

Report No. 2022-150
March 2022

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

**CITRUS COUNTY
DISTRICT SCHOOL BOARD**

For the Fiscal Year Ended
June 30, 2021



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2020-21 fiscal year, Sandra Himmel served as Superintendent of the Citrus County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Thomas Kennedy	1
Virginia G. Bryant, Vice Chair from 11-17-20	2
Douglas A. Dodd	3
Sandy Counts, Chair through 11-16-20	4
Linda B. Powers, Chair from 11-17-20, Vice Chair through 11-16-20	5

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

The team leader was Joseph Coverdill, CPA, and the audit was supervised by Anna A. McCormick, CPA.

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

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

We noted a certain matter involving the District's internal control over financial reporting and its operation that we consider to be a significant deficiency, as summarized below. However, this significant deficiency is not considered to be a material weakness.

Significant Deficiency

Finding No. 2021-001: District financial reporting procedures need improvement to ensure that all major funds are properly disclosed on the annual financial report.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Child Nutrition Cluster and Education Stabilization Fund were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs.

AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to determine whether the School Board and its officers with administrative and stewardship responsibilities for District operations:

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on the District's major Federal programs; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs.

The scope of this audit included an examination of the District's basic financial statements and the accompanying Schedule of Expenditures of Federal Awards, as of and for the fiscal year ended June 30, 2021. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were

executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Citrus County District School Board, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds and the Withlacoochee Technical College scholarship fund, a private purpose trust fund, which collectively represent 14 percent, 3 percent, 16 percent, 12 percent, and 11 percent, respectively, of the assets, liabilities, net position and fund balance, additions and revenues, and deductions and expenditures of the aggregate remaining fund information. In addition, we did not audit the financial statements of the discretely presented component unit, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns. The financial statements of the school internal funds, the private purpose trust fund, and the discretely presented component unit were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable

to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Citrus County District School Board, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note II. to the financial statements, the District and the discretely presented component unit implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which is a change in accounting principle that addresses accounting and financial reporting for fiduciary activities. This affects the comparability of amounts reported for the 2020-21 fiscal year with amounts reported for the 2019-20 fiscal year. Our opinion is 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**, the **Budgetary Comparison Schedule – General and Major Special Revenue Funds**, **Schedule of Changes in the District's Total OPEB Liability and Related Ratios**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers

it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 15, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Citrus County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2021. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found immediately following the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-21 fiscal year are as follows:

- The District's total net position decreased by \$3,202,532.48, which is a 3 percent decrease from the 2019-20 fiscal year.
- General revenues total \$163,586,764.46, which is 92.9 percent of all revenues for the 2020-21 fiscal year, as compared to \$153,625,413.13 which was 93.3 percent for the 2019-20 fiscal year. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$12,486,108.58, which represents 7.1 percent of total revenue, compared to \$10,982,685.66 which represented 6.7 percent of total revenue for the 2019-20 fiscal year.
- On the government-wide financial statements, expenses total \$179,275,405.52. Only \$12,486,108.58 of these expenses were offset by program specific revenues. Total expenses exceeded total revenues by \$3,202,532.48 as compared to the previous fiscal year when expenses exceeded revenues by \$17,329.66.
- The General Fund total assigned and unassigned fund balances, representing the net current financial resources available for general appropriation by the Board, totaled \$10,871,752.11 on June 30, 2021, or 8.6 percent of General Fund revenues.
- During the current year, General Fund expenditures exceeded revenues by \$4,905,667.71. This may be compared to last year's results in which General Fund expenditures exceeded revenues by \$4,563,166.19. These figures do not take into consideration the effect of the transfer from the Capital Projects – Local Capital Improvement Fund.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

statement of activities presents information about the change in the District's net position, the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

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 such as basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- Component units – The District presents a separate legal entity as a discretely presented component unit, which is The Academy of Environmental Science, Inc. (charter school). Although a legally separate organization, the charter school is included in this report because it meets the criteria for inclusion provided by generally accepted accounting principles. Financial information for the component unit is reported separately from the financial information presented for the primary government.

The Citrus County School Board Leasing Corporation (Leasing Corporation), although also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government.

Fund Financial Statements

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

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

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

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

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

Proprietary Funds: Proprietary funds may be established to account for activities in which a fee is charged for services. One type of proprietary fund is maintained, an internal service fund. 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 an internal service fund to account for its employee group self-insurance program and its wellness center. Since these services predominantly benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

Fiduciary Funds: Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

The District uses private-purpose trust funds to account for scholarship funds established by private donors.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's total other postemployment benefits (OPEB) and net pension liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. The following is a summary of the District's net position as of June 30, 2021, compared to net position as of June 30, 2020:

Net Position, End of Year

	Governmental Activities	
	<u>6-30-21</u>	<u>6-30-20</u>
Current and Other Assets	\$ 89,541,769.31	\$ 78,312,711.43
Capital Assets	180,847,760.20	183,410,851.74
Total Assets	<u>270,389,529.51</u>	<u>261,723,563.17</u>
Deferred Outflows of Resources	<u>37,810,640.00</u>	<u>32,769,562.00</u>
Long-Term Liabilities	184,036,284.97	164,973,913.10
Other Liabilities	10,965,291.12	9,947,659.17
Total Liabilities	<u>195,001,576.09</u>	<u>174,921,572.27</u>
Deferred Inflows of Resources	<u>10,887,207.00</u>	<u>16,978,952.00</u>
Net Position:		
Net Investment in Capital Assets	142,973,663.66	145,084,725.70
Restricted	55,421,500.22	48,148,228.22
Unrestricted (Deficit)	<u>(96,083,777.46)</u>	<u>(90,640,353.02)</u>
Total Net Position	<u><u>\$ 102,311,386.42</u></u>	<u><u>\$ 102,592,600.90</u></u>

The largest portion of the District's net position is investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was primarily the result of accruing \$28,435,086 in OPEB payable and \$111,531,940 in net pension liability.

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

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-21	6-30-20
Program Revenues:		
Charges for Services	\$ 1,859,556.64	\$ 2,296,402.88
Operating Grants and Contributions	9,416,272.37	7,135,442.90
Capital Grants and Contributions	1,210,279.57	1,550,839.88
General Revenues:		
Property Taxes, Levied for Operational Purposes	50,104,161.09	49,941,339.89
Property Taxes, Levied for Capital Projects	16,956,824.89	16,189,076.81
Grants and Contributions Not Restricted to Specific Programs	88,543,205.65	80,839,990.87
Unrestricted Investment Earnings	(347,051.43)	2,376,917.23
Miscellaneous	8,329,624.26	4,278,088.33
Total Revenues	176,072,873.04	164,608,098.79
Functions/Program Expenses:		
Instruction	89,455,875.13	86,384,320.26
Student Support Services	7,567,843.29	7,477,954.71
Instructional Media Services	1,576,208.87	1,564,271.49
Instruction and Curriculum Development Services	4,698,001.41	4,278,664.19
Instructional Staff Training Services	1,963,919.51	1,712,378.46
Instruction-Related Technology	1,353,301.32	1,318,497.32
Board	622,065.76	517,081.34
General Administration	1,513,041.66	1,352,519.90
School Administration	10,964,711.98	10,467,166.38
Facilities Acquisition and Construction	2,156,492.61	1,920,234.78
Fiscal Services	887,452.77	861,793.26
Food Services	8,593,932.45	8,393,497.46
Central Services	3,230,507.83	3,002,337.74
Student Transportation Services	8,640,031.61	8,535,242.37
Operation of Plant	13,983,506.39	10,828,458.87
Maintenance of Plant	3,653,541.50	3,549,046.51
Administrative Technology Services	2,290,777.15	2,225,958.78
Community Services	5,533,319.53	1,579,196.87
Unallocated Interest on Long-Term Debt	615,783.88	516,897.31
Unallocated Depreciation Expense	9,975,090.87	8,139,910.45
Total Functions/Program Expenses	179,275,405.52	164,625,428.45
Change in Net Position	(3,202,532.48)	(17,329.66)
Net Position - Beginning	102,592,600.90	102,609,930.56
Adjustment to Beginning Net Position (1)	2,921,318.00	-
Net Position - Beginning, as Restated	105,513,918.90	102,609,930.56
Net Position - Ending	\$ 102,311,386.42	\$ 102,592,600.90

(1) In the 2020-21 fiscal year, the adjustment to beginning net position is due to the District implementing GASB Statement No. 84 and reporting the school internal funds as part of governmental activities.

The largest revenue sources are the State of Florida and local property taxes which are 40.2 percent and 38.1 percent, respectively of total revenue. Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP funding formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Total government-wide revenues increased by \$11,464,774.25, or 7 percent, mostly due to Federal Education Stabilization Funds and Summer Food Service Program Emergency Feeding Funds awarded in response to the COVID-19 pandemic. Total government-wide expenses increased by \$14,649,977.07, or 8.9 percent, largely due to an increase in the base salaries and benefits of instructional personnel and pension expense.

From the 2019-20 fiscal year to the 2020-21 fiscal year, the taxable value of property in the District increased from \$11,072,954,874 to \$11,695,487,235 while the millage rate decreased from 6.125 mills to 5.930 mills, the Base Student Allocation increased by \$40, and the unweighted full-time equivalent decreased by 27.38.

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 increased by \$6,098,620.37 during the fiscal year to \$67,075,663.10 at June 30, 2021. Of the total fund balance, \$9,242,643.18, or 13.8 percent, is unassigned fund balance, which is available for spending at the District's discretion; \$1,033,047.25 is nonspendable; \$55,170,863.74 is restricted; and \$1,629,108.93 is assigned.

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, the total of assigned and unassigned fund balance was \$10,871,752.11, while the total fund balance was \$15,973,083.70. Total fund balance increased by \$1,829,238.53 during the fiscal year.

The Special Revenue – Other Fund had revenue and expenditures of \$11,610,214.82 each, and the funding was mainly used for instruction and instructional staff and curriculum development. Because grant revenues are not recognized until expenditures are incurred, the grants accounted for in this fund generally do not accumulate fund balances.

The Special Revenue – Federal Education Stabilization Fund had revenue and expenditures of \$5,522,362.45 each, and the funding was mainly used for instruction. Because grant revenues are not

recognized until expenditures are incurred, the grants accounted for in this fund generally does not accumulate fund balances.

Debt Service – ARRA Economic Stimulus Fund has a total fund balance of \$17,151,892.93, which is restricted for the payment of debt service. The fund balance increased by \$2,372,311.16 primarily due to payments into the sinking fund for the 2010A Qualified School Construction Bonds.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of \$24,316,756.52 which is restricted for the acquisition, construction, and maintenance of capital assets. The fund balance decreased by \$653,116.99. Of the total fund balance, \$2,683,173.00 has been encumbered for various projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2020-21 fiscal year, the District amended its General Fund budget several times, with amendments taken to the Board for approval. Final budget amounts were in line with original budget amounts for revenues, while final budget amounts for expenditures were less than original budget amounts primarily due to continued cost containment measures implemented by the District. The Board approves the final budget amendment after year end.

Actual revenues are in line with the final budgeted amounts while actual expenditures are \$4,409,636.40, or 3.2 percent, less than final budgeted amounts, which is accounted for as restricted or assigned in the 2021-22 fiscal year budget. The decrease in expenditures was primarily due to continued cost containment measures implemented by the District. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$2,601,563.40 of the original budgeted fund balance.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021, amounted to \$180,847,760.20 (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; property under capital lease; motor vehicles; and audio-visual materials and computer software.

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

Long-Term Debt

At June 30, 2021, the District had total long-term debt of \$37,874,096.54, composed of \$35,000,000 of Certificates of Participation, Series 2010A – Qualified School Construction Bonds, and \$2,874,096.54 of Obligations under Capital Lease.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Director of Finance, Citrus County District School Board, 1007 West Main Street, Inverness, Florida 34450.

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BASIC FINANCIAL STATEMENTS

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

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Unit</u>
ASSETS		
Cash and Cash Equivalents	\$ 10,150,925.80	\$ 299,474.00
Investments	54,315,467.09	-
Accounts Receivable	234,738.03	83.00
Due from Other Agencies	5,203,572.23	-
Prepaid Items	334,431.34	-
Inventories	972,212.46	-
Capital Credits Receivable	1,178,529.43	-
Restricted Investment with Fiscal Agent	17,151,892.93	-
Capital Assets:		
Nondepreciable Capital Assets	6,599,964.18	13,608.00
Depreciable Capital Assets, Net	174,247,796.02	389,205.00
TOTAL ASSETS	270,389,529.51	702,370.00
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	36,372,248.00	-
OPEB	1,438,392.00	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	37,810,640.00	-
LIABILITIES		
Accrued Salaries and Benefits	6,209.25	-
Payroll Deductions and Withholdings	1,712,642.83	-
Accounts Payable	5,825,340.24	13,975.00
Construction Contracts Payable - Retained Percentage	29,285.68	-
Due to Other Agencies	1,291.72	-
Unearned Revenue	1,491,258.19	-
Estimated Liability for Self-Insurance Program	1,899,263.21	-
Long-Term Liabilities:		
Portion Due Within 1 Year	4,273,116.55	-
Portion Due After 1 Year	179,763,168.42	-
TOTAL LIABILITIES	195,001,576.09	13,975.00
DEFERRED INFLOWS OF RESOURCES		
Pensions	5,187,131.00	-
OPEB	5,700,076.00	-
TOTAL DEFERRED INFLOWS OF RESOURCES	10,887,207.00	-
NET POSITION		
Net Investment in Capital Assets	142,973,663.66	402,813.00
Restricted for:		
State Required Carryover Programs	2,483,181.32	18,785.00
Debt Service	17,151,892.93	-
Capital Projects	25,569,000.83	8,378.00
Food Service	5,155,426.92	-
Other Purposes	5,061,998.22	77,425.00
Unrestricted (Deficit)	(96,083,777.46)	180,994.00
TOTAL NET POSITION	\$ 102,311,386.42	\$ 688,395.00

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

**Citrus County District School Board
Statement of Activities
For the Fiscal Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Instruction	\$ 89,455,875.13	\$ 1,177,512.54	\$ -	\$ -
Student Support Services	7,567,843.29	-	-	-
Instructional Media Services	1,576,208.87	-	-	-
Instruction and Curriculum Development Services	4,698,001.41	-	-	-
Instructional Staff Training Services	1,963,919.51	-	-	-
Instruction-Related Technology	1,353,301.32	-	-	-
Board	622,065.76	-	-	-
General Administration	1,513,041.66	-	-	-
School Administration	10,964,711.98	-	-	-
Facilities Acquisition and Construction	2,156,492.61	36,948.67	-	1,201,483.51
Fiscal Services	887,452.77	-	-	-
Food Services	8,593,932.45	555,047.17	9,416,272.37	-
Central Services	3,230,507.83	-	-	-
Student Transportation Services	8,640,031.61	9,560.35	-	-
Operation of Plant	13,983,506.39	-	-	-
Maintenance of Plant	3,653,541.50	-	-	-
Administrative Technology Services	2,290,777.15	-	-	-
Community Services	5,533,319.53	80,487.91	-	-
Unallocated Interest on Long-Term Debt	615,783.88	-	-	8,796.06
Unallocated Depreciation Expense	9,975,090.87	-	-	-
Total Primary Government	\$ 179,275,405.52	\$ 1,859,556.64	\$ 9,416,272.37	\$ 1,210,279.57
Component Unit				
The Academy of Environmental Science, Inc.	\$ 779,004.00	\$ 0.00	\$ 65,924.00	\$ 0.00

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Grants and Contributions Not Restricted to Specific Programs

Net Decrease in Fair Value of Investments

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Adjustment to Beginning Net Position

Net Position - Beginning, as Restated

Net Position - Ending

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

**Net (Expense) Revenue and Changes in
Net Position**

Primary Government	
Governmental Activities	Component Unit
\$ (88,278,362.59)	\$ -
(7,567,843.29)	-
(1,576,208.87)	-
(4,698,001.41)	-
(1,963,919.51)	-
(1,353,301.32)	-
(622,065.76)	-
(1,513,041.66)	-
(10,964,711.98)	-
(918,060.43)	-
(887,452.77)	-
1,377,387.09	-
(3,230,507.83)	-
(8,630,471.26)	-
(13,983,506.39)	-
(3,653,541.50)	-
(2,290,777.15)	-
(5,452,831.62)	-
(606,987.82)	-
(9,975,090.87)	-
<u>(166,789,296.94)</u>	<u>-</u>
-	(713,080.00)
50,104,161.09	-
16,956,824.89	-
88,543,205.65	736,885.00
(347,051.43)	-
8,329,624.26	66,204.00
<u>163,586,764.46</u>	<u>803,089.00</u>
(3,202,532.48)	90,009.00
102,592,600.90	571,102.00
2,921,318.00	27,284.00
<u>105,513,918.90</u>	<u>598,386.00</u>
<u>\$ 102,311,386.42</u>	<u>\$ 688,395.00</u>

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

	<u>General Fund</u>	<u>Special Revenue - Other Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,897,048.28	\$ -	\$ -
Investments	10,535,611.86	-	-
Accounts Receivable	173,300.90	-	-
Due from Other Funds	1,520,986.75	-	-
Due from Other Agencies	2,307,120.33	1,266,852.98	1,024,498.83
Prepaid Items	92,865.12	-	241,566.22
Inventories	689,545.65	-	-
Restricted Investment with Fiscal Agent	-	-	-
TOTAL ASSETS	<u>\$ 20,216,478.89</u>	<u>\$ 1,266,852.98</u>	<u>\$ 1,266,065.05</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	\$ -	\$ 6,209.25	\$ -
Payroll Deductions and Withholdings	1,525,702.47	83,806.60	58,510.70
Accounts Payable	2,538,798.85	524,481.18	338,923.55
Construction Contracts Payable - Retained Percentage	-	-	-
Due to Other Funds	-	652,355.95	868,630.80
Due to Other Agencies	1,291.72	-	-
Unearned Revenue	177,602.15	-	-
Total Liabilities	<u>4,243,395.19</u>	<u>1,266,852.98</u>	<u>1,266,065.05</u>
Fund Balances:			
Nonspendable:			
Prepaid Items	92,865.12	-	-
Inventories	689,545.65	-	-
Total Nonspendable Fund Balance	<u>782,410.77</u>	<u>-</u>	<u>-</u>
Restricted for:			
State Required Carryover Programs	2,483,181.32	-	-
Student Activities	-	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Food Service	-	-	-
Other Required Carryover Programs	1,835,739.50	-	-
Total Restricted Fund Balance	<u>4,318,920.82</u>	<u>-</u>	<u>-</u>
Assigned for:			
2021-22 Budget	1,200,000.00	-	-
Other Purposes	429,108.93	-	-
Total Assigned Fund Balance	<u>1,629,108.93</u>	<u>-</u>	<u>-</u>
Unassigned Fund Balance	9,242,643.18	-	-
Total Fund Balances	<u>15,973,083.70</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 20,216,478.89</u>	<u>\$ 1,266,852.98</u>	<u>\$ 1,266,065.05</u>

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

Debt Service - ARRA Economic Stimulus Fund	Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,253,877.52	\$ 8,150,925.80
-	26,032,948.35	6,128,625.92	42,697,186.13
-	-	61,148.24	234,449.14
-	-	-	1,520,986.75
-	299,717.26	305,382.83	5,203,572.23
-	-	-	334,431.34
-	-	250,636.48	940,182.13
17,151,892.93	-	-	17,151,892.93
<u>\$ 17,151,892.93</u>	<u>\$ 26,332,665.61</u>	<u>\$ 9,999,670.99</u>	<u>\$ 76,233,626.45</u>
\$ -	\$ -	\$ -	\$ 6,209.25
-	-	42,220.75	1,710,240.52
-	1,986,623.41	323,520.29	5,712,347.28
-	29,285.68	-	29,285.68
-	-	-	1,520,986.75
-	-	-	1,291.72
-	-	-	177,602.15
-	2,015,909.09	365,741.04	9,157,963.35
-	-	-	92,865.12
-	-	250,636.48	940,182.13
-	-	250,636.48	1,033,047.25
-	-	-	2,483,181.32
-	-	3,215,772.99	3,215,772.99
17,151,892.93	-	-	17,151,892.93
-	24,316,756.52	1,252,244.31	25,569,000.83
-	-	4,915,276.17	4,915,276.17
-	-	-	1,835,739.50
17,151,892.93	24,316,756.52	9,383,293.47	55,170,863.74
-	-	-	1,200,000.00
-	-	-	429,108.93
-	-	-	1,629,108.93
-	-	-	9,242,643.18
17,151,892.93	24,316,756.52	9,633,929.95	67,075,663.10
<u>\$ 17,151,892.93</u>	<u>\$ 26,332,665.61</u>	<u>\$ 9,999,670.99</u>	<u>\$ 76,233,626.45</u>

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

Total Fund Balances - Governmental Funds \$ 67,075,663.10

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 180,847,760.20

Capital credits to be received in future years are not available to liquidate liabilities in the governmental funds, but are accrued in the government-wide statements. 1,178,529.43

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 10,322,285.66

The deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions	\$ 36,372,248.00	
Deferred Outflows Related to OPEB	1,438,392.00	
Deferred Inflows Related to Pensions	(5,187,131.00)	
Deferred Inflows Related to OPEB	<u>(5,700,076.00)</u>	26,923,433.00

Long-term liabilities are not due and payable in the fiscal year and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Certificates of Participation Payable	\$ (35,000,000.00)	
Obligations Under Capital Lease	(2,874,096.54)	
Compensated Absences Payable	(6,195,162.43)	
Net Pension Liability	(111,531,940.00)	
Other Postemployment Benefits Payable	<u>(28,435,086.00)</u>	<u>(184,036,284.97)</u>

Net Position - Governmental Activities **\$ 102,311,386.42**

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

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**Citrus County District School Board
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue - Other Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>
Revenues			
Intergovernmental:			
Federal Direct	\$ 214,725.35	\$ 798,480.00	\$ 610,938.24
Federal Through State and Local	1,203,265.39	10,804,685.78	4,911,424.21
State	69,550,087.20	7,049.04	-
Local:			
Property Taxes	50,104,161.09	-	-
Impact Fees	-	-	-
Charges for Services - Food Service	-	-	-
Net Decrease in Fair Value of Investments	-	-	-
Miscellaneous	5,382,974.76	-	-
Total Local Revenues	<u>55,487,135.85</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>126,455,213.79</u>	<u>11,610,214.82</u>	<u>5,522,362.45</u>
Expenditures			
Current - Education:			
Instruction	76,486,240.60	6,051,969.21	3,033,274.25
Student Support Services	6,586,507.28	454,494.09	198,227.81
Instructional Media Services	1,500,525.16	6,685.47	555.42
Instruction and Curriculum Development Services	1,562,611.25	2,639,721.20	291,670.35
Instructional Staff Training Services	996,028.79	616,495.66	266,116.92
Instruction-Related Technology	1,206,903.87	42,660.83	44,972.99
Board	532,538.94	-	62,515.22
General Administration	630,144.54	631,980.77	185,216.40
School Administration	10,455,760.47	-	32,837.12
Facilities Acquisition and Construction	324,511.76	-	466.07
Fiscal Services	848,917.42	-	-
Food Services	8,844.24	-	-
Central Services	2,912,905.23	88,126.64	89,199.48
Student Transportation Services	8,106,988.65	29,985.07	127,886.76
Operation of Plant	13,170,009.33	15,734.23	190,565.06
Maintenance of Plant	3,391,466.87	-	103,429.00
Administrative Technology Services	1,879,879.31	-	311,426.75
Community Services	573,091.74	804,816.00	328,610.18
Fixed Capital Outlay:			
Facilities Acquisition and Construction	28,590.20	-	28,772.36
Other Capital Outlay	158,415.85	227,545.65	226,620.31
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>131,360,881.50</u>	<u>11,610,214.82</u>	<u>5,522,362.45</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,905,667.71)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers In	6,677,521.55	-	-
Inception of Capital Lease	-	-	-
Sale of Capital Assets	64,260.75	-	-
Loss Recoveries	50,219.53	-	-
Transfers Out	(57,095.59)	-	-
Total Other Financing Sources (Uses)	<u>6,734,906.24</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,829,238.53	-	-
Fund Balances, Beginning	14,143,845.17	-	-
Adjustment to Beginning Fund Balances	-	-	-
Fund Balances, Beginning, as Restated	<u>14,143,845.17</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 15,973,083.70</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

<u>Debt Service - ARRA Economic Stimulus Fund</u>	<u>Capital Projects - Local Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 1,624,143.59
-	-	9,331,617.37	26,250,992.75
-	-	1,183,061.29	70,740,197.53
-	16,956,824.89	-	67,060,985.98
-	-	554,423.72	554,423.72
-	-	555,047.17	555,047.17
(307,419.80)	(48,843.76)	(12,522.98)	(368,786.54)
-	-	4,102,682.85	9,485,657.61
<u>(307,419.80)</u>	<u>16,907,981.13</u>	<u>5,199,630.76</u>	<u>77,287,327.94</u>
<u>(307,419.80)</u>	<u>16,907,981.13</u>	<u>15,714,309.42</u>	<u>175,902,661.81</u>
-	-	-	85,571,484.06
-	-	-	7,239,229.18
-	-	-	1,507,766.05
-	-	-	4,494,002.80
-	-	-	1,878,641.37
-	-	-	1,294,537.69
-	-	-	595,054.16
-	-	-	1,447,341.71
-	-	-	10,488,597.59
-	1,191,602.17	37,804.00	1,554,384.00
-	-	-	848,917.42
-	-	8,211,918.81	8,220,763.05
-	-	-	3,090,231.35
-	-	-	8,264,860.48
-	-	-	13,376,308.62
-	-	-	3,494,895.87
-	-	-	2,191,306.06
-	-	3,586,531.45	5,293,049.37
-	3,774,355.05	960,901.72	4,792,619.33
-	681,226.41	1,912,928.50	3,206,736.72
-	-	2,151,322.96	2,151,322.96
457,884.00	-	69,965.88	527,849.88
<u>457,884.00</u>	<u>5,647,183.63</u>	<u>16,931,373.32</u>	<u>171,529,899.72</u>
<u>(765,303.80)</u>	<u>11,260,797.50</u>	<u>(1,217,063.90)</u>	<u>4,372,762.09</u>
3,137,614.96	-	2,221,381.32	12,036,517.83
-	-	1,611,378.00	1,611,378.00
-	-	-	64,260.75
-	-	-	50,219.53
-	(11,913,914.49)	(65,507.75)	(12,036,517.83)
<u>3,137,614.96</u>	<u>(11,913,914.49)</u>	<u>3,767,251.57</u>	<u>1,725,858.28</u>
2,372,311.16	(653,116.99)	2,550,187.67	6,098,620.37
14,779,581.77	24,969,873.51	4,162,424.28	58,055,724.73
-	-	2,921,318.00	2,921,318.00
<u>14,779,581.77</u>	<u>24,969,873.51</u>	<u>7,083,742.28</u>	<u>60,977,042.73</u>
<u>\$ 17,151,892.93</u>	<u>\$ 24,316,756.52</u>	<u>\$ 9,633,929.95</u>	<u>\$ 67,075,663.10</u>

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

Net Change in Fund Balances - Governmental Funds \$ 6,098,620.37

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current fiscal year. (2,563,091.54)

Capital credits to be received in future years are accrued in the government-wide statements, but the credits do not provide current financial resources and are not recognized in the governmental funds.

Current Year Accruals	\$ 1,178,529.43	
Less: Prior Year Accruals	<u>(1,122,817.02)</u>	55,712.41

The inception of capital lease provides current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceed the inception of capital lease in the current fiscal year.

Inception of Capital Lease	\$ (1,611,378.00)	
Obligations Under Capital Lease Repayment	<u>2,063,407.50</u>	452,029.50

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current fiscal year. (176,155.37)

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

Increase in OPEB Liability	\$ (1,715,470.00)	
Increase in Deferred Outflows of Resources - OPEB	550,750.00	
Decrease in Deferred Inflows of Resources - OPEB	<u>1,459,025.00</u>	294,305.00

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

FRS Pension Contribution	\$ 7,766,957.00	
HIS Pension Contribution	1,553,016.00	
FRS Pension Expense	(15,636,342.00)	
HIS Pension Expense	<u>(2,183,359.00)</u>	(8,499,728.00)

An internal service fund is used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of the internal service fund is reported with governmental activities. 1,135,775.15

Change in Net Position - Governmental Activities **\$ (3,202,532.48)**

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

**Citrus County District School Board
Statement of Net Position – Proprietary Fund
June 30, 2021**

	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,000,000.00
Investments	11,618,280.96
Accounts Receivable	288.89
Inventories	32,030.33
TOTAL ASSETS	13,650,600.18
LIABILITIES	
Current Liabilities:	
Payroll Deductions and Withholdings	2,402.31
Accounts Payable	112,992.96
Unearned Revenue	1,313,656.04
Estimated Liability for Self-Insurance Program	1,899,263.21
TOTAL LIABILITIES	3,328,314.52
NET POSITION	
Unrestricted	\$ 10,322,285.66

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

**Citrus County District School Board
Statement of Revenues, Expenses, and Changes in Fund
Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2021**

	Internal Service Fund
OPERATING REVENUES	
Charges for Services	\$ 2,487.50
Premiums	16,603,222.75
Other	1,043,805.44
Total Operating Revenues	17,649,515.69
OPERATING EXPENSES	
Salaries	93,769.46
Employee Benefits	29,413.67
Purchased Services	3,308,144.26
Energy Services	3,610.05
Materials and Supplies	23,713.15
Capital Outlay	26,341.85
Insurance Claims	13,059,301.36
Total Operating Expenses	16,544,293.80
Operating Income	1,105,221.89
NONOPERATING REVENUES (EXPENSES)	
Investment Loss	(9,442.74)
Other Miscellaneous Local Sources	39,996.00
Total Nonoperating Revenues	30,553.26
Change in Net Position	1,135,775.15
Total Net Position - Beginning	9,186,510.51
Total Net Position - Ending	\$ 10,322,285.66

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

**Citrus County District School Board
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2021**

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Premiums	\$ 16,590,492.62
Cash Received from Other Operating Revenues	1,413,579.57
Cash Payments to Suppliers for Goods and Services	(13,037,405.67)
Cash Payments to Employees for Services	(136,517.97)
Cash Payments for Premiums and Other Fees	(3,360,099.03)
Net Cash Provided by Operating Activities	1,470,049.52
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Received from Other Local Sources	39,996.00
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	499,397.22
Investment Loss	(9,442.74)
Net Cash Provided by Investing Activities	489,954.48
Net Increase in Cash and Cash Equivalents	2,000,000.00
Cash and Cash Equivalents, Beginning	-
Cash and Cash Equivalents, Ending	\$ 2,000,000.00
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 1,105,221.89
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Accounts Receivable	295,627.77
Prepaid Items	74,146.36
Inventories	2,086.12
Accrued Salaries and Benefits	(310.94)
Payroll Deductions and Withholdings	(13,023.90)
Accounts Payable	(375.84)
Unearned Revenue	(15,217.63)
Estimated Liability for Self-Insurance Program	21,895.69
Total Adjustments	364,827.63
Net Cash Provided by Operating Activities	\$ 1,470,049.52

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

**Citrus County District School Board
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2021**

	<u>Private-Purpose Trust Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>339,059.72</u>
NET POSITION	
Held in Trust for Scholarships and Other Purposes	\$ <u>339,059.72</u>

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

**Citrus County District School Board
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Fiscal Year Ended June 30, 2021**

	Private-Purpose Trust Funds
ADDITIONS	
Contributions:	
Gifts, Grants, Endowments, and Bequests	\$ 46,930.79
Investment Income:	
Interest, Dividends, and Other	560.51
Total Additions	47,491.30
DEDUCTIONS	
Scholarship Payments	57,214.12
Change in Net Position	(9,722.82)
Net Position - Beginning	348,782.54
Net Position - Ending	\$ 339,059.72

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Citrus County School District's (District) governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense is not readily associated with a particular function and is reported as unallocated.

B. Reporting Entity

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

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

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

Blended Component Unit. Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The Citrus County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note III.H.1. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the

accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

Discretely Presented Component Unit. The component unit columns in the government-wide financial statements include the financial data of the District's other component unit. A separate column is used to emphasize that it is legally separate from the District.

The Academy of Environmental Science, Inc. (charter school) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The charter school operates under a charter approved by its sponsor, the Citrus County District School Board. The charter school is considered to be a component unit of the District because the District is financially accountable for the charter school as the District established the charter school by approval of the charter, which is tantamount to the initial appointment of the charter school, and there is the potential for the charter school to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter school is a public school and the District is responsible for the operation, control, and supervision of public schools within the District.

The financial data reported on the accompanying statements was derived from the charter school's audited financial statements for the fiscal year ended June 30, 2021. The audit report is filed in the District's administrative offices at 1007 West Main Street, Inverness, Florida 34450.

C. Basis of Presentation: Government-Wide Financial Statements

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

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

D. Basis of Presentation: Fund Financial Statements

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Other Fund – to account for certain Federal grant program resources.

- Special Revenue – Federal Education Stabilization Fund – to account for Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding provided as emergency relief to address the impact of COVID-19 on elementary and secondary schools.
- Debt Service – ARRA Economic Stimulus Fund – to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs for the 2010A Qualified School Construction Bonds (QSCBs).
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, and debt service payments on certificates of participation.

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

- Internal Service Fund – to account for the District’s Employee Health Self-Insurance program and Wellness Center.
- Private-Purpose Trust Funds – to account for various endowments in the school internal funds for Citrus High School and Withlacoochee Technical College students, which are used for student scholarships.

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 fund) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are

considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 30 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 30 days of fiscal year end). Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The charter school is accounted for as a governmental organization and follows the same accounting model as the District's governmental activities.

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

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term, highly liquid investments with original maturities of less than 50 days.

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

2. Investments

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

Investments made locally consist of a United States Treasury obligation and two local government investment pools, which are reported at fair value.

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

3. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at weighted average cost or the first-in, first-out basis, except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

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

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	20 years
Buildings and Fixed Equipment	50 years
Furniture, Fixtures, and Equipment	5 - 20 years
Property Under Capital Lease	5 - 10 years
Motor Vehicles	7 - 10 years
Audio Visual Materials and Computer Software	5 years

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

5. Pensions

In the government-wide statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida

Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

6. Long-Term Liabilities

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

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

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

7. Deferred Outflows/Inflows of Resources

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

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

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

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

10. Fund Balance Policies

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

The committed fund balance classification may include amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances at June 30, 2021.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has by adoption of Board Policy 7.20 authorized the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In addition, the District has adopted Board Policy 7.10 which provides for an adequate unassigned fund balance to cover unforeseen events including, but not limited to, revenue shortfalls and student enrollment under-projections. This policy provides, when feasible, that the adopted annual operating fund budget approved by the Board include an unassigned fund balance, which is at least 3.5 percent of the recurring revenues budget.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

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

2. State Revenue Sources

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

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

The District received an allocation from the State under the Education Facilities Security Grant Program. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE.

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

3. District Property Taxes

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

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

The Board adopted the 2020 tax levy on September 8, 2020. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

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

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

4. Educational Impact Fees

Citrus County (County) imposes an educational impact fee based on an ordinance adopted by the County Commission in 1986. This ordinance was most recently amended on April 28, 2015, when Ordinance 2015-A07 was adopted with an effective date of July 29, 2015. The educational impact fee is collected by the County and each municipality within the County based on an interlocal agreement. The fees are to be used solely for the purpose of providing capital improvements to the public educational system necessitated by new residential development and are not to be used for any expenditure that would be classified as a maintenance or repair expense. The authorized uses include, but are not limited to, land acquisition; facility design and construction costs; furniture and equipment; and payment of principal, interest, and related costs of indebtedness necessitated by new residential development.

5. Federal Revenue Sources

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

6. Compensated Absences

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

7. Proprietary Fund Operating and Nonoperating Revenues and Expenses

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 fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges for employee health insurance premiums. Operating expenses include insurance claims premiums for excess insurance coverage, and operating the Wellness Center. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. ACCOUNTING CHANGE

The District and its discretely presented component unit implemented GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The District and its discretely presented component unit do not consider the school internal funds to meet the criteria for reporting as fiduciary activities. As such, the beginning net position and fund balance of the District's statement of activities and nonmajor governmental funds were each increased by \$2,921,318.00, and the beginning net position of the discretely presented component unit was increased by \$27,284.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

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

B. Investments

The District's investments at June 30, 2021, are reported as follows:

Investments	Market Value	Maturities			S & P Rating	Maturity
		6 Months or Less	Greater than 6 Months to 3 Years	Greater than 3 Years		
SBA:						
Florida PRIME	\$ 10,030,612.67	\$ 10,030,612.67	\$ -	\$ -	AAAm	50 Day Average
FL SAFE	45,154.78	45,154.78	-	-	AAAm	55 Day Average
Florida Fixed Income Trust (FIT):						
Enhanced Cash Pool	1,007,161.30	-	1,007,161.30	-	AAAf	299 Day Average
Cash Pool	290,006.58	290,006.58	-	-	AAAf	97 Day Average
1-3 Year Fund	42,942,531.76	-	42,942,531.76	-	AAAf	0.97 Year Average
Bank of New York Mellon:						
U.S. Treasury Strip Coupon (1)	17,151,892.93	-	-	17,151,892.93	(2)	February 2027
Total Investments	\$ 71,467,360.02	\$ 10,365,774.03	\$ 43,949,693.06	\$ 17,151,892.93		

(1) Investment held under a paying agent agreement for the 2010A-Qualified School Construction Bonds (see Note III.H.1).

(2) Disclosure of credit risk is not required for this investment type.

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.

Investments by Fair Value Level	Amount	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Bank of New York Mellon:			
U.S. Treasury Strip Coupon	\$ 17,151,892.93	\$ -	\$ 17,151,892.93
FL SAFE	45,154.78	45,154.78	-
Florida Fixed Income Trust (FIT):			
Enhanced Cash Pool	1,007,161.30	1,007,161.30	-
Cash Pool	290,006.58	290,006.58	-
1 - 3 Year Fund	42,942,531.76	42,942,531.76	-
Total Investments by Fair Value Level	61,436,747.35	\$ 44,284,854.42	\$ 17,151,892.93
Investments Measured at Amortized Cost			
SBA Florida PRIME	10,030,612.67		
Total Investments, Primary Government	\$71,467,360.02		

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds will have maturities of no longer than 18 months. Investments of bond reserves, construction funds, and other nonoperating funds (core funds) shall have a term appropriate to the need for funds, and in accordance with debt covenants, but should not exceed 5 years, and the average duration of the funds as a whole may not exceed 3 years.

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

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such

action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.” As of June 30, 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.

Credit Risk

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

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District’s investment policy pursuant to Section 218.215(18), Florida Statutes, requires securities, with the exception of certificates of deposits, shall be held with a third-party custodian; and all securities purchased by and all collateral obtained by the District should be properly designated as an asset of the District. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the Federal government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida.

As of June 30, 2021, the District’s investment portfolio was held with a third-party custodian as required by the District’s investment policy.

C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 5,250,134.97	\$ -	\$ -	\$ 5,250,134.97
Construction in Progress	3,201,282.14	4,211,937.37	6,063,390.30	1,349,829.21
Total Capital Assets Not Being Depreciated	<u>8,451,417.11</u>	<u>4,211,937.37</u>	<u>6,063,390.30</u>	<u>6,599,964.18</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	31,734,005.67	1,635,899.81	-	33,369,905.48
Buildings and Fixed Equipment	235,821,114.64	4,427,490.49	-	240,248,605.13
Furniture, Fixtures, and Equipment	25,045,373.47	1,061,723.96	1,086,346.77	25,020,750.66
Motor Vehicles	20,519,752.08	526,960.00	1,571,158.10	19,475,553.98
Property Under Capital Lease	5,115,333.40	1,611,378.00	1,067,561.60	5,659,149.80
Audio Visual Materials and Computer Software	2,878,925.67	-	19,152.45	2,859,773.22
Total Capital Assets Being Depreciated	<u>321,114,504.93</u>	<u>9,263,452.26</u>	<u>3,744,218.92</u>	<u>326,633,738.27</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	20,137,594.38	1,089,155.60	-	21,226,749.98
Buildings and Fixed Equipment	88,075,950.02	4,593,703.97	-	92,669,653.99
Furniture, Fixtures, and Equipment	20,199,178.73	1,487,847.18	1,119,637.54	20,567,388.37
Motor Vehicles	14,745,803.15	935,331.23	1,569,241.43	14,111,892.95
Property Under Capital Lease	128,044.68	1,861,716.56	1,039,277.50	950,483.74
Audio Visual Materials and Computer Software	2,868,499.34	7,336.33	16,062.45	2,859,773.22
Total Accumulated Depreciation	<u>146,155,070.30</u>	<u>9,975,090.87</u>	<u>3,744,218.92</u>	<u>152,385,942.25</u>
Total Capital Assets Being Depreciated, Net	<u>174,959,434.63</u>	<u>(711,638.61)</u>	<u>-</u>	<u>174,247,796.02</u>
Governmental Activities Capital Assets, Net	<u>\$ 183,410,851.74</u>	<u>\$ 3,500,298.76</u>	<u>\$ 6,063,390.30</u>	<u>\$ 180,847,760.20</u>

The District's capital assets serve several functions; accordingly, depreciation expense, which totaled \$9,975,090.87 is charged to unallocated depreciation on the statement of activities.

D. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

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

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and

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

The District's FRS and HIS pension expense totaled \$17,819,701 for the fiscal year ended June 30, 2021.

FRS Pension Plan

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

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

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

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

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled

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

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
Regular Members Initially Enrolled Before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Members Initially Enrolled On or After July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Elected County Officers	3.00
Senior Management Service	2.00

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2020-21 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	10.00
FRS, Elected County Officers	3.00	49.18
FRS, Senior Management Service	3.00	27.29
DROP – Applicable to Members from All of the Above Classes	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

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

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

The District's contributions to the Plan totaled \$7,766,957 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the District reported a liability of \$79,780,224 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.184069561 percent, which was a decrease of 0.003419354 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized the Plan pension expense of \$15,636,342. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 3,053,284	\$ -
Change of Assumptions	14,442,440	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	4,750,086	-
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	-	2,380,707
District FRS Contributions Subsequent to the Measurement Date	<u>7,766,957</u>	<u>-</u>
Total	<u>\$ 30,012,767</u>	<u>\$ 2,380,707</u>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$7,766,957, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 3,717,306
2023	6,537,494
2024	5,626,447
2025	3,324,277
2026	<u>659,579</u>
Total	<u>\$ 19,865,103</u>

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100%			
Assumed inflation - Mean			2.4%	1.7%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.8 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2020 valuation was updated from 6.9 percent to 6.8 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is

1 percentage point lower (5.8 percent) or 1 percentage point higher (7.8 percent) than the current rate:

	1% Decrease (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
District's Proportionate Share of the Net Pension Liability	\$ 127,394,558	\$ 79,780,224	\$ 40,012,526

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

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

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2021, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$1,553,016 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the District reported a net pension liability of \$31,751,716 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was

determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.260050281 percent, which was a decrease of 0.002176849 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized the HIS Plan pension expense of \$2,183,359. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,298,838	\$ 24,495
Change of Assumptions	3,414,214	1,846,238
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	25,351	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	68,062	935,691
District HIS Contributions Subsequent to the Measurement Date	1,553,016	-
Total	\$ 6,359,481	\$ 2,806,424

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$1,553,016, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 474,519
2023	402,108
2024	7,978
2025	241,480
2026	467,825
Thereafter	406,131
Total	\$ 2,000,041

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 2.21 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.5 percent to 2.21 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 2.21 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
District's Proportionate Share of the Net Pension Liability	\$ 36,703,566	\$ 31,751,716	\$ 27,698,641

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

2. FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended

by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2020-21 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$1,656,663.34 for the fiscal year ended June 30, 2021.

E. Other Postemployment Benefit Obligations

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District that provides OPEB for all employees who satisfy the District's retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District, or its component unit, The Academy of Environmental Science, Inc., are eligible to participate in the District's health, life, and prescription drug coverage. Retirees and their eligible dependents shall be offered the same health and

hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through recommendations of the administration and action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

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

Employees Covered by Benefit Terms. At July 1, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	161
Active Employees	<u>1,402</u>
Total	<u>1,563</u>

Total OPEB Liability. The District's total OPEB liability of \$28,435,086 was measured as of July 1, 2020, and was determined by an actuarial valuation as of July 1, 2019, and update procedures were used to determine the total OPEB liability as of 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:

Discount Rate	2.21 percent
Healthcare Cost Trend Rates	6 percent for 2021, decreasing 0.5 percent per year to an ultimate rate of 4 percent for 2023 and later years

The discount is based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date.

The healthcare trend rates are in line with Getzen trends for later years but do not fluctuate year to year depending on the District's latest rate impact.

Mortality rates were based on the RP-2014 mortality table with mortality projected to the current year using Scale MP-2014 to account for mortality improvement.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2020	\$ 26,719,616
Changes for the year:	
Service Cost	396,747
Interest	976,393
Changes of Assumptions or Other Inputs	1,229,972
Benefit Payments	<u>(887,642)</u>
Net Changes	<u>1,715,470</u>
Balance at June 30, 2021	<u>\$ 28,435,086</u>

Changes in assumptions or other inputs reflect a decrease in the discount rate from 3.5 percent to 2.21 percent in the current year. The healthcare cost trend rate assumptions were changed to reflect an industry-wide decrease in medical trend over the past few years.

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

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB Liability	\$ 32,477,628	\$ 28,435,086	\$ 25,128,426

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5 percent decreasing to 3 percent) or 1 percentage point higher (7 percent decreasing to 5 percent) than the current healthcare cost trend rates:

	<u>1% Decrease (5% decreasing to 3%)</u>	<u>Healthcare Cost Trend Rates (6% decreasing to 4%)</u>	<u>1% Increase (7% decreasing to 5%)</u>
Total OPEB Liability	\$ 25,422,407	\$ 28,435,086	\$ 31,912,901

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 \$597,780. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 5,700,076
Changes of Assumptions or Other Inputs	546,307	-
Benefits Paid Subsequent to the Measurement Date	892,085	-
Total	<u>\$ 1,438,392</u>	<u>\$ 5,700,076</u>

The deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date, totaling \$892,085 will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ (775,360)
2023	(775,360)
2024	(775,360)
2025	(775,360)
2026	(775,360)
Thereafter	(1,276,969)
Total	<u>\$ (5,153,769)</u>

F. Other Significant Commitments

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

The following is a schedule of encumbrances at June 30, 2021:

<u>Major Funds</u>				
<u>General</u>	<u>Special Revenue - Federal Education Stabilization</u>	<u>Capital Projects - Local Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 734,111	\$ 3,146,116	\$ 2,683,173	\$ 121,702	\$ 6,685,102

G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in a group self-insurance program administered by the Florida School Boards Association, Inc. The District's covered risks relating to comprehensive property and liability insurance, general liability, workers' compensation, money and securities, and employee fidelity and faithful performance are included in the group program. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The program is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts.

The District's health insurance program is being provided on a self-insured basis up to specific limits. The District entered into an agreement with Symetra Financial to provide individual and aggregate excess coverage. Symetra will reimburse 100 percent of individual claims in excess of \$190,000 beginning January 1, 2020, and the aggregate reimbursement maximum is \$1,000,000 per policy period. The District has applied for an Individual Excess Loss Advantage Provision with Symetra and will pay the first \$670,000 deductible of eligible reimbursable claims. Blue Cross Blue Shield of Florida administers this self-insurance program, including the processing, investigation, and payment of claims. The lifetime maximum for each individual covered is unlimited.

Additionally, in December 2009, the District entered into a contract with Care Here! to operate a wellness center. In February 2020, the District entered into a contract with Medical Risk Solutions (My Health Online) to operate the wellness center, the transition was effective June 1, 2020. Employees who have District health insurance may see a doctor and receive stocked generic medicines free of charge.

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

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 reported. The District reevaluates the claims liability periodically and the claims liability totaled \$1,899,263.21 as of June 30, 2021.

The following schedule represents the changes in claims liability for the past 2 fiscal years for the District's self-insurance program:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2019-20	\$ 1,532,018.23	\$ 11,336,705.98	\$(10,991,356.69)	\$ 1,877,367.52
2020-21	1,877,367.52	13,059,301.36	(13,037,405.67)	1,899,263.21

H. Long-Term Liabilities

1. Certificates of Participation

The District entered into a financing arrangement on April 1, 2010, which was characterized as a lease-purchase agreement, with the Leasing Corporation whereby the District secured financing of various educational facilities in the total amount of \$46,945,000.

The financing was accomplished through the issuance of Certificates of Participation (COP), Series 2010A-QSCB, in the amount of \$35,000,000 and COP Series 2010B in the amount of \$11,945,000, to be repaid from the proceeds of rents paid by the District. Series 2010B payments were completed in the 2014-15 fiscal year.

The American Recovery and Reinvestment Act (ARRA) of 2009, signed into law on February 17, 2009, created a new category of direct subsidy debt for school districts, QSCBs. The QSCB does not represent incremental Federal funding; it must be repaid by the District.

The Series 2010A-QSCBs are designated as “qualified school construction bonds” as defined in Section 54F of the Internal Revenue Code (Code), and pursuant to Section 6431 of the Code, the Board has elected to receive Federal subsidy payments on each interest payment date for the Series 2010A-QSCBs in an amount equal to the lesser of the amount of interest payable with respect to the Series 2010A-QSCBs on such date of the amount of interest which would have been payable with respect to the Series 2010A-QSCBs if the interest were determined at the applicable tax credit rate for the Series 2010A-QSCBs pursuant to Section 54 A(b)(3) of the Code. The interest rate is 6.738 percent with an allowed Federal subsidy of 5.78 percent, yielding a new amount of 0.958 percent.

As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation, with a rental fee of \$1 per year. The initial term of the lease for the Series 2010A-QSCBs is 10 years commencing on April 1, 2010. On November 13, 2012, the ground lease was amended to end April 1, 2032. 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 up to 22 years from the date of inception of the arrangement.

The Leasing Corporation issued the Series 2010A-QSCBs in the amount of \$35,000,000 to finance the cost of additions and renovations to Crystal River High School.

For the Series 2010A-QSCBs, the principal portion of the basic lease payment, \$35,000,000 is due on April 1, 2027. The interest portion of the basic lease payments is due on each April 1 and October 1, commencing October 1, 2010. The sinking fund payments, which are subject to change and are currently \$2,685,997.21, are due on April 1 during each period, commencing on April 1, 2016. The sinking fund payments to be made by the District with respect to the Series 2010A-QSCB will be deposited by the Trustee into the Series 2010A Sinking Fund Account pursuant to the Trust Agreement. Such funds will be invested in investment securities in

accordance with the Trust Agreement. The Board may offset sinking fund payments with the interest earnings on amounts in the Series 2010A Sinking Fund Account, provided that the sinking fund payments will be funded at a rate not more rapid than equal, annual installments in an aggregate amount not in excess of the principal component due at maturity. Sinking fund payments on deposit in the Series 2010A Sinking Fund Account will be retained therein until transferred to the Series 2010A Lease Payment Account and applied to the payment of the \$35,000,000 principal component due on the Series 2010A-QSCBs at maturity (April 1, 2027) or upon earlier prepayment.

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

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,358,300	\$ -	\$ 2,358,300
2023	2,358,300	-	2,358,300
2024	2,358,300	-	2,358,300
2025	2,358,300	-	2,358,300
2026	2,358,300	-	2,358,300
2027	37,358,300	35,000,000	2,358,300
Total Minimum Lease Payments	\$ 49,149,800	\$ 35,000,000	\$ 14,149,800

2. Obligations Under Capital Leases

The District purchased capitalized devices under a capital lease, totaling \$1,240,817.40, with Dell Financial Services. This agreement was entered into in April 2019 and has a duration period of 60 months. The annual interest rate is 5.2795 percent. The final payment under this agreement is due April 30, 2022. The District purchased capitalized devices under a capital lease, totaling \$3,874,516, with Apple, Inc. This agreement was entered into in July 2019 and has a duration period of 36 months. The annual interest rate is 3.4437 percent. The final payment under this agreement is due July 15, 2021. The District purchased capitalized devices under a capital lease, totaling \$1,268,098, with Apple, Inc. This agreement was entered into in July 2020 and has a duration period of 36 months. The annual interest rate is 2.7 percent. The final payment under this agreement is due July 30, 2022. The District purchased capitalized devices under a capital lease, totaling \$343,280, with Apple, Inc. This agreement was entered into in October 2020 and has a duration period of 36 months. The annual interest rate is 1.49 percent. The final payment under this agreement is due October 1, 2022.

Future minimum capital lease payments and the present value of the minimum lease payments as of June 30 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	\$2,103,604.72	\$2,076,107.54	\$ 27,497.18
2023	812,099.67	797,989.00	14,110.67
Total Minimum Lease Payments	\$2,915,704.39	\$2,874,096.54	\$ 41,607.85

3. Changes in Long-Term Liabilities

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

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Certificates of Participation Payable	\$ 35,000,000.00	\$ -	\$ -	\$ 35,000,000.00	\$ -
Obligations Under Capital Lease	3,326,126.04	1,611,378.00	2,063,407.50	2,874,096.54	2,076,107.54
Compensated Absences Payable	6,019,007.06	1,161,345.99	985,190.62	6,195,162.43	973,911.52
Net Pension Liability	93,909,164.00	54,610,677.00	36,987,901.00	111,531,940.00	331,012.49
Other Postemployment Benefits Payable	26,719,616.00	2,603,112.00	887,642.00	28,435,086.00	892,085.00
Total Governmental Activities	\$ 164,973,913.10	\$ 59,986,512.99	\$ 40,924,141.12	\$ 184,036,284.97	\$ 4,273,116.55

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

I. Fund Balance Reporting

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

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

J. Interfund Receivables and Payables

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 1,520,986.75	\$ -
Special Revenue:		
Other	-	652,355.95
Federal Education Stabilization	-	868,630.80
Total	\$ 1,520,986.75	\$ 1,520,986.75

Interfund receivables and payables represent temporary loans of cash between funds allowable under Section 1011.09, Florida Statutes, for a period of less than 13 months. The temporary loans

do not restrict, impede, or limit implementation or fulfillment of the original purposes for which the moneys were received in the fund providing the advancement.

K. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2020-21 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 49,389,020.00
Categorical Educational Program - Class Size Reduction	15,915,615.00
Workforce Development Program	2,064,261.00
Voluntary Prekindergarten Program	847,101.35
Motor Vehicle License Tax (Capital Outlay and Debt Service)	596,139.85
Sales Tax Distribution	223,250.00
Performance Based Incentives	132,000.00
Full Service Schools	130,000.00
Mobile Home License Tax	118,702.09
Food Service Supplement	84,655.00
Discretionary Lottery Funds	2,827.00
Miscellaneous	1,236,626.24
Total	<u>\$ 70,740,197.53</u>

Accounting policies relating to certain State revenue sources are described in Note I.G.2.

2. Property Taxes

The following is a summary of millages and taxes levied on the 2020 tax roll for the 2020-21 fiscal year:

<u>General Fund</u>	<u>Millages</u>	<u>Taxes Levied</u>
Nonvoted School Tax:		
Required Local Effort	3.682	\$43,034,642.49
Basic Discretionary Local Effort	0.748	8,742,506.78
<u>Capital Projects - Local Capital Improvement Fund</u>		
Nonvoted Tax:		
Local Capital Improvements	1.500	17,531,938.29
Total	<u>5.930</u>	<u>\$69,309,087.56</u>

L. Interfund Transfers

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major:		
General	\$ 6,677,521.55	\$ 57,095.59
Debt Service:		
ARRA Economic Stimulus	3,137,614.96	-
Capital Projects:		
Local Capital Improvement	-	11,913,914.49
Nonmajor Governmental	<u>2,221,381.32</u>	<u>65,507.75</u>
Total	<u>\$12,036,517.83</u>	<u>\$12,036,517.83</u>

Interfund transfers represent permanent transfers of moneys between funds. In general, funds are transferred from capital projects funds to the General Fund to reimburse the General Fund for allowable maintenance expenditures, capital-related expenditures, and property and casualty insurance premiums. Transfers from the Capital Projects – Local Capital Improvement Fund to the Debt Service – ARRA Economic Stimulus Fund and to the nonmajor governmental funds were for debt service payments and Apple iPad lease payments.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule General and Major Special Revenue Funds For the Fiscal Year Ended June 30, 2021

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 220,000.00	\$ 214,725.35	\$ 214,725.35	\$ -
Federal Through State and Local	942,896.13	1,203,265.39	1,203,265.39	-
State	71,533,454.39	71,358,160.20	69,550,087.20	(1,808,073.00)
Local:				
Property Taxes	49,738,568.00	50,104,161.09	50,104,161.09	-
Miscellaneous	6,167,618.00	5,382,974.76	5,382,974.76	-
Total Local Revenues	<u>55,906,186.00</u>	<u>55,487,135.85</u>	<u>55,487,135.85</u>	<u>-</u>
Total Revenues	<u>128,602,536.52</u>	<u>128,263,286.79</u>	<u>126,455,213.79</u>	<u>(1,808,073.00)</u>
Expenditures				
Current - Education:				
Instruction	84,657,450.42	80,342,980.70	76,486,240.60	3,856,740.10
Student Support Services	6,856,054.59	6,747,227.22	6,586,507.28	160,719.94
Instructional Media Services	1,623,110.56	1,558,286.77	1,500,525.16	57,761.61
Instruction and Curriculum Development Services	1,585,389.46	1,562,611.25	1,562,611.25	-
Instructional Staff Training Services	1,377,549.49	1,032,593.65	996,028.79	36,564.86
Instruction-Related Technology	1,292,439.60	1,342,530.65	1,206,903.87	135,626.78
Board	531,673.78	532,538.94	532,538.94	-
General Administration	623,933.66	631,841.09	630,144.54	1,696.55
School Administration	10,237,502.25	10,476,093.40	10,455,760.47	20,332.93
Facilities Acquisition and Construction	524,074.27	407,426.81	324,511.76	82,915.05
Fiscal Services	943,618.07	849,647.40	848,917.42	729.98
Food Services	-	8,844.24	8,844.24	-
Central Services	3,526,721.84	2,927,113.97	2,912,905.23	14,208.74
Student Transportation Services	10,194,846.87	8,109,800.61	8,106,988.65	2,811.96
Operation of Plant	11,363,780.67	13,178,534.32	13,170,009.33	8,524.99
Maintenance of Plant	5,327,001.96	3,402,466.87	3,391,466.87	11,000.00
Administrative Technology Services	2,860,276.63	1,879,882.22	1,879,879.31	2.91
Community Services	216,464.26	593,091.74	573,091.74	20,000.00
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	28,590.20	28,590.20	-
Other Capital Outlay	-	158,415.85	158,415.85	-
Total Expenditures	<u>143,741,888.38</u>	<u>135,770,517.90</u>	<u>131,360,881.50</u>	<u>4,409,636.40</u>
Deficiency of Revenues Over Expenditures	<u>(15,139,351.86)</u>	<u>(7,507,231.11)</u>	<u>(4,905,667.71)</u>	<u>2,601,563.40</u>
Other Financing Sources (Uses)				
Transfers In	8,060,320.00	6,677,521.55	6,677,521.55	-
Sale of Capital Assets	-	64,260.75	64,260.75	-
Loss Recoveries	-	50,219.53	50,219.53	-
Transfers Out	(5,000.00)	(57,095.59)	(57,095.59)	-
Total Other Financing Sources	<u>8,055,320.00</u>	<u>6,734,906.24</u>	<u>6,734,906.24</u>	<u>-</u>
Net Change in Fund Balances	<u>(7,084,031.86)</u>	<u>(772,324.87)</u>	<u>1,829,238.53</u>	<u>2,601,563.40</u>
Fund Balances, Beginning	<u>14,143,845.17</u>	<u>14,143,845.17</u>	<u>14,143,845.17</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 7,059,813.31</u>	<u>\$ 13,371,520.30</u>	<u>\$ 15,973,083.70</u>	<u>\$ 2,601,563.40</u>

Special Revenue - Other Fund				Special Revenue - Federal Education Stabilization Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 1,246,019.95	\$ 798,480.00	\$ 798,480.00	\$ -	\$ -	\$ 610,938.24	\$ 610,938.24	\$ -
8,026,186.13	12,595,441.75	10,804,685.78	(1,790,755.97)	4,872,143.92	4,974,741.70	4,911,424.21	(63,317.49)
-	26,542.88	7,049.04	(19,493.84)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,272,206.08	13,420,464.63	11,610,214.82	(1,810,249.81)	4,872,143.92	5,585,679.94	5,522,362.45	(63,317.49)
4,615,634.36	7,090,990.15	6,051,969.21	1,039,020.94	2,387,308.92	3,068,826.38	3,033,274.25	35,552.13
341,254.72	564,814.47	454,494.09	110,320.38	875,550.00	198,227.81	198,227.81	-
-	15,725.12	6,685.47	9,039.65	-	555.42	555.42	-
2,667,969.63	2,955,187.52	2,639,721.20	315,466.32	432,525.00	294,560.20	291,670.35	2,889.85
363,973.40	810,067.54	616,495.66	193,571.88	59,250.00	290,677.52	266,116.92	24,560.60
37,354.02	49,326.75	42,660.83	6,665.92	59,250.00	44,972.99	44,972.99	-
-	-	-	-	-	62,515.22	62,515.22	-
-	694,093.53	631,980.77	62,112.76	-	185,216.40	185,216.40	-
-	-	-	-	-	32,837.12	32,837.12	-
-	-	-	-	-	466.07	466.07	-
-	-	-	-	-	-	-	-
-	111,568.30	88,126.64	23,441.66	200,000.00	89,199.48	89,199.48	-
-	75,268.60	29,985.07	45,283.53	-	127,886.76	127,886.76	-
-	15,734.23	15,734.23	-	281,770.00	190,879.97	190,565.06	314.91
-	-	-	-	-	103,429.00	103,429.00	-
-	-	-	-	373,990.00	311,426.75	311,426.75	-
1,246,019.95	810,143.67	804,816.00	5,327.67	202,500.00	328,610.18	328,610.18	-
-	-	-	-	-	28,772.36	28,772.36	-
-	227,545.65	227,545.65	-	-	226,620.31	226,620.31	-
9,272,206.08	13,420,465.53	11,610,214.82	1,810,250.71	4,872,143.92	5,585,679.94	5,522,362.45	63,317.49
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 396,747	\$ 727,891	\$ 1,059,034	\$ 1,008,604
Interest	976,393	1,039,348	969,426	924,292
Differences Between Expected and Actual Experience	-	(5,469,690)	-	(2,129,372)
Changes of Assumptions or Other Inputs	1,229,972	3,008,524	-	(4,771,403)
Benefit Payments	(887,642)	(728,855)	(570,068)	(550,258)
Net Change in Total OPEB Liability	<u>1,715,470</u>	<u>(1,422,782)</u>	<u>1,458,392</u>	<u>(5,518,137)</u>
Total OPEB Liability - Beginning	<u>26,719,616</u>	<u>28,142,398</u>	<u>26,684,006</u>	<u>32,202,143</u>
Total OPEB Liability - Ending	<u><u>\$ 28,435,086</u></u>	<u><u>\$ 26,719,616</u></u>	<u><u>\$ 28,142,398</u></u>	<u><u>\$ 26,684,006</u></u>
Covered-Employee Payroll	\$ 74,581,162	\$ 72,624,453	\$ 72,365,316	\$ 71,275,683
Total OPEB Liability as a Percentage of Covered-Employee Payroll	38.13%	36.79%	38.89%	37.44%

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

Fiscal Year Ending June 30	District's Proportion of the FRS Net Pension Liability	District's Proportionate Share of the FRS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.231205797%	\$ 39,800,808	\$ 85,237,165	46.69%	88.54%
2014	0.224486089%	\$ 13,696,953	\$ 83,769,277	16.35%	96.09%
2015	0.213194090%	\$ 27,536,876	\$ 82,393,498	33.42%	92.00%
2016	0.199501954%	\$ 50,374,400	\$ 83,644,566	60.22%	84.88%
2017	0.196789445%	\$ 58,208,977	\$ 85,770,987	67.87%	83.89%
2018	0.190065166%	\$ 57,248,613	\$ 85,473,636	66.98%	84.26%
2019	0.187488915%	\$ 64,568,572	\$ 87,716,133	73.61%	82.61%
2020	0.184069561%	\$ 79,780,224	\$ 88,607,122	90.04%	78.85%

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

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

Fiscal Year Ending June 30	Contractually Required FRS Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	District's Covered Payroll	FRS Contributions as a Percentage of Covered Payroll
2014	\$ 4,917,198	\$ (4,917,198)	\$ -	\$ 83,769,277	5.87%
2015	5,197,853	(5,197,853)	-	82,393,498	6.31%
2016	4,865,173	(4,865,173)	-	83,644,566	5.82%
2017	5,122,914	(5,122,914)	-	85,770,987	5.97%
2018	5,416,705	(5,416,705)	-	85,473,636	6.34%
2019	5,813,509	(5,813,509)	-	87,716,133	6.63%
2020	6,115,816	(6,115,816)	-	88,607,122	6.90%
2021	7,766,957	(7,766,957)	-	92,266,527	8.42%

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

**Schedule of the District's Proportionate Share
of the Net Pension Liability –
Health Insurance Subsidy Pension Plan (1)**

Fiscal Year Ending June 30	District's Proportion of the HIS Net Pension Liability	District's Proportionate Share of the HIS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.293364428%	\$ 25,541,231	\$ 85,237,165	29.96%	1.78%
2014	0.281925709%	26,360,742	83,769,277	31.47%	0.99%
2015	0.271454731%	27,684,113	82,393,498	33.60%	0.50%
2016	0.270736029%	31,553,163	83,644,566	37.72%	0.97%
2017	0.269004137%	28,763,163	85,770,987	33.53%	1.64%
2018	0.261318846%	27,658,280	85,473,636	32.36%	2.15%
2019	0.262227130%	29,340,592	87,716,133	33.45%	2.63%
2020	0.260050281%	31,751,716	88,607,122	35.83%	3.00%

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

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

Fiscal Year Ending June 30	Contractually Required HIS Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	District's Covered Payroll	HIS Contributions as a Percentage of Covered Payroll
2014	\$ 965,783	\$ (965,783)	\$ -	\$ 83,769,277	1.15%
2015	1,037,669	(1,037,669)	-	82,393,498	1.26%
2016	1,387,695	(1,387,695)	-	83,644,566	1.66%
2017	1,423,648	(1,423,648)	-	85,770,987	1.66%
2018	1,417,139	(1,417,139)	-	85,473,636	1.66%
2019	1,456,122	(1,456,122)	-	87,716,133	1.66%
2020	1,498,548	(1,498,548)	-	88,607,122	1.69%
2021	1,553,016	(1,553,016)	-	92,266,527	1.68%

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

1. Budgetary Basis of Accounting

The Board follows procedures established by State law and State Board of Education (SBE) rules in establishing budget balances for governmental funds, as described below:

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by State law and SBE rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, student transportation services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year end and encumbrances outstanding are honored from the subsequent year's appropriations.

2. Schedule of Changes in the District's Total Other Postemployment Benefits Liability and Related Ratios

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of Assumptions. In 2020, the discount rate was changed from 3.5 percent in the prior year to 2.21 percent in the current year. In addition, the healthcare cost trend rate assumptions were changed to reflect an industry-wide decrease in medical trend over the past few years.

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

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

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Total Expenditures
Clustered			
Child Nutrition Cluster			
United States Department of Agriculture:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	21002	\$ 79,263.90
National School Lunch Program	10.555	21001, 21003	1,045,844.61
COVID-19 National School Lunch Program	COVID-19, 10.555	21001	33,467.19
Total National School Lunch Program			<u>1,079,311.80</u>
Summer Food Service Program for Children	10.559	20006, 20007, 21006, 21007	7,392,597.20
Total Child Nutrition Cluster			<u>8,551,172.90</u>
Student Financial Assistance Cluster			
United States Department of Education:			
Federal Pell Grant Program	84.063	N/A	798,480.00
Special Education Cluster			
United States Department of Education:			
Florida Department of Education:			
Special Education - Grants to States	84.027	263	3,822,345.93
Special Education - Preschool Grants	84.173	267	161,641.42
Total Special Education Cluster			<u>3,983,987.35</u>
Not Clustered			
United States Department of Agriculture			
Florida Department of Health:			
Child and Adult Care Food Program	10.558	A-5029	780,444.47
United States Department of Defense			
Army Junior Reserve Officers Training Corps	12.UNK	N/A	79,955.23
Air Force Junior Reserve Officers Training Corps	12.UNK	N/A	64,809.75
Navy Junior Reserve Officers Training Corps	12.UNK	N/A	69,960.37
Total United States Department of Defense			<u>214,725.35</u>
United States Department of Education			
Education Stabilization Fund:			
Higher Education Emergency Relief Fund - Student Aid Portion	84.425	COVID-19, 84.425E	199,775.95
Higher Education Emergency Relief Fund - Institutional Portion		COVID-19, 84.425F	314,917.39
Higher Education Emergency Relief Fund - Fund for the Improvement of Postsecondary Education Formula Grant		COVID-19, 84.425N	96,244.91
Florida Department of Education:			
Governor's Emergency Education Relief Fund		COVID-19, 84.425C	123
Elementary and Secondary School Emergency Relief Fund		COVID-19, 84.425D	124
Total Education Stabilization Fund		84.425	<u>5,522,362.46</u>
Florida Department of Education:			
Adult Education - Basic Grants to States	84.002	191, 193	165,281.56
Title I Grants to Local Educational Agencies	84.010	212, 223	5,211,416.54
Career and Technical Education - Basic Grants to States	84.048	161	379,081.86
Education for Homeless Children and Youth	84.196	127	63,053.51
English Language Acquisition State Grants	84.365	102	14,819.42
Supporting Effective Instruction State Grants	84.367	224	600,573.90
Student Support and Academic Enrichment Program	84.424	241	358,299.44
Florida Gulf Coast University:			
State Personnel Development Grant	84.323	None	28,133.85
Total United States Department of Education			<u>12,343,022.54</u>
Total Expenditures of Federal Awards			<u>\$ 26,671,832.61</u>

The accompanying notes are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Citrus County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
- (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance – National School Lunch Program. Includes \$755,088.88 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) COVID-19 National School Lunch Program. The District incurred \$33,467.19 in expenditures for the National School Lunch Program grant in the 2019-20 fiscal year.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Citrus County District School Board as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 15, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds, the private purpose trust fund, and the discretely presented component unit, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material

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

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

Compliance and Other Matters

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

District's Response to Finding

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

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 15, 2022



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



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

The President of the Senate, the Speaker of the
House of Representatives, and the
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

We have audited the Citrus County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2021. The District's major Federal programs are identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 15, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Internal control over financial reporting:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major Federal programs:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major Federal programs:

Assistance Listing Numbers:	Name of Federal Program or Cluster:
10.553, 10.555, and 10.559	Child Nutrition Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$800,154

Auditee qualified as low risk auditee? Yes

SECTION II – FINANCIAL STATEMENT FINDING

SIGNIFICANT DEFICIENCY

FINANCIAL REPORTING

Finding Number	2021-001
Opinion Units	Major Fund: Special Revenue – Other (SRO) Aggregate Remaining Fund Information
Financial Statements Account Titles	Various
Fund Names	SRO and Other Governmental Funds
Adjustment Amounts	Governmental fund financial statement adjustments, for example, included: <ul style="list-style-type: none">• SRO Fund: Total assets and liabilities each increased \$1,266,852.98; and total revenues and expenditures each increased \$11,610,214.82. Individual accounts affected included Due from Other Agencies, Accrued Salaries and Benefits, Payroll Deductions and Withholdings, Accounts Payable, Due To Other Funds, Revenue – Federal Direct, Revenue – Federal through State and Local, Revenue – State, and various expenditure functions.• Other Governmental Funds: The same respective accounts and amounts were decreased.
Statistically Valid Sample	Not Applicable
Prior Year Finding	Not Applicable
Finding	District financial reporting procedures need improvement to ensure that all major funds are properly disclosed on the annual financial report (AFR).
Criteria	Section 1010.01, Florida Statutes, requires that State Board of Education (SBE) rules incorporate the requirements of law and accounting principles generally accepted in the United States (GAAP). SBE 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 AFR. GAAP require that preparation of fund financial statements include an analysis to determine the major funds. A fund should be reported as major when the fund's assets, liabilities, revenues, or expenditures represent at least 10 percent of the total governmental funds for these respective classifications.
Condition	The major funds determination worksheet, which supports the major funds reported on the AFR, was finalized before all closing entries were made. Because of this mistake, the District erroneously excluded the SRO Fund from major fund reporting and reported the balances and transactions of that fund in the Other Governmental Funds.
Cause	District personnel, due to an oversight, did not update the major funds determination worksheet after all closing entries were made and before finalizing the AFR.
Effect	Separately reporting accurate amounts by major fund allows financial statement users to readily identify the District's most significant funds and their related balances and transactions, understand the District's financial activities, and correctly assess the District's financial position. We extended our audit procedures to determine the adjustments necessary to properly report the accounts and transactions, and District personnel accepted

these adjustments. However, our audit procedures cannot substitute for management's responsibility to implement adequate controls over financial reporting.

Recommendation

The District should enhance procedures to ensure that financial statement accounts and transactions are properly reported. Such enhancements should include documented consideration of the major funds determination worksheet after all closing entries are made to ensure major funds are appropriately disclosed on the AFR.

District Response

The District will update its procedures to include updating the major funds determination worksheet after all closing entries are made to prevent this type of error in the future.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

PRIOR AUDIT FOLLOW-UP

There were no prior financial statement or Federal award findings requiring follow-up.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

CORRECTIVE ACTION PLAN



SANDRA "SAM" HIMMEL – SUPERINTENDENT OF SCHOOLS

*"Where Learning is the Expectation
And Caring is a Commitment"*

THOMAS KENNEDY
DISTRICT 1

VIRGINIA BRYANT
DISTRICT 2

DOUGLAS A. DODD
DISTRICT 3

SANDRA COUNTS
DISTRICT 4

LINDA B. POWERS
DISTRICT 5

February 25, 2022

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

Finding Number: 2021-001

Planned Corrective Action: The District will update its procedures to include updating the major funds determination worksheet after all closing entries are made to prevent this type or error in the future.

Anticipated Completion Date: February 25, 2022

Responsible Contact Person: Tammy Wilson, Director of Finance

1007 West Main Street • Inverness, Florida 34450-4625
TEL: (352) 726-1931
www.citruschools.org
Equal Opportunity Employer