65,378 | (64,857) |
| Instructional and curriculum development services | 176,987 | 249,258 | 210,534 | 38,724 |
| Instructional staff training services | 45,000 | 129,988 | 49,706 | 80,282 |
| Instruction related technology | - | 17,917 | 11,305 | 6,612 |
| General administrative services | 143,429 | 146,871 | 123,879 | 22,992 |
| School administrative services | 73,563 | 91,903 | 233,827 | (141,924) |
| Facilities acquisition and construction | - | 1,138,258 | - | 1,138,258 |
| Fiscal services | - | - | 8,670 | (8,670) |
| Central services | - | 13,800 | 31,764 | (17,964) |
| Pupil transportation services | 32,274 | 235,992 | 200,138 | 35,854 |
| Plant operations | 1,044,028 | 1,461,818 | 1,491,553 | (29,735) |
| Maintenance services | - | 19,176 | 46,896 | (27,720) |
| Community services | - | 2,579,506 | 314,974 | 2,264,532 |
| Capital outlay | 1,199,932 | 1,082,751 | 1,150,994 | (68,243) |
| Total current | 6,102,207 | 12,238,367 | 11,262,492 | 975,875 |
| Excess (deficit) of revenues over (under) expenditures | - | - | 70,336 | 70,336 |
| Other financing sources (uses) | | | | |
| Transfers out | - | - | (70,336) | (70,336) |
| Total other financing sources (uses) | - | - | (70,336) | (70,336) |
| Net changes in fund balance | - | - | - | - |
| Fund balance - beginning | - | - | - | - |
| Fund balance - ending | \$ - | \$ - | \$ - | \$ - |

See independent auditors' report and notes to required supplementary information.

Bay County District School Board
Schedule of Changes in the Total Other Postemployment
Benefits Liability and Related Ratios
Year ended June 30, 2021

| June 30, | 2021 | 2020 | 2019 | 2018 |
|-------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB liability | | | | |
| Service cost | \$ 428,578 | \$ 412,095 | \$ 517,021 | \$ 492,401 |
| Interest | 125,009 | 141,984 | 153,279 | 146,872 |
| Changes in benefit terms | - | - | - | - |
| Differences between expected and actual experience | - | (1,931,783) | - | - |
| Changes in assumptions | - | 1,109,156 | - | - |
| Benefit payments/refunds | (386,070) | (371,221) | (448,904) | (415,652) |
| Net change in OPEB liability | 167,517 | (639,769) | 221,396 | 223,621 |
| Total OPEB liability - beginning | 4,657,088 | 5,296,857 | 5,075,461 | 4,851,840 |
| Total OPEB liability - ending (a) | \$ 4,824,605 | \$ 4,657,088 | \$ 5,296,857 | \$ 5,075,461 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 386,070 | \$ 371,221 | \$ 448,904 | \$ 415,652 |
| Benefit payments/refunds | (386,070) | (371,221) | (448,904) | (415,652) |
| Net change in plan fiduciary net position | - | - | - | - |
| Plan fiduciary net position - beginning | - | - | - | - |
| Plan fiduciary net position - ending (b) | - | - | - | - |
| Net OPEB liability - ending (a) - (b) | \$ 4,824,605 | \$ 4,657,088 | \$ 5,296,857 | \$ 5,075,461 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0% | 0% | 0% | 0% |
| Covered-employee payroll | \$ 91,326,813 | \$ 87,814,243 | \$ 95,658,624 | \$ 91,979,446 |
| Net OPEB liability as a percentage of covered-employee payroll | 5.3% | 5.3% | 5.5% | 5.5% |

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, this data prior to 2018 is not available. Additional years will be included as they become available.

See independent auditors' report and notes to required supplementary information.

Bay County District School Board
Schedule of Employer Contributions for the Retirees' Health Insurance –
Other Postemployment Benefits

| June 30, | 2021 | 2020 | 2019 | 2018 |
|----------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Contractually required contribution | \$ 790,716 | \$ 745,377 | \$ 873,223 | \$ 820,456 |
| Contributions in relation to the contractually required contribution | (386,070) | (371,221) | (448,904) | (415,652) |
| Contribution deficiency/(excess) | \$ 404,646 | \$ 374,156 | \$ 424,319 | \$ 404,804 |
| District's covered-employee payroll | \$ 91,326,813 | \$ 87,814,243 | \$ 95,658,624 | \$ 91,979,446 |
| Contributions as a percentage of covered-employee payroll | 0.4% | 0.4% | 0.5% | 0.5% |

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, this data prior to 2018 is not available. Additional years will be included as they become available.

See independent auditors' report and notes to required supplementary information.

Bay County District School Board
Schedule of the District's Proportionate Share of the Net Pension Liability –
Florida Retirement System
June 30, 2021

| June 30, | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 * | 2011 * |
|----------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the net pension liability | 0.238762281% | 0.259251435% | 0.273873916% | 0.277793791% | 0.288077399% | 0.313827488% | 0.317902372% | 0.310217062% | N/A | N/A |
| District's proportionate share of the net pension liability | \$103,483,091 | \$ 89,282,585 | \$ 82,492,243 | \$ 82,197,743 | \$ 72,739,769 | \$ 40,535,029 | \$ 19,396,720 | \$ 53,402,163 | N/A | N/A |
| District's covered payroll | \$116,142,935 | \$121,280,909 | \$125,344,151 | \$124,140,536 | \$123,114,770 | \$122,615,413 | \$119,580,531 | \$115,355,362 | N/A | N/A |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 89.10% | 73.62% | 65.81% | 66.21% | 59.08% | 33.06% | 16.22% | 46.29% | N/A | N/A |
| Plan fiduciary net position as a percentage of the total pension liability | 78.85% | 82.61% | 84.26% | 83.89% | 84.88% | 92.00% | 96.09% | 88.54% | N/A | N/A |

* Disclosures for 2011 and 2012 are N/A because comparable information is not available at this time.

See independent auditors' report and notes to required supplementary information.

Bay County District School Board
Schedule of the District's Contributions – Florida Retirement System
Year ended June 30, 2021

| Year ended June 30, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 * | 2012 * |
|----------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required | \$ 10,708,045 | \$ 8,025,549 | \$ 8,127,318 | \$ 7,805,187 | \$ 7,231,656 | \$ 7,025,227 | \$ 7,651,381 | \$ 6,963,411 | N/A | N/A |
| Contributions in relation to the contractually required contribution | (10,708,045) | (8,025,549) | (8,127,318) | (7,805,187) | (7,231,656) | (7,025,227) | (7,651,381) | (6,963,411) | N/A | N/A |
| Contribution deficiency/(excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | N/A | N/A |
| District's covered payroll | \$128,809,588 | \$116,142,935 | \$121,280,909 | \$125,344,151 | \$124,140,536 | \$123,114,770 | \$122,615,413 | \$119,580,531 | | |
| Contributions as a percentage of covered payroll | 8.31% | 6.91% | 6.70% | 6.23% | 5.83% | 5.71% | 6.24% | 5.82% | N/A | N/A |

* Disclosures for 2012 and 2013 are N/A because comparable information is not available at this time.

See independent auditors' report and notes to required supplementary information.

Bay County District School Board
Schedule of the District's Proportionate Share of the Net Pension
Liability – Health Insurance Subsidy Program
June 30, 2021

| June 30, | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 * | 2011 * |
|----------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the net pension liability | 0.334628812% | 0.362602063% | 0.383751553% | 0.389354110% | 0.398717000% | 0.404026266% | 0.402468985% | 0.396940621% | N/A | N/A |
| District's proportionate share of the net pension liability | \$ 40,857,633 | \$ 40,571,542 | \$ 40,616,695 | \$ 41,631,538 | \$ 46,468,815 | \$ 41,204,324 | \$ 37,631,832 | \$ 34,558,900 | N/A | N/A |
| District's covered payroll | \$116,142,935 | \$121,280,909 | \$125,344,151 | \$124,140,536 | \$123,114,770 | \$122,615,413 | \$119,580,531 | \$115,355,362 | N/A | N/A |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 35.18% | 33.45% | 32.40% | 33.54% | 37.74% | 33.60% | 31.47% | 29.96% | N/A | N/A |
| Plan fiduciary net position as a percentage of the total pension liability | 3.00% | 2.63% | 2.15% | 1.64% | 0.97% | 0.50% | 0.99% | 1.78% | N/A | N/A |

* Disclosures for 2011 and 2012 are N/A because comparable information is not available at this time.

See independent auditors' report and notes to required supplementary information.

Bay County District School Board
Schedule of the District's Contributions – Health
Insurance Subsidy Program
Year ended June 30, 2021

| Year ended June 30, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 * | 2012 * |
|----------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required | \$ 2,138,239 | \$ 1,927,973 | \$ 2,013,263 | \$ 2,081,094 | \$ 2,060,574 | \$ 2,043,679 | \$ 1,544,440 | \$ 1,378,723 | N/A | N/A |
| Contributions in relation to the contractually required contribution | (2,138,239) | (1,927,973) | (2,013,263) | (2,081,094) | (2,060,574) | (2,043,679) | (1,544,440) | (1,378,723) | N/A | N/A |
| Contribution deficiency/(excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | N/A | N/A |
| District's covered payroll | \$128,809,588 | \$116,142,935 | \$121,280,909 | \$125,344,151 | \$124,140,536 | \$123,114,770 | \$122,615,413 | \$119,580,531 | | |
| Contributions as a percentage of covered payroll | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.26% | 1.15% | N/A | N/A |

* Disclosures for 2012 and 2013 are N/A because comparable information is not available at this time.

See independent auditors' report and notes to required supplementary information.

Bay County District School Board Notes to Required Supplementary Information

Note 1: BUDGETARY COMPLIANCE AND ACCOUNTABILITY

The District follows procedures established by state statutes and 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 funds in accordance with procedures and time requirements prescribed by Florida Statutes and SBE 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 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 appropriations.

Note 2: SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR THE RETIREES' HEALTH INSURANCE – OTHER POSTEMPLOYMENT BENEFITS

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. OPEB is funded on a pay-as-you-go system.

Changes of Assumptions. The discount rate decreased from 2.98 percent to 2.66 percent, the healthcare cost trend rate decreased from 8 percent grading uniformly down to 5 percent over 10 years to 7.5 percent grading uniformly down to 6.75 percent over 3 years and following the Getzen model thereafter, and the medical claims aging table and mortality rates were updated.

Note 3: SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM

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

Note 4: SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY PROGRAM

Changes of Assumptions. In 2020, The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21%.

Combining Statements

**Bay County District School Board
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021**

| | Public Education Capital Outlay Fund | Capital Outlay and Debt Service Fund | Capital Projects - Local Capital Improvement Fund | Food Service Fund | Miscellaneous Special Revenue Fund | Other Federal Programs Fund | Total Other Governmental Funds |
|--------------------------------------------|-----------------------------------------------|-----------------------------------------------|---------------------------------------------------------|-------------------------|---------------------------------------------|--------------------------------------|-----------------------------------------|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 29,685 | \$ 1,905,848 | \$ 15,670,645 | \$ 2,764,024 | \$ 3,665,692 | \$ 8,897 | \$ 24,044,791 |
| Accounts receivable, net | - | - | - | - | 56,550 | - | 56,550 |
| Due from other agencies | - | - | 695,556 | 283,551 | - | 174,654 | 1,153,761 |
| Due from other funds | - | 850,028 | 446,887 | 230,759 | - | 709,102 | 2,236,776 |
| Inventories | - | - | - | 95,118 | 58,242 | - | 153,360 |
| Total assets | \$ 29,685 | \$ 2,755,876 | \$ 16,813,088 | \$ 3,373,452 | \$ 3,780,484 | \$ 892,653 | \$ 27,645,238 |
| Liabilities and fund balance | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 553,833 | \$ 181,948 | \$ 116,672 | \$ 133,675 | \$ 986,128 |
| Accrued expenses | - | - | - | 3,312 | - | 189,651 | 192,963 |
| Construction contracts payable - retainage | 24,007 | - | 58,489 | - | - | - | 82,496 |
| Due to other agencies | - | - | - | - | - | 33,212 | 33,212 |
| Due to other funds | - | - | 103,434 | 684,634 | 163,615 | 536,115 | 1,487,798 |
| Unearned revenue | - | - | - | 30,996 | 44,021 | - | 75,017 |
| Total liabilities | 24,007 | - | 715,756 | 900,890 | 324,308 | 892,653 | 2,857,614 |
| Fund balance | | | | | | | |
| Nonspendable | | | | | | | |
| Inventories | - | - | - | 95,118 | 58,242 | - | 153,360 |
| Restricted | | | | | | | |
| Food service | - | - | - | 2,377,444 | 3,397,934 | - | 5,775,378 |
| Capital projects | 5,678 | 2,755,876 | 16,097,332 | - | - | - | 18,858,886 |
| Total fund balances | 5,678 | 2,755,876 | 16,097,332 | 2,472,562 | 3,456,176 | - | 24,787,624 |
| Total liabilities and fund balances | \$ 29,685 | \$ 2,755,876 | \$ 16,813,088 | \$ 3,373,452 | \$ 3,780,484 | \$ 892,653 | \$ 27,645,238 |

See independent auditors' report.

Bay County District School Board
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2021

| | Public Education Capital Outlay Fund | Capital Outlay and Debt Service Fund | Capital Projects - Local Capital Improvement Fund | Food Service Fund | Miscellaneous Special Revenue Fund | Other Federal Programs Fund | Total Other Governmental Funds |
|------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|---------------------------------------------------------|-------------------------|---------------------------------------------|--------------------------------------|-----------------------------------------|
| Revenues | | | | | | | |
| Intergovernmental | | | | | | | |
| Federal direct | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,124,236 | \$ 1,124,236 |
| Federal through state and local | - | - | - | 7,781,177 | - | 17,490,309 | 25,271,486 |
| State | 2,695,897 | 850,968 | - | 99,252 | - | - | 3,646,117 |
| Local | | | | | | | |
| District local capital improvement taxes | - | - | 27,370,142 | - | - | - | 27,370,142 |
| Payment in lieu of taxes | - | - | 34,046 | - | - | - | 34,046 |
| Charges for services | - | - | - | 428,447 | - | - | 428,447 |
| Interest income | - | 1 | 44,438 | 7,433 | 11,653 | - | 63,525 |
| Miscellaneous | - | - | 5,149 | 91,803 | 2,971,451 | - | 3,068,403 |
| Total revenues | 2,695,897 | 850,969 | 27,453,775 | 8,408,112 | 2,983,104 | 18,614,545 | 61,006,402 |
| Expenditures | | | | | | | |
| Current - education | | | | | | | |
| Instructional services | - | - | - | - | 2,976,033 | 10,586,139 | 13,562,172 |
| Pupil services | - | - | - | - | - | 2,273,722 | 2,273,722 |
| Instructional media services | - | - | - | - | - | 62,688 | 62,688 |
| Instructional and curriculum development services | - | - | - | - | - | 2,923,429 | 2,923,429 |
| Instructional staff training services | - | - | - | - | - | 1,240,818 | 1,240,818 |
| Instruction related technology | - | - | - | - | - | 97,692 | 97,692 |
| General administrative services | - | - | - | - | - | 424,046 | 424,046 |
| Facilities acquisition and construction | 1,865 | - | 2,443,699 | - | - | - | 2,445,564 |
| Central services | - | - | - | - | - | 7,206 | 7,206 |
| Food services | - | - | - | 8,554,339 | - | - | 8,554,339 |
| Pupil transportation services | - | - | - | - | - | 5,671 | 5,671 |
| Plant operations | - | - | - | - | - | 2,284 | 2,284 |
| Community services | - | - | - | - | - | 708,173 | 708,173 |

(Continued)

See independent auditors' report.

Bay County District School Board
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
Year ended June 30, 2021

| | Public Education Capital Outlay Fund | Capital Outlay and Debt Service Fund | Capital Projects - Local Capital Improvement Fund | Food Service Fund | Miscellaneous Special Revenue Fund | Other Federal Programs Fund | Total Other Governmental Funds |
|-------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|---------------------------------------------------------|-------------------------|---------------------------------------------|--------------------------------------|-----------------------------------------|
| Capital outlay | \$ 258,955 | \$ 57,444 | \$ 5,134,484 | \$ 1,120,891 | \$ 56,397 | \$ 282,677 | \$ 6,910,848 |
| Debt service | | | | | | | |
| Interest and fiscal charges | - | 940 | - | - | - | - | 940 |
| Total expenditures | 260,820 | 58,384 | 7,578,183 | 9,675,230 | 3,032,430 | 18,614,545 | 39,219,592 |
| Excess (deficit) of revenues over (under) expenditures | 2,435,077 | 792,585 | 19,875,592 | (1,267,118) | (49,326) | - | 21,786,810 |
| Other financing uses | | | | | | | |
| Transfers out | (2,695,897) | - | (14,611,220) | - | - | - | (17,307,117) |
| Total other financing uses | (2,695,897) | - | (14,611,220) | - | - | - | (17,307,117) |
| Net changes in fund balances | (260,820) | 792,585 | 5,264,372 | (1,267,118) | (49,326) | - | 4,479,693 |
| Fund balances - beginning (as originally reported) | 266,498 | 1,963,291 | 10,832,960 | 3,739,680 | - | - | 16,802,429 |
| Prior period adjustment | - | - | - | - | 3,505,502 | - | 3,505,502 |
| Fund balances - beginning (as restated) | 266,498 | 1,963,291 | 10,832,960 | 3,739,680 | 3,505,502 | - | 20,307,931 |
| Fund balances - ending | \$ 5,678 | \$ 2,755,876 | \$ 16,097,332 | \$ 2,472,562 | \$ 3,456,176 | \$ - | \$ 24,787,624 |

See independent auditors' report.

Compliance Section



INDEPENDENT AUDITORS’ MANAGEMENT LETTER

Honorable Superintendent and members
of the Bay County District School Board
Panama City, Florida

Report on the Financial Statements

We have audited the financial statements of the Bay County District School Board (District), as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated March 31, 2022.

Auditors’ 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 Auditors’ 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*, Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountants’ Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.800, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 31, 2022, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below.

Tabulation of Uncorrected Audit Findings

| 2020-21 FY Finding No. | 2019-20 FY Finding No. | 2018-19 FY Finding No. |
|---------------------------|---------------------------|---------------------------|
| 2021-001 | 2020-001 | 2019-001 |

Financial Condition and Management

Section 10.804(1)(f)2., Rules of the Auditor General, requires us to communicate whether or not the Bay County 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 Bay County District School Board did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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 Bay County District School Board. It is management's responsibility to monitor the Bay County District School Board's financial condition, and our financial condition assessment was based in part on representations made by management and 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 did not have any such recommendations.

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 Bay County District School Board maintains on its website the information specified in Section 1011.035, Florida Statutes. In connection with our audit, we determined that the Bay County District School Board maintained on its website 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 noncompliance with provisions of contracts or grant agreements, or abuse, that has occurred, or is likely to have occurred, that has 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 Joint Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Bay County District School Board, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
March 31, 2022

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL
GOVERNMENT INVESTMENT POLICIES**

Honorable Superintendent and members
of the Bay County District School Board
Panama City, Florida

We have examined the Bay County District School Board's (District) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended June 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the District's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of the District's compliance with the specified requirements.

In our opinion, the District complied in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended June 30, 2021.

This report is intended solely for the information and use of the Bay County District School Board, management, and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
March 31, 2022

INDEPENDENT AUDITORS' 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

Honorable Superintendent and members
of the Bay County District School Board
Panama City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Bay County District School Board (District) as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 31, 2022. Our report on the District's financial statements includes a reference to other auditors who audited the financial statements of Palm Bay Preparatory Academy, Palm Bay Preparatory Elementary Academy, Central High School (charter schools under the Palm Bay Education Group, Inc.), Chautauqua Charter School, Inc., Community Charter Academy, Inc., Rising Leaders Academy, Inc., and the Bay Education Foundation, Inc. This report does not include the results of the other auditors' testing of internal control over financial reporting or on compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal controls, described in the accompanying schedule of findings and questioned costs as financial statement finding 2021-001 to be a material weakness.

Compliance and Other Matters

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

District's Response to Finding

The views of responsible officials related to the finding identified in our audit is included in the accompanying schedule of findings and questioned costs and was not subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
March 31, 2022

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

Honorable Superintendent and members
of the Bay County District School Board
Panama City, Florida

Report on Compliance for Each Major Federal Program

We have audited the Bay County District School Board's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Bay County District School Board's basic financial statements include the operations of its discretely presented component units which are not included in the Bay County District School Board's schedule of expenditures of federal awards for the year ended June 30, 2021. Our audit, described below, did not include the operations of the discretely presented component units because the component units engaged other auditors to perform the audits of compliance as applicable.

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.

Auditors' 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002, that we considered to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and was not subjected to the auditing procedures applied in the audit of compliance. Accordingly, we express no opinion on the response.

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.

Caru, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
March 31, 2022

Bay County District School Board
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

| Federal Awards Programs | Assistance Listing Number | Contract/ Grant Number | Expenditures | Passed Through to Subrecipients |
|-----------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------|---------------------|------------------------------------------------|
| U. S. Department of Agriculture | | | | |
| Indirect | | | | |
| Child Nutrition Cluster | | | | |
| Passed through the Florida Department of Agriculture and Consumer Services | | | | |
| School Breakfast Program | 10.553 | 20002 | \$ 1,337,171 | \$ - |
| National School Lunch Program | 10.555 | 20001, 20003 | 5,238,593 | - |
| Summer Food Service Program for Children | 10.559 | 19006, 19007, 20006, 20007 | 788,861 | - |
| Total Child Nutrition Cluster | | | 7,364,625 | - |
| Passed through the Florida Department of Agriculture and Consumer Services | | | | |
| USDA - Fresh Fruits and Vegetables Program | 10.582 | 20004 | 26,826 | - |
| Child and Adult Care Food Program | 10.558 | A-4504 | 389,726 | - |
| Total U.S. Department of Agriculture | | | 7,781,177 | - |
| U.S. Department of Education | | | | |
| Direct | | | | |
| Student Financial Assistance Cluster | | | | |
| Federal Pell Grant Program | 84.063 | N/A | 708,173 | - |
| Total Student Financial Assistance Cluster | | | 708,173 | - |
| Impact Aid | 84.041 | N/A | 377,898 | - |
| School Safety National Activities (formerly, Safe and Drug- -Free Schools and Communities-National Programs) | 84.184 | N/A | 416,063 | - |
| Total Direct | | | 1,502,134 | - |
| Indirect | | | | |
| Passed through the Florida Department of Education | | | | |
| Special Education Cluster | | | | |
| Special Education - Grants to States | 84.027 | 262, 263 | 6,295,546 | - |
| Special Education - Preschool Grants | 84.173 | 266, 267 | 236,245 | - |
| Total Special Education Cluster | | | 6,531,791 | - |
| Adult Education - Basic Grants to States | 84.002 | 191 | 232,032 | - |
| Title I Grants to Local Educational Agencies | 84.010 | 212, 223, 226 | 7,948,582 | - |
| Career and Technical Education - Basic Grants to States | 84.048 | 161 | 412,590 | - |
| Education for Homeless Children and Youth | 84.196 | 127 | 385,014 | - |
| Charter schools | 84.282 | N/A | 250,450 | - |
| English Language Acquisition Grants | 84.365 | 102 | 179,129 | - |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | 84.367 | 224 | 929,367 | - |
| Student Support and Academic Enrichment Program | 84.424 | 241 | 621,355 | - |
| Disaster Recovery Assistance for Education | 84.938 | 105 | 19,829,466 | - |
| Total Indirect | | | 37,319,776 | - |

(Continued)

See independent auditors' report and notes to the schedule of expenditures of federal awards.

Bay County District School Board
Schedule of Expenditures of Federal Awards (Continued)
Year ended June 30, 2021

| Federal Awards Programs | Assistance Listing Number | Contract/ Grant Number | Expenditures | Passed Through to Subrecipients |
|--------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------|---------------------|------------------------------------------------|
| Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act | | | | |
| Direct | | | | |
| COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act | 84.425E | N/A | \$ 145,200 | \$ - |
| COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act | 84.425F | N/A | 543,698 | - |
| Total Direct | | | 688,898 | - |
| Indirect | | | | |
| Passed through the Florida Department of Education | | | | |
| COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act | 84.425C | 123 - GEERS | 1,327,112 | - |
| COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act | 84.425D | 124 - ESSER | 9,316,319 | - |
| Total Indirect | | | 10,643,431 | - |
| Total Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act | | | 11,332,329 | - |
| Total U.S. Department of Education | | | 50,154,239 | - |
| U.S. Department of Health and Human Services | | | | |
| Direct | | | | |
| COVID-19 - Provider Relief Fund | 93.498 | N/A | 497 | - |
| Indirect | | | | |
| Passed through the Florida Department of Children and Families | | | | |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | BDZ02 | 150,000 | - |
| Total U.S. Department of Health and Human Services | | | 150,497 | - |
| U.S. Department of Homeland Security | | | | |
| Direct | | | | |
| Community Disaster Loans | 97.030 | EMA-2020-LF-4399FL05 | 5,000,000 | - |
| Indirect | | | | |
| Passed through Florida Executive Office of the Governor | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | Z0887 | 34,140,368 | - |
| Total U.S. Department of Homeland Security | | | 39,140,368 | - |

(Continued)

See independent auditors' report and notes to the schedule of expenditures of federal awards.

Bay County District School Board
Schedule of Expenditures of Federal Awards (Continued)
Year ended June 30, 2021

| Federal Awards Programs | Assistance Listing Number | Contract/ Grant Number | Expenditures | Passed Through to Subrecipients |
|-----------------------------------------------------|------------------------------------------|-----------------------------------|----------------------|------------------------------------------------|
| U.S. Department of Defense | | | | |
| Direct | | | | |
| Army Junior Reserve Officers Training Corps | 12.U01 | N/A | \$ 65,192 | \$ - |
| Marine Corps Junior Reserve Officers Training Corps | 12.U02 | N/A | 73,223 | - |
| Navy Junior Reserve Officers Training Corps | 12.U03 | N/A | 75,887 | - |
| Air Force Junior Reserve Officers Training Corps | 12.U04 | N/A | 93,837 | - |
| Total U.S. Department of Defense | | | 308,139 | - |
| Total expenditures of federal awards | | | \$ 97,534,420 | \$ - |

See independent auditors' report and notes to the schedule of expenditures of federal awards.

Bay County District School Board
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2021

1. Basis of Presentation - The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Bay County District School Board under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in financial position, or cash flows of the District.
2. Summary of significant accounting policies - Expenditures are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
3. Indirect cost rate - The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
4. Noncash assistance - The schedule includes \$548,829 of donated food received during the fiscal year under the National School Lunch Program. Donated food is valued at fair value at the time of donation. The District has no other types of federal assistance to be reported that includes, endowments, insurance, noncash assistance, personal protective equipment, other donated property, or free rent.
5. Loan/loan guarantee outstanding balances - In November 2019, the District was awarded \$5,000,000 loan from the Federal Emergency Management Agency under the Community Disaster Loan program with the funds drawn down in October 2020. This award is identified under Assistance Listing number 97.030, Community Disaster Loans. The principal and interest, less any amounts that may be cancelled by the government pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, are due in November 2024.
6. Included in the National School Lunch Program is \$230,635 of funding for Emergency Operational Cost Reimbursements for March - May 2020 to be applied against 2021 food service expenses.
7. Impact Aid - The schedule includes expenditures of \$127,662 and \$250,236 related to grant number/program FL-2021-190003 and FL-2020-190003, respectively.
8. Disaster Grants - The District incurred expenditures for Disaster Grants – Public Assistance (Presidentially Declared Disasters) in prior fiscal years.
9. Charter schools - The schedule includes \$250,450 that was subsequently passed down to Palm Bay Education Group, Inc.

**Bay County District School Board
Schedule of Findings and Questioned Costs
Year ended June 30, 2021**

Section I – Summary of Auditors' Results

Financial Statements

- | | |
|-------------------------------------------------------------------------------------|---------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting | |
| a. Material weakness(es) identified? | Yes |
| b. Significant deficiency(ies) identified not considered to be material weaknesses? | None reported |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|-------------------------------------------------------------------------------------------------------|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified not considered to be material weaknesses? | Yes |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |

4. Identification of major federal programs:

| <u>Assistance Listing Number</u> | <u>Name of Federal Award</u> |
|----------------------------------|------------------------------------------------------------------------------------------------------|
| 84.010 | Title I Grants to Local Educational Agencies |
| 84.425 C/D/E/F | COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act |
| 84.938 | Disaster Recovery Assistance for Education |
| 97.030 | Community Disaster Loans |

- | | |
|-----------------------------------------------------------------------------|-------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$2,926,033 |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520? | No |

(Continued)

Bay County District School Board
Schedule of Findings and Questioned Costs (Continued)
Year ended June 30, 2021

Section II – Financial Statement Findings

2021-001 Financial Reporting (prior year 2020-001) (initially reported in 2017)

Finding: The District's financial reporting needs improvement to ensure financial statement account balances and transactions, including the schedule of expenditures of federal awards, are properly reported.

Criteria: State Board of Education Rule 6A-1.0071, Florida Administrative Code, and related instructions from the Florida Department of Education prescribe the exhibits and schedules that should be prepared as part of the District's annual financial report (AFR).

Section 1010.01, Florida Statutes, requires that these exhibits and schedules be prepared in accordance with generally accepted accounting principles (GAAP).

Condition: Various adjustments were identified during the audit which were required to properly report activity in accordance with GAAP. Summarized below are the more significant adjustments identified.

- Accounts receivable and unavailable revenue were understated by \$410 thousand related to a local grant expended in fiscal year 2021 and before.
- Cash of \$400 thousand held in escrow was not properly reported as restricted cash.
- Expenditures were overstated in the Federal Education Stabilization fund and understated in the general fund due to the reclassification of expenditures from a previous period between funds.
- Misstatements were noted in two balances reported on the schedule of expenditures of federal awards.

Cause: District personnel responsible for preparing and reviewing the AFR in the accounting department were unaware of the specific situations that resulted in the above adjustments and there was no subsequent review of the financial statements that identified these issues.

- Accounting personnel were not involved with the request for reimbursement from the local grant to identify the amount to be received from the grantor in the future.
- Accounting personnel were not involved in the disbursements from the escrow account to realize the funds had not been disbursed as of June 30, 2021.
- The grants reported in the Federal Education Stabilization fund can reimburse expenditures from a previous period back to March 13, 2020. The District did not intend to go back to fiscal year 2020 to simplify reporting. However, errors in calculation and reclassification adjustments resulted in inadvertently reclassifying expenditures accrued as of June 30, 2020 which is allowable under the grant but should not be reported as a current expenditure of the fund.

Effect: Reporting errors, such as these, may cause financial statement users to misunderstand the District's financial activities and incorrectly assess their financial position.

Bay County District School Board
Schedule of Findings and Questioned Costs (Continued)
Year ended June 30, 2021

Recommendation: The District should improve internal control procedures to ensure that financial statement account balances and transactions are properly reported and reviewed throughout the year and at year-end. The District should also implement a documented review process throughout the year and at year-end.

Views of Responsible Officials of the Auditee: The district has corrected the items noted in prior findings and will correct the noted deficiencies for the 2022 fiscal year. While this findings is classified as a repeat finding, the deficiencies are anything but repetitive errors. Almost all of this year's deficiencies are related to first time funding sources from the Federal Emergency Management Agency or the Coronavirus Aid, Relief, and Economic Security Act. The District will continue to hire new staff and train existing staff on these ever-changing guidelines.

Section III – Federal Awards Findings and Questioned Costs

2021-002 Lack of Documented Review of Reporting

Assistance Listing Number: 84.425E

Program Title: COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act

Compliance Requirement: Reporting

Pass-through Entity: N/A

Federal Grant/Contract Number and Grant Year: N/A

Finding Type: Significant Deficiency in Internal Control

Known Questioned Costs: \$0

Condition: The District did not have procedures in place to review the quarterly public reporting for the student aid portion of the grant for accuracy or a process in place to verify reports were publicly available on their website in a timely manner. Ultimately, the reports were completed with no material errors noted and provided to the District's Information Systems department to be uploaded as required in a timely manner. However, due to a technical error the appropriate information submitted by the District personnel was not uploaded appropriately and links on the site accessed incorrect information. In addition, only reports starting from March 31, 2021 were purportedly available on Tom P. Haney Technical College's website instead of through the beginning of the reporting requirements.

Criteria: The U.S. Department of Education requires institutions that received Higher Education Emergency Relief Funds (HEERF) to publicly post certain information on their website related to the student aid portion of the funds.

2 CFR section 200.303 requires that nonfederal entities receiving federal awards establish and maintain internal control over the federal awards that provides reasonable assurance that the nonfederal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Effect: By not having a review process in place to verify the reports were uploaded timely and accurately the reports were not available to the public as required.

Bay County District School Board
Schedule of Findings and Questioned Costs (Continued)
Year ended June 30, 2021

Cause: The District had limited employees involved in the disbursement of the student aid resulting in only one person being ultimately able to prepare and review the report. It is unclear what happened within the information system department to result in erroneous links on the District's website. The reports were only available from March 2021 due to Haney's website being moved and updated in the middle of fiscal year 2021.

Recommendation: We recommend implementing a process for a secondary review the reports being prepared as well as a process for verifying reports are uploaded to the website accurately and in a timely manner. We also recommend adding to the updated website all reports required back to the beginning of the reporting requirements in fiscal year 2020.

Views of Responsible Officials and Planned Corrective Action: The District will implement new procedures to verify reports are accurate and uploaded appropriately in a timely manner in the future. The District has corrected the links on their website to reference to appropriate reports for those already available and will add the previous reports required back to fiscal year 2020 as well.

**Bay County District School Board
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2021**

The District has taken corrective action for findings included in the prior year audit report, except as noted in finding 2021-001 in the financial statement findings section above.

| Prior Year/ Current Year Finding No. | Program/Area | Brief Description | Status | Comments |
|-----------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2020-001/ 2021-001 | Financial Statement/Financial Reporting | District financial reporting procedures continue to need improvement to ensure that account balances and transactions are properly reported and required supplementary information (RSI) is properly included in the annual financial report (AFR) submitted to the Florida Department of Education (FDOE). | Partial | The District continues to work on improving their financial reporting processes. The District did appropriately report RSI in the AFR submitted to FDOE for fiscal year 2021. |
| 2020-002 | Financial Statement/ Aggregate Discretely Presented Component Units | As of March 24, 2021, the 2019-20 fiscal year financial audit report for the Bay Education Foundation, Inc., a District direct-support organization (DSO) and discretely presented component unit (DPCU), had not been issued. | Corrected | The District verified the Bay Education Foundation, Inc. completed their 2020-2021 financial statement audit in a timely manner. |



WILLIAM V. HUSFELT III

SUPERINTENDENT

1311 Balboa Avenue

Panama City, Florida

32401-2080

(850) 767-4100

Hearing Impaired Access

(800) 955-8770 Voice

(800) 955-8771 TDD

www.bay.k12.fl.us

Board Members:

Jerry Register

District 1

Brenda Ruthven

District 2

Pamm Chapman

District 3

Winston Chester

District 4

Steve Moss

District 5

CORRECTIVE ACTION PLAN

March 31, 2022

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

Finding Number: 2021-001

Planned Corrective Action:

The District has corrected the items noted in prior findings and will correct the noted deficiencies for the 2022 fiscal year. While this finding is classified as a repeat finding, the deficiencies are anything but repetitive errors. Almost all of this year's deficiencies are related to first time funding sources from FEMA or the CARES Act. The District will continue to hire new staff and train existing staff on these ever-changing guidelines.

Anticipated Completion Date: 9/11/2022

Responsible Contact Person: Jim Loyed

Finding Number: 2021-002

Planned Corrective Action:

The District will implement new procedures to verify reports are accurate and uploaded appropriately in a timely manner in the future. The District has corrected the links on their website to reference to appropriate reports for those already available and will add the previous reports required back to fiscal year 2020 as well.

Anticipated Completion Date: 3/31/2022

Responsible Contact Person: Jim Loyed

William V. Husfelt, III
Superintendent of Schools