

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

**ALACHUA 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, Dr. Carlee Simon served as Superintendent of the Alachua County Schools from December 4, 2020; Donna Jones served as Acting Superintendent December 2, 2020, and December 3, 2020; Karen Clarke served as Superintendent through December 1, 2020; and the following individuals served as School Board Members:

	<u>District No.</u>
Tina Certain, Vice Chair from 11-17-20	1
Diyonne L. McGraw from 11-17-20 through 6-16-21 ^a	2
Eileen F. Roy through 11-16-20, Chair	2
Dr. Gunnar F. Paulson	3
Dr. Leannetta McNealy, Chair from 11-17-20, Vice Chair through 11-16-20	4
Robert P. Hyatt	5

^a Seat declared vacant by the Governor on 6-17-21, and member position remained vacant through fiscal year end.

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 Debra L. Hulse, CPA, and the audit was supervised by Denita K. Tyre, CPA.

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

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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

Additional Matter

Finding AM 2021-001: District procedures did not always limit expenditure to budgeted amounts, contrary to State law, State Board of Education rules, and Board policies.

SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Coronavirus Relief Fund 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:

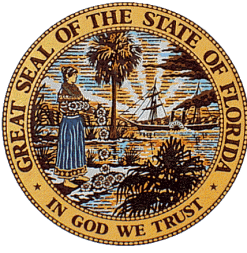
- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on the 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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Alachua County District School Board, 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, which represent 10 percent, 6 percent, 11 percent, 4 percent, and 4 percent, respectively, of the assets, liabilities, fund balance and net position, additions and revenues, and deductions and expenditures of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. The financial statements of the school internal funds and the aggregate discretely presented component units 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Alachua 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.A. to the financial statements, the District 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**, **Schedule of Changes in Net Pension Liability and Related Ratios – Early Retirement Plan**, **Schedule of District Contributions – Early Retirement Plan**, **Schedule of Investment**

Returns – Early Retirement 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 18, 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 18, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Alachua 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 increased \$4.8 million, or 13.2 percent, over the 2019-20 fiscal year net position, as restated, to a deficit \$31.7 million.
- General revenues total \$335.4 million, or 92.4 percent of all revenues in the 2020-21 fiscal year, as compared to \$314.6 million, or 92 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 \$27.7 million, or 7.6 percent as compared to \$27.4 million, or 8 percent in the prior year.
- The total assigned and unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, total \$21.7 million at June 30, 2021, or 8.5 percent of General Fund expenditures as compared to \$20.4 million, or 8.1 percent at June 30, 2020.
- The District's Financial Condition Ratio calculated pursuant to Section 1011.051, Florida Statutes, was 8.8 percent for the 2020-21 fiscal year, compared to 8.4 percent for the 2019-20 fiscal year.
- During the current fiscal year, General Fund expenditures exceeded revenues by \$8.3 million. This may be compared to last year's results in which General Fund expenditures exceeded revenues by \$9.3 million. In the 2020-21 fiscal year, the District made a one-time purchase of \$3.6 million to acquire laptops for students. Please note that the transfer from Capital Projects – Local Capital Improvement Fund to the General Fund, in the amount of \$6.9 million to cover maintenance expenditures is not classified as revenue in the General Fund.
- The District's total assets and deferred outflow of resources total \$391.6 million. The total liabilities and deferred inflows of resources is \$423.3 million. This results in a deficit of \$31.7 million as stated above in the District's total net position.
- The District's investment in capital assets (net of depreciation) increased by \$24.2 million. There was a significant increase of construction in progress from \$23.7 million in the 2019-20 fiscal year to \$92.7 million in the 2020-21 fiscal year. This was the result of two redevelopments that were underway and nearing completion, in addition to the construction of a new elementary school completed for the upcoming 2021-22 fiscal year.

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 13 charter schools as discretely presented component units. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units are reported separately from the financial information presented for the primary government. Separately issued financial statements of the charter schools are available at the District's administrative office.

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

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

Fund Financial Statements

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, the governmental funds use a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

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

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

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

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

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

The District uses a pension trust fund to account for the District's early retirement program and private-purpose trust funds to account for the J. Dale Haynie Trust and a career service award program.

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

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

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	
	6-30-21	6-30-20
Current and Other Assets	\$ 164,125,014.74	\$ 224,934,567.29
Capital Assets	157,628,886.98	80,716,218.99
Total Assets	321,753,901.72	305,650,786.28
Deferred Outflows of Resources	69,883,760.22	61,253,945.88
Long-Term Liabilities	384,846,415.66	366,286,671.50
Other Liabilities	32,145,732.24	25,736,243.25
Total Liabilities	416,992,147.90	392,022,914.75
Deferred Inflows of Resources	6,312,338.00	15,026,375.00
Net Position:		
Net Investment in Capital Assets	45,925,882.87	21,712,737.52
Restricted	69,700,583.65	57,831,698.24
Unrestricted (Deficit)	(147,293,290.48)	(119,688,993.35)
Total Net Position	\$ (31,666,823.96)	\$ (40,144,557.59)

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

debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The restricted portion of the District's net position, \$69.7 million represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position of \$147.3 million was mainly the result of accruing long-term liabilities related to the defined-benefit pension plans, compensated absences, and OPEB. The largest accrual is the net pension liability totaling \$204 million as of June 30, 2021.

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:

- The increase in net investment in capital assets is due primarily to the addition of construction in progress and debt retirement.
- The increase in deferred outflows and decrease in deferred inflows is the result of the FRS pensions and OPEB activities.
- Implementation of GASB Statement No. 84, *Fiduciary Activities*, increased the net position as a result of an adjustment to beginning fund balance in the Special Revenue – Miscellaneous Fund of \$3.7 million to establish the District school's internal accounts in a special revenue fund and remove them from the fiduciary funds.

Governmental activities increased the District's net position by \$4.8 million during the 2020-21 fiscal year, detailed as follows:

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-21	6-30-20
Program Revenues:		
Charges for Services	\$ 3,545,652.00	\$ 4,336,664.59
Operating Grants and Contributions	22,249,667.58	20,886,032.82
Capital Grants and Contributions	1,934,147.92	2,160,249.50
General Revenues:		
Property Taxes, Levied for Operational Purposes	93,563,336.17	92,888,481.97
Property Taxes, Levied for Debt Service	829.75	3,226.34
Property Taxes, Levied for Capital Projects	25,911,110.30	24,685,198.99
Local Sales Taxes	23,314,713.86	20,812,930.41
Grants and Contributions Not Restricted to Specific Programs	183,590,295.52	168,871,675.59
Unrestricted Investment Earnings	1,970,578.95	2,360,575.92
Miscellaneous	7,013,155.06	4,940,714.17
Total Revenues	363,093,487.11	341,945,750.30
Functions/Program Expenses:		
Instruction	177,392,728.93	170,370,216.06
Student Support Services	20,434,971.88	20,414,931.83
Instructional Media Services	5,364,179.09	5,316,018.81
Instruction and Curriculum Development Services	9,278,340.52	9,985,392.48
Instructional Staff Training Services	7,534,650.98	3,278,947.40
Instruction-Related Technology	5,390,983.44	4,361,820.04
Board	1,451,652.17	935,458.20
General Administration	2,956,175.95	2,614,044.07
School Administration	19,395,172.80	18,380,898.62
Facilities Acquisition and Construction	8,256,856.32	7,263,680.84
Fiscal Services	2,096,849.68	2,122,552.71
Food Services	20,180,552.62	21,613,187.19
Central Services	3,662,288.17	4,312,055.93
Student Transportation Services	12,833,551.88	14,289,367.95
Operation of Plant	27,435,345.00	24,247,287.84
Maintenance of Plant	8,400,542.55	8,466,272.88
Administrative Technology Services	2,015,595.77	1,841,346.21
Community Services	5,431,409.18	3,917,163.09
Unallocated Interest on Long-Term Debt	6,550,216.66	1,874,545.43
Unallocated Depreciation Expense	12,221,511.89	11,290,019.17
Total Functions/Program Expenses	358,283,575.48	336,895,206.75
Change in Net Position	4,809,911.63	5,050,543.55
Net Position - Beginning	(40,144,557.59)	(45,195,101.14)
Adjustment to Beginning Net Position (1)	3,667,822.00	-
Net Position - Beginning, as Restated	(36,476,735.59)	(45,195,101.14)
Net Position - Ending	\$ (31,666,823.96)	\$ (40,144,557.59)

(1) 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 state revenue (40.2%) and local tax revenue (39.3 percent). Local tax revenue increased \$4.4 million or 3.2%. State revenues increased by \$2.7 million, or 1.9 percent, primarily due to an increase in the Florida Education Finance Program (FEFP). Revenues from State sources for current operations are primarily received through the 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.

Grants and contributions, not restricted to specific programs revenues increased by \$14,718,619.93, or 8.7 percent, primarily due to new Federal Education Stabilization funds awarded in response to the COVID-19 pandemic.

Instruction and instruction related expenses represent 62.9 percent of total governmental expenses in the 2020-21 fiscal year. Instruction and instruction related expenses increased by \$11.7 million, or 5.5 percent, over the previous fiscal year primarily due to increases in employee salaries and benefits.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

The total fund balances of governmental funds decreased by \$70 million during the fiscal year to \$123.6 million at June 30, 2021. Of the total fund balance, \$19.4 million, or 15.7 percent, is unassigned fund balance, which is available for spending at the District's discretion; \$2.4 million is nonspendable; \$99.5 million is restricted; and \$2.3 million is assigned.

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is \$19.4 million, while the total fund balance is \$30.2 million. The unassigned fund balance increased by \$1.8 million, while the total fund balance decreased by \$0.2 million during the fiscal year. Key factors in this reduction are as follows:

- Total revenue increased by \$4.6 million due mainly to increases in the FEFP funding.
- Total expenditures increased by \$3.6 million, due mainly to a one-time purchase of \$3.6 million to acquire laptops for District students.
- Total expenditures exceeded revenues by \$8.3 million. Transfers from Capital Projects – Local Capital Improvement Fund to the General Fund, in the amount of \$6.9 million to cover maintenance expenditures, offset most of this difference.

The Special Revenue – Other Fund has total revenues and expenditures of \$23.2 million each and the funding was mainly used for Federal-related education programs such as Title I and Special Education

programs. Because revenues in this fund are recognized to the extent expenditures are incurred, this fund generally does not accumulate a fund balance.

The Special Revenue – Federal Education Stabilization Fund has total revenues and expenditures of \$13 million each and the funding was mainly used for expenditures related to the COVID-19 pandemic. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

Capital Projects – Local Capital Improvement Fund has a total fund balance of \$8.6 million, all of which is restricted for the acquisition, construction, and maintenance of capital assets. Of the total fund balance, \$2.3 million has been encumbered for various capital projects.

Capital Projects – Other Fund which is primarily comprised of the one-half cent discretionary sales surtax, has a total fund balance of \$65.7 million, all of which is restricted for the acquisition, land improvement, and construction of capital assets. Total fund balance decreased \$71.7 million and funds were primarily used for major construction projects such as the new elementary school, Bishop Middle redevelopment, Idylwild Elementary, and Metcalfe Elementary. Of the total fund balance, \$26.1 million has been encumbered for various capital projects including the major construction projects.

Proprietary Fund

Unrestricted net position of the Internal Service Fund totaled \$8.4 million at June 30, 2021, a decrease of \$0.86 million from the previous fiscal year. This Fund is used to account for the District’s individual self-insurance program for employees’ medical insurance, purchased services, and insurance claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Actual revenues are in line with the final budgeted amounts while total expenditures are \$14.1 million, or 5.2 percent, less than final budgeted amounts. 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 \$12.4 million.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District’s investment in capital assets for its governmental activities and as of June 30, 2021, is \$157.6 million (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

Construction in progress at June 30, 2021, includes:

- Various capitalized renovation and remodeling projects,
- Comprehensive redevelopments at two elementary schools and one middle school,

- Comprehensive renovations at one elementary school, and
- Construction for a new elementary school.

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 has total long-term debt outstanding of \$143.5 million for outstanding capital asset-related debt. This amount is comprised of \$6.3 million for equipment lease-purchase payable, \$119.9 million of certificates of participation payable, and \$17.3 million of unamortized premiums.

Additional information on the District's long-term debt can be found in Notes I.F.6. and III.H. to the financial statements.

OTHER MATTERS OF SIGNIFICANCE

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

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

Alachua 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>Units</u>
ASSETS		
Cash and Cash Equivalents	\$ 97,819,553.91	\$ 5,753,478.00
Investments	48,336,258.27	313,047.00
Accounts Receivable	35,237.00	207,185.00
Due from Other Agencies	15,555,681.29	354,945.00
Deposits Receivable	-	36,825.00
Prepaid Items	-	117,110.00
Inventories	2,378,284.27	-
Capital Assets:		
Nondepreciable Capital Assets	102,258,502.49	1,248,153.00
Depreciable Capital Assets, Net	<u>55,370,384.49</u>	<u>6,576,408.00</u>
TOTAL ASSETS	<u>321,753,901.72</u>	<u>14,607,151.00</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	67,026,774.00	1,360,318.00
OPEB	2,347,405.00	-
Net Carrying Amount of Debt Refunding	<u>509,581.22</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>69,883,760.22</u>	<u>1,360,318.00</u>
LIABILITIES		
Accrued Salaries and Benefits	4,139,478.42	113,213.00
Payroll Deductions and Withholdings	8,340,896.58	15,866.00
Accounts Payable	7,887,413.96	244,035.00
Sales Tax Payable	1,314.81	-
Construction Contracts Payable	5,690,066.11	-
Construction Contracts Payable - Retained Percentage	2,765,083.96	-
Due to Other Agencies	-	96,045.00
Deposits Payable	1,466.09	-
Unearned Revenue	492,986.31	688.00
Estimated Liability for Self-Insurance Program	2,827,026.00	-
Long-Term Liabilities:		
Portion Due Within 1 Year	16,063,139.85	819,860.00
Portion Due After 1 Year	<u>368,783,275.81</u>	<u>5,981,507.00</u>
TOTAL LIABILITIES	<u>416,992,147.90</u>	<u>7,271,214.00</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	5,589,527.00	306,014.00
OPEB	<u>722,811.00</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,312,338.00</u>	<u>306,014.00</u>
NET POSITION		
Net Investment in Capital Assets	45,925,882.87	4,385,168.00
Restricted for:		
State Required Carryover Programs	5,608,310.54	-
Debt Service	7,217,035.41	-
Capital Projects	44,071,871.12	196,115.00
Food Service	6,971,268.34	-
Other Purposes	5,832,098.24	4,860.00
Unrestricted	<u>(147,293,290.48)</u>	<u>3,804,098.00</u>
TOTAL NET POSITION	<u>\$ (31,666,823.96)</u>	<u>\$ 8,390,241.00</u>

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

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Instruction	\$ 177,392,728.93	\$ 8,436.00	\$ -	\$ -
Student Support Services	20,434,971.88	-	-	-
Instructional Media Services	5,364,179.09	-	-	-
Instruction and Curriculum Development Services	9,278,340.52	-	-	-
Instructional Staff Training Services	7,534,650.98	-	-	-
Instruction-Related Technology	5,390,983.44	-	-	-
Board	1,451,652.17	-	-	-
General Administration	2,956,175.95	-	-	-
School Administration	19,395,172.80	-	-	-
Facilities Acquisition and Construction	8,256,856.32	-	-	1,934,147.92
Fiscal Services	2,096,849.68	-	-	-
Food Services	20,180,552.62	512,995.15	22,249,667.58	-
Central Services	3,662,288.17	-	-	-
Student Transportation Services	12,833,551.88	56,449.65	-	-
Operation of Plant	27,435,345.00	-	-	-
Maintenance of Plant	8,400,542.55	-	-	-
Administrative Technology Services	2,015,595.77	-	-	-
Community Services	5,431,409.18	2,967,771.20	-	-
Unallocated Interest on Long-Term Debt	6,550,216.66	-	-	-
Unallocated Depreciation Expense*	12,221,511.89	-	-	-
Total Primary Government	\$ 358,283,575.48	\$ 3,545,652.00	\$ 22,249,667.58	\$ 1,934,147.92
Component Units				
Charter Schools	\$ 16,369,756.00	\$ 497,452.00	\$ 651,430.00	\$ 1,012,990.00

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Debt Service

Property Taxes, Levied for Capital Projects

Local Sales Taxes

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Adjustment to Beginning Net Position

Net Position - Beginning, as Restated

Net Position - Ending

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

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

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

Primary Government	
Governmental Activities	Component Units
\$ (177,384,292.93)	\$ -
(20,434,971.88)	-
(5,364,179.09)	-
(9,278,340.52)	-
(7,534,650.98)	-
(5,390,983.44)	-
(1,451,652.17)	-
(2,956,175.95)	-
(19,395,172.80)	-
(6,322,708.40)	-
(2,096,849.68)	-
2,582,110.11	-
(3,662,288.17)	-
(12,777,102.23)	-
(27,435,345.00)	-
(8,400,542.55)	-
(2,015,595.77)	-
(2,463,637.98)	-
(6,550,216.66)	-
(12,221,511.89)	-
<u>(330,554,107.98)</u>	<u>-</u>
<u>-</u>	<u>(14,207,884.00)</u>
93,563,336.17	-
829.75	-
25,911,110.30	-
23,314,713.86	-
183,590,295.52	14,017,416.00
1,970,578.95	67,012.00
<u>7,013,155.06</u>	<u>1,746,937.00</u>
<u>335,364,019.61</u>	<u>15,831,365.00</u>
4,809,911.63	1,623,481.00
(40,144,557.59)	6,807,822.00
<u>3,667,822.00</u>	<u>(41,062.00)</u>
<u>(36,476,735.59)</u>	<u>6,766,760.00</u>
<u>\$ (31,666,823.96)</u>	<u>\$ 8,390,241.00</u>

**Alachua 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	\$ 35,480,906.42	\$ -	\$ -
Investments	-	-	-
Accounts Receivable	-	-	-
Due from Other Funds	3,047,729.83	-	-
Due from Other Agencies	3,820,403.53	2,680,855.71	2,677,047.84
Inventories	790,402.97	-	-
TOTAL ASSETS	\$ 43,139,442.75	\$ 2,680,855.71	\$ 2,677,047.84
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	\$ 3,723,536.49	\$ 348,206.08	\$ 2,953.19
Payroll Deductions and Withholdings	7,256,621.42	702,951.70	47,115.14
Accounts Payable	1,926,423.64	804,004.91	442,976.70
Sales Tax Payable	1,314.81	-	-
Construction Contracts Payable	-	-	-
Construction Contracts Payable - Retained Percentage	-	-	-
Due to Other Funds	-	825,693.02	2,184,002.81
Deposits Payable	1,466.09	-	-
Unearned Revenue	6,449.37	-	-
Total Liabilities	12,915,811.82	2,680,855.71	2,677,047.84
Fund Balances:			
Nonspendable:			
Inventories	790,402.97	-	-
Restricted for:			
State Required Carryover Programs	5,608,310.54	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Food Service	-	-	-
Voter Approved Millage	738,333.65	-	-
Adult Education Programs	1,369,326.59	-	-
Student Internal Accounts	-	-	-
Total Restricted Fund Balance	7,715,970.78	-	-
Assigned for:			
State and Local Grants	538,223.19	-	-
Purchases on Order	1,204,606.66	-	-
Extended Day Enrichment Program	576,999.44	-	-
Total Assigned Fund Balance	2,319,829.29	-	-
Unassigned Fund Balance	19,397,427.89	-	-
Total Fund Balances	30,223,630.93	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 43,139,442.75	\$ 2,680,855.71	\$ 2,677,047.84

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

Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ 7,782,889.10	\$ 31,578,593.18	\$ 9,591,554.65	\$ 84,433,943.35
1,293,219.28	39,826,003.58	7,217,035.41	48,336,258.27
-	-	35,237.00	35,237.00
-	-	-	3,047,729.83
8,040.56	4,463,774.44	1,905,559.21	15,555,681.29
-	-	1,587,881.30	2,378,284.27
\$ 9,084,148.94	\$ 75,868,371.20	\$ 20,337,267.57	\$ 153,787,134.01
\$ -	\$ -	\$ 64,782.66	\$ 4,139,478.42
-	-	334,208.32	8,340,896.58
480,470.11	1,708,749.68	366,389.55	5,729,014.59
-	-	-	1,314.81
-	5,690,066.11	-	5,690,066.11
5,402.75	2,754,685.83	4,995.38	2,765,083.96
-	-	38,034.00	3,047,729.83
-	-	-	1,466.09
-	-	486,536.94	492,986.31
485,872.86	10,153,501.62	1,294,946.85	30,208,036.70
-	-	1,587,881.30	2,378,284.27
-	-	-	5,608,310.54
-	-	7,217,035.41	7,217,035.41
8,598,276.08	65,714,869.58	1,129,578.97	75,442,724.63
-	-	5,390,658.04	5,390,658.04
-	-	-	738,333.65
-	-	-	1,369,326.59
-	-	3,717,167.00	3,717,167.00
8,598,276.08	65,714,869.58	17,454,439.42	99,483,555.86
-	-	-	538,223.19
-	-	-	1,204,606.66
-	-	-	576,999.44
-	-	-	2,319,829.29
-	-	-	19,397,427.89
8,598,276.08	65,714,869.58	19,042,320.72	123,579,097.31
\$ 9,084,148.94	\$ 75,868,371.20	\$ 20,337,267.57	\$ 153,787,134.01

**Alachua 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 \$ 123,579,097.31

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. 157,628,886.98

Deferred charges on bond refundings are not expensed in the government-wide statements but are reported as deferred outflows of resources and amortized over the life of the debt. 509,581.22

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	\$ 67,026,774.00	
Deferred Outflows Related to OPEB	2,347,405.00	
Deferred Inflows Related to Pensions	(5,589,527.00)	
Deferred Inflows Related to OPEB	<u>(722,811.00)</u>	63,061,841.00

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:

Equipment Lease-Purchase Payable	\$ (6,305,229.87)	
Certificates of Participation Payable	(119,931,013.00)	
Unamortized Premium	(17,347,195.97)	
Compensated Absences Payable	(28,239,821.82)	
Net Pension Liability	(204,034,685.00)	
Total OPEB Liability	<u>(8,988,470.00)</u>	(384,846,415.66)

Internal service fund are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 8,400,185.19

Net Position - Governmental Activities **\$ (31,666,823.96)**

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

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Alachua 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	\$ 209,641.82	\$ 216,359.25	\$ -
Federal Through State and Local	3,343,558.50	22,894,027.91	13,013,657.12
State	143,504,125.67	-	-
Local:			
Property Taxes	93,563,336.17	-	-
Local Sales Taxes	-	-	-
Charges for Services - Food Service	-	-	-
Miscellaneous	7,114,157.54	82,123.37	-
Total Local Revenues	<u>100,677,493.71</u>	<u>82,123.37</u>	<u>-</u>
Total Revenues	<u>247,734,819.70</u>	<u>23,192,510.53</u>	<u>13,013,657.12</u>
Expenditures			
Current - Education:			
Instruction	145,077,413.50	14,382,356.47	6,630,036.40
Student Support Services	15,004,285.57	1,970,226.50	2,064,033.39
Instructional Media Services	4,924,557.63	-	45,703.24
Instruction and Curriculum Development Services	4,722,994.28	3,689,998.59	130,628.13
Instructional Staff Training Services	3,020,729.43	1,715,673.10	2,165,927.52
Instruction-Related Technology	5,004,768.36	10,283.97	62,938.00
Board	1,428,638.97	-	-
General Administration	1,603,894.84	938,840.13	278,578.09
School Administration	17,828,606.57	5,382.50	57,135.30
Facilities Acquisition and Construction	2,398,997.27	1,000.00	-
Fiscal Services	1,931,250.29	-	-
Food Services	-	-	-
Central Services	3,370,106.71	23,632.94	4,523.50
Student Transportation Services	10,866,168.84	196,025.86	352,913.98
Operation of Plant	25,721,701.96	18,257.58	939,594.83
Maintenance of Plant	7,836,130.56	-	-
Administrative Technology Services	1,906,375.78	-	-
Community Services	2,889,190.11	-	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	47,133.04	-	-
Other Capital Outlay	439,948.46	240,832.89	281,644.74
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>256,022,892.17</u>	<u>23,192,510.53</u>	<u>13,013,657.12</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,288,072.47)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers In	7,902,409.06	-	-
Loss Recoveries	160,732.64	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>8,063,141.70</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(224,930.77)</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning	30,448,561.70	-	-
Adjustment to Beginning Fund Balance	-	-	-
Fund Balances, Beginning as Restated	<u>30,448,561.70</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 30,223,630.93</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 426,001.07
-	-	22,019,074.58	61,270,318.11
-	1,419,670.00	1,153,996.17	146,077,791.84
25,910,919.45	190.85	829.75	119,475,276.22
-	23,314,713.86	-	23,314,713.86
-	-	512,995.15	512,995.15
<u>91,676.52</u>	<u>57,105.49</u>	<u>2,557,812.54</u>	<u>9,902,875.46</u>
<u>26,002,595.97</u>	<u>23,372,010.20</u>	<u>3,071,637.44</u>	<u>153,205,860.69</u>
<u>26,002,595.97</u>	<u>24,791,680.20</u>	<u>26,244,708.19</u>	<u>360,979,971.71</u>
-	-	-	166,089,806.37
-	-	-	19,038,545.46
-	-	-	4,970,260.87
-	-	-	8,543,621.00
-	-	-	6,902,330.05
-	-	-	5,077,990.33
-	-	-	1,428,638.97
-	-	-	2,821,313.06
-	-	-	17,891,124.37
4,467,046.78	1,356,420.38	-	8,223,464.43
-	-	-	1,931,250.29
-	-	19,456,888.24	19,456,888.24
-	-	-	3,398,263.15
-	-	-	11,415,108.68
-	-	-	26,679,554.37
-	-	-	7,836,130.56
-	-	-	1,906,375.78
-	-	2,301,840.00	5,191,030.11
5,520,246.81	72,624,096.30	718,305.69	78,909,781.84
144,874.21	9,720,230.01	19,893.95	10,847,424.26
7,005,462.30	7,325,000.00	1,794,000.00	16,124,462.30
<u>1,200,350.33</u>	<u>5,285,134.78</u>	<u>1,033.89</u>	<u>6,486,519.00</u>
<u>18,337,980.43</u>	<u>96,310,881.47</u>	<u>24,291,961.77</u>	<u>431,169,883.49</u>
<u>7,664,615.54</u>	<u>(71,519,201.27)</u>	<u>1,952,746.42</u>	<u>(70,189,911.78)</u>
4,253.15	825,813.16	506,092.25	9,238,567.62
-	-	-	160,732.64
<u>(7,395,511.31)</u>	<u>(1,012,990.00)</u>	<u>(830,066.31)</u>	<u>(9,238,567.62)</u>
<u>(7,391,258.16)</u>	<u>(187,176.84)</u>	<u>(323,974.06)</u>	<u>160,732.64</u>
<u>273,357.38</u>	<u>(71,706,378.11)</u>	<u>1,628,772.36</u>	<u>(70,029,179.14)</u>
8,324,918.70	137,421,247.69	13,745,726.36	189,940,454.45
-	-	3,667,822.00	3,667,822.00
<u>8,324,918.70</u>	<u>137,421,247.69</u>	<u>17,413,548.36</u>	<u>193,608,276.45</u>
<u>\$ 8,598,276.08</u>	<u>\$ 65,714,869.58</u>	<u>\$ 19,042,320.72</u>	<u>\$ 123,579,097.31</u>

Alachua 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 \$ (70,029,179.14)

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current fiscal year. 76,912,667.99

Refunding gains and losses result from a difference between the reacquisition cost of the refunded bonds and the net carrying amount. Refunding gains or losses are amortized over the life of the related debt in the statement of activities. (63,697.66)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The following details the amount of long-term debt principal and amortization in the current period:

Equipment Lease-Purchase Payable	\$	1,731,833.30	
Certificates of Participation		14,392,629.00	
Amortization of Premiums		1,952,782.76	18,077,245.06

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. (1,890,564.22)

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 Total OPEB Liability	\$	(589,854.00)	
Increase in Deferred Outflows of Resources - OPEB		186,010.00	
Decrease in Deferred Inflows of Resources - OPEB		91,049.00	(312,795.00)

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	\$	13,301,217.00	
HIS Pension Contribution		2,762,463.00	
ERP Pension Contribution		892,366.00	
FRS Pension Expense		(28,970,252.00)	
HIS Pension Expense		(5,026,726.00)	
ERP Pension Expense		14,851.00	(17,026,081.00)

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net expense of the internal service fund is reported with governmental activities. (857,684.40)

Change in Net Position - Governmental Activities \$ 4,809,911.63

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

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

	<u>Internal Service Fund</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 13,385,610.56
LIABILITIES	
Current Liabilities:	
Accounts Payable	2,158,399.37
Estimated Liability for Self-Insurance Program	<u>2,827,026.00</u>
Total Current Liabilities	<u>4,985,425.37</u>
NET POSITION	
Unrestricted	<u>\$ 8,400,185.19</u>

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

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

	Internal Service Fund
OPERATING REVENUES	
Premiums	\$ 32,418,941.94
OPERATING EXPENSES	
Purchased Services	3,560,101.17
Insurance Claims	29,740,520.85
Total Operating Expenses	33,300,622.02
Operating Loss	(881,680.08)
NONOPERATING REVENUES	
Interest	23,995.68
Change in Net Position	(857,684.40)
Total Net Position - Beginning	9,257,869.59
Total Net Position - Ending	\$ 8,400,185.19

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

**Alachua 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	
Premium Payments Received	\$ 32,418,941.94
Cash Payments to Suppliers for Goods and Services	(2,924,929.43)
Cash Payments for Insurance Claims	<u>(29,157,332.85)</u>
Net Cash Provided by Operating Activities	<u>336,679.66</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	<u>23,995.68</u>
Net Increase in Cash and Cash Equivalents	360,675.34
Cash and Cash Equivalents, Beginning	<u>13,024,935.22</u>
Cash and Cash Equivalents, Ending	<u>\$ 13,385,610.56</u>
 Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	<u>\$ (881,680.08)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Due to Other Agencies	(11,369.68)
Accounts Payable	646,541.42
Estimated Liability for Self-Insurance Program	<u>583,188.00</u>
Total Adjustments	<u>1,218,359.74</u>
Net Cash Provided by Operating Activities	<u>\$ 336,679.66</u>

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

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

	Pension Trust Fund	Private-Purpose Trust Funds
ASSETS		
Cash and Cash Equivalents	\$ 1,001,115.62	\$ 377,279.01
Investments:		
Equities	2,705,649.94	-
Corporate Bonds	375,823.17	-
Treasury Bonds	549,381.07	-
Money Market Funds	34,183.25	-
Other	913,929.26	-
TOTAL ASSETS	5,580,082.31	377,279.01
NET POSITION		
Restricted for Pension Benefits	5,580,082.31	-
Restricted for Scholarships and Other Purposes	-	377,279.01
TOTAL NET POSITION	\$ 5,580,082.31	\$ 377,279.01

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

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

	Pension Trust Fund	Private-Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 892,290.91	\$ -
Investment Earnings:		
Interest, Dividends, and Other	44,470.51	679.97
Gain on Sale of Investments	116,549.85	-
Net Increase in Fair Value of Investments	611,796.79	-
Net Investment Income	772,817.15	679.97
Total Additions	1,665,108.06	679.97
DEDUCTIONS		
Participant Benefits	714,814.86	-
Purchased Services	19,191.00	-
Total Deductions	734,005.86	-
Change in Net Position	931,102.20	679.97
Net Position - Beginning	4,648,980.11	376,599.04
Net Position - Ending	\$ 5,580,082.31	\$ 377,279.01

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 Alachua County School District (District) 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 District is reported separately from certain legally separate component units for which the District is financially accountable.

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

B. Reporting Entity

The Alachua 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 appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Alachua 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 or incomplete. 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 Alachua 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.2. 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 Units. The component units columns in the government-wide financial statements include the financial data of the District's other component units. A separate column is used to emphasize that they are legally separate from the District. The component unit columns in the basic financial statements include the financial data of 13 charter schools: Alachua Learning Academy Elementary School and Alachua Learning Academy Middle School, each programs of the Alachua Learning Center, Inc.; The Caring and Sharing Learning School, Inc.; The Einstein School, Inc.; Expressions Learning Arts Academy, Inc.; Florida School for Integrated Academics and Technology Gainesville, Inc.; Healthy Learning Academy, Inc.; Micanopy Area Cooperative School, Inc.; Micanopy Academy, Inc.; North Central Florida Public Charter Schools; One Room School House Project, Inc.; Boulware Springs Charter School; and Resilience Charter School, Inc.

The District's charter schools are not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The charter schools operate under charters approved by their sponsor, the Alachua County District School Board. The charter schools are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charter, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District.

The financial data reported on the accompanying statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2021. The audit reports are filed in the District's administrative offices at 620 East University Avenue, Gainesville, Florida 32601.

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 proprietary and fiduciary funds. 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 funds are aggregated and reported as nonmajor funds. Because the focus of governmental fund financial statements differs from the

focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Other Federal Programs Fund – to account for certain Federal grant program resources.
- Special Revenue – Federal Education Stabilization Fund – to account for Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding provided through the State as emergency relief to address the impact of COVID-19 on elementary and secondary schools.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including: construction, remodeling and addition projects; District-wide maintenance, renovation, and repair; motor vehicle purchases; new and replacement equipment purchases; payments for educational facilities and sites due under lease-purchase agreements (COPS); payments for renting and leasing education facilities and sites; payments of loans approved pursuant to Sections 1011.14 and 1011.15, Florida Statutes; and payment of the cost of leasing relocatable educational facilities.
- Capital Projects – Other Fund – to account for financial resources generated by the voter approved half-cent sales surtax that was passed on the ballot in November 2018 and took effect in January 2019. Amounts generated by the surtax will be used to finance capital outlay for safety and security improvements; repair, renovation and remodeling of Board-owned schools, including modernization of classrooms, science labs and other spaces; technology; elimination of portable classrooms; new construction land acquisition and improvement; and other school facilities projects; with oversight by and independent citizens' committee.

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

- Internal Service Fund – to account for the District's individual self-insurance program.
- Pension Trust Fund – to account for resources used to finance the early retirement program.
- Private-Purpose Trust Funds – to account for resources of the J. Dale Haynie Trust Fund, the Diamond Sports Park, and the career services award program.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at fiscal year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. 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 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Property taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. 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 fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The charter schools are accounted for as governmental organizations and follow 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 liquid investments with original maturities of 3 months or less from the date of

acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME and Florida Fixed Income Trust (FIT) Cash Pool.

Cash deposits are held by banks qualified as public depositories under Florida. 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 in the SBA debt service accounts for investment of debt service moneys, amounts placed with the SBA for participation in the Florida PRIME investment pool created by Section 218.405, Florida Statutes, amounts placed with FIT funds, and those made locally. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

The District's investment in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, 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, including investments held for the pension fund, consist of money market funds, United States Government bonds, corporate bonds, and equities and are reported at fair value.

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

3. Inventories

Inventories consist of expendable supplies held for consumption in the course of District operations. The central stores, transportation, maintenance, and the food service nonfood inventories are valued at cost on the moving-average basis. The purchased food inventories are valued at final year-end contract price, which approximates cost on the first-in, first-out basis. United States Department of Agriculture 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.

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 with a useful life greater than 1 year. 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 weighted-average composite method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	9 - 40 years
Buildings and Fixed Equipment	10 - 50 years
Furniture, Fixtures, and Equipment	3 - 15 years
Motor Vehicles	5 - 12 years
Audio Visual Materials and Computer Software	4 - 5 years

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

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.

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

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

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

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources, while discounts on debt issuances are reported as

other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

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 three items that qualify for reporting in this category. The deferred charge on refunding, reported in the government-wide statement of net position, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions and other employment benefits (OPEB) are discussed in a subsequent note.

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 includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances at June 30, 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 adopted Board Policy 6100 *Uniform Records and Accounts* which authorized the Superintendent or Chief Financial Officer 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.

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

The Board adopted the 2020 tax levy on September 15, 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 Alachua 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. Capital Outlay Surtax

In November 2018, the voters of Alachua County approved a one-half cent school capital outlay surtax on sales in the County for 12 years, effective January 1, 2019, to finance safety and security improvements; repair, renovation and modernization of classrooms, science labs and other spaces; technology; elimination of portable classrooms; new construction; land acquisition and improvement; and other school facilities projects; with oversight by an independent citizens' committee in accordance with Section 212.055(6), Florida Statutes.

5. Voted Additional Millage

In November 2016, the voters of Alachua County renewed the existing one-mill ad valorem tax increase in the County for 4 years, effective July 1, 2017, to pay for necessary operating expenses in accordance with Section 1011.71(9), Florida Statutes. Revenues will be used to fund school nurses, elementary music and art programs, K-12 school library programs, K-12 guidance programs, middle and high school band and chorus programs, academic/career technical magnet programs and update classroom technology with oversight by an independent citizens' committee.

6. 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.

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 and excess coverage premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. ACCOUNTING CHANGE

A. GASB Statement No. 84.

The District 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 does not consider the school internal funds to meet the criteria for reporting as fiduciary activities due to the District's administrative involvement with those funds. As such, the beginning net position and fund balance of the District's statement of activities and other governmental funds, respectively, were each increased by \$3,667,822.

B. Change in Reporting Entity.

The District reduced the beginning net position for the aggregate discretely presented component units by \$41,062 due to the closure of Genesis Preparatory Charter School.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

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

B. Investments

As described in Note I.F.2, the District reports investments at fair value, except for investments in investment pools, which are carried at amortized cost. Accounting standards establish a framework for the measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to unadjusted quoted process in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described below:

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

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

<u>Investments Reported as Cash Equivalents</u>	<u>Maturities</u>	<u>Credit Rating (1)</u>	<u>Fair Value</u>
<u>Reported at Amortized Cost</u>			
Governmental Funds:			
SBA Florida Prime	50 Days	AAAm	\$ 78,273,899.74
Fiduciary Funds:			
SBA Florida Prime	50 Days	AAAm	794,141.24
<u>Reported at Fair Value (Level 2):</u>			
Governmental Funds:			
Florida FIT Cash Pool	97 Days	AAAf/S1	<u>4,657,543.62</u>
Total Investments Reported as Cash Equivalents			<u>\$ 83,725,584.60</u>
			<u>Fair Value</u>
			<u>(Level 1)</u>
<u>Investments</u>			
Governmental Funds:			
Money Market Mutual Funds:			
First American Government Obligations Fund (2)	27 day average	AAAm	\$ 41,130,465.01
United States Treasury Securities	8/15/2027	Not rated	<u>7,205,793.26</u>
Total Governmental Funds Investments			<u>48,336,258.27</u>
Fiduciary Funds:			
Money Market	Not applicable	Not rated	34,183.25
Exchanged-Traded Funds:			
United States Treasury Bonds	Not applicable	Not rated	549,381.07
Corporate Bonds	Not applicable	Not rated	375,823.17
Equities	Not applicable	Not rated	2,705,649.94
Other	Not applicable	Not rated	<u>913,929.26</u>
Total Fiduciary Funds Investments			<u>4,578,966.69</u>
Total Investments at Fair Value			<u>\$ 52,915,224.96</u>

(1) Ratings from Standard and Poor's and Fitch.

(2) These funds are held under a trust agreement in connection with the Certificates of Participation, Series 2010A, 2010B, and 2020 financing arrangements. (See Note III.H.2.) Money market funds include amounts invested in securities that are issued or guaranteed as to payment of principal and interest by the United States Government.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

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

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 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 does not have a formal investment policy that further limits its investment choices.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body’s interest in the security; (2) if in book-entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or (3) if physically issued to the holder but not registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a secured vault. The District does not have a formal investment policy that addresses custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. Investments issued or explicitly guaranteed by the United States Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. Section 218.415(8), Florida Statutes, requires the District to diversify investments to the extent practicable to control risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold. The District does not have a formal investment policy that limits the amount the District may invest in any one issuer.

Concentration of credit risk for investments of the District's Early Retirement Program, reported in the Pension Trust Fund, is described in note III.D.3.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits its investment in foreign currency.

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	\$ 9,487,091.45	\$ 325.00	\$ -	\$ 9,487,416.45
Construction in Progress	23,689,347.78	78,910,600.79	9,828,862.53	92,771,086.04
Total Capital Assets Not Being Depreciated	<u>33,176,439.23</u>	<u>78,910,925.79</u>	<u>9,828,862.53</u>	<u>102,258,502.49</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	40,623,316.11	1,088,736.38	-	41,712,052.49
Buildings and Fixed Equipment	377,233,438.68	8,740,126.15	10,898,433.49	375,075,131.34
Furniture, Fixtures, and Equipment	24,843,578.97	1,819,241.59	1,236,455.39	25,426,365.17
Motor Vehicles	23,482,359.65	9,027,943.50	5,670,357.96	26,839,945.19
Audio Visual Materials and Computer Software	3,215,149.34	5,178.43	66,563.63	3,153,764.14
Total Capital Assets Being Depreciated	<u>469,397,842.75</u>	<u>20,681,226.05</u>	<u>17,871,810.47</u>	<u>472,207,258.33</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	35,714,066.41	1,314,489.11	-	37,028,555.52
Buildings and Fixed Equipment	338,095,231.77	8,043,809.06	10,898,433.49	335,240,607.34
Furniture, Fixtures, and Equipment	22,192,982.94	2,650,596.03	1,236,455.39	23,607,123.58
Motor Vehicles	22,694,041.98	788,317.67	5,670,357.96	17,812,001.69
Audio Visual Materials and Computer Software	3,161,739.89	53,409.45	66,563.63	3,148,585.71
Total Accumulated Depreciation	<u>421,858,062.99</u>	<u>12,850,621.32</u>	<u>17,871,810.47</u>	<u>416,836,873.84</u>
Total Capital Assets Being Depreciated, Net	<u>47,539,779.76</u>	<u>7,830,604.73</u>	<u>-</u>	<u>55,370,384.49</u>
Governmental Activities Capital Assets, Net	<u>\$ 80,716,218.99</u>	<u>\$ 86,741,530.52</u>	<u>\$ 9,828,862.53</u>	<u>\$ 157,628,886.98</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	\$ 629,109.43
Unallocated	12,221,511.89
Total Depreciation Expense – Governmental Activities	<u>\$ 12,850,621.32</u>

D. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

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

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. 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, HIS, and ERP pension expense totaled \$33,982,127 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 \$13,301,217 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 \$142,157,850 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 0.327994962 percent, which was an increase of 0.000319071 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 \$28,970,252. 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	\$ 5,440,670	\$ -
Change of Assumptions	25,735,094	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	8,464,215	-
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	67,510	1,751,231
District FRS Contributions Subsequent to the Measurement Date	<u>13,301,217</u>	<u>-</u>
Total	<u>\$ 53,008,706</u>	<u>\$ 1,751,231</u>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$13,301,217, 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	\$ 7,253,426
2023	12,246,692
2024	10,613,911
2025	6,378,502
2026	<u>1,463,727</u>
Total	<u>\$ 37,956,258</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:

	<u>1% Decrease (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase (7.8%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 227,002,196	\$ 142,157,850	\$ 71,295,483

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.

Payables to the Pension Plan. At June 30, 2021, the District reported a payable of \$2,021,883.73 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2021.

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 \$2,762,463 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 \$58,990,803 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 0.483141608 percent, which was an increase of 0.006770877 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 \$5,026,726. 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	\$ 2,413,081	\$ 45,508
Change of Assumptions	6,343,191	3,430,085
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	47,099	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	1,232,638	358,592
District HIS Contributions Subsequent to the Measurement Date	2,762,463	-
Total	\$ 12,798,472	\$ 3,834,185

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$2,762,463, 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	\$ 1,534,255
2023	1,223,034
2024	486,256
2025	864,997
2026	1,132,560
Thereafter	960,722
Total	\$ 6,201,824

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	\$ 68,190,736	\$ 58,990,803	\$ 51,460,685

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.

Payables to the Pension Plan. At June 30, 2021, the District reported a payable of \$355,655.64 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2021.

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
FRS, Senior Management Service	7.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 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 \$5,027,031 for the fiscal year ended June 30, 2021.

Payables to the Investment Plan. At June 30, 2021, the District reported a payable of \$458,392.25 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2021.

3. Early Retirement Plan

Plan Description.

As authorized by Section 1012.685, Florida Statutes, the Board implemented an Early Retirement Plan (ERP) effective January 1, 1984. The ERP is a single-employer defined benefit pension plan. The purpose of the ERP is to provide District employees, who elect to retire under the early retirement provisions of the FRS, with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age. The Board

administers ERP assets in a Pension Trust Fund and is responsible for their investment. The Board acts as the administrative agent for the ERP. A separate report for the ERP is not available.

Plan Membership

As of June 30, 2020, the most recent measurement date, there were 138 retirees and beneficiaries receiving benefits.

Eligibility

A member of the ERP was eligible upon attainment of age 55 to 61, completion of 25 or more years of creditable service, and having applied for retirement under the FRS. For those retiring during the period from July 1, 2008 (August 1, 2008 for teachers), through June 30, 2009, at least 20 years of creditable service must represent employment by the School Board of Alachua County and the employee must have at least 20 years of experience in the FRS. For those retiring during the period July 1, 2009, through June 30, 2013, the 15 years immediately preceding retirement must be as an employee of the School Board of Alachua County.

The ERP closed to new enrollees on or after July 1, 2013.

Benefits Provided.

Benefits are paid in the amount of the reduction in monthly benefits from the FRS as a consequence of early retirement.

Contributions and Reserves.

The ERP was established by the Board on January 1, 1984, and may be subsequently amended by Board action. Pursuant to the ERP agreement, no contributions shall be required or permitted from any member. Board contributions shall be sufficient to meet the annual service cost of the ERP.

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

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

Contributions to the ERP in the 2020-21 fiscal year totaled \$892,291, all of which were paid by the Board. The computation of the annual required contributions for 2021 was based on the same (a) actuarial assumptions, (b) benefit provisions, (c) actuarial funding method, and (d) other significant factors as used to determine annual required contributions in the previous year.

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

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

Summary of Significant Accounting Policies

Significant accounting policies related to basis of accounting and method of asset valuation are disclosed in Note I.E. Additional investment disclosures related to the Pension Trust Fund are in Note III.B.

Investments

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

Concentrations.

The ERP's investments at June 30, 2021, consisted of the following:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Percentage of</u> <u>Plan Net Assets</u>
State Board of Administration:		
Florida PRIME (1)	\$ 468,738.70	9.29%
Money Market	34,183.25	0.68%
Corp Bonds	375,823.17	7.44%
Fixed Income - Other	913,929.26	18.11%
Treasury Bond	549,381.07	10.88%
Mid Cap Growth	177,229.00	3.51%
Small Cap Growth	143,924.96	2.85%
International Equity ADR	134,889.66	2.67%
Equities - Other	<u>2,249,606.32</u>	<u>44.57%</u>
Total	<u>\$ 5,047,705.39</u>	<u>100.00%</u>

(1) Reported as cash and cash equivalents.

Rate of Return. For the fiscal year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.83 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a liability of \$2,886,032. The District's net pension liability was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019. The District's fiduciary net position as of June 30, 2021, totaled \$5,580,082. The components of the net pension liability of the ERP at June 30, 2021, were as follows:

Total Pension Liability	\$ 7,270,045
Plan Fiduciary Net Position	<u>(5,580,082)</u>
Net Pension Liability	<u>\$ 1,689,963</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.75%

For the fiscal year ended June 30, 2021, the District recognized a negative pension expense of \$14,851. 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	\$ 327,230	\$ 4,111
District HIS Contributions Subsequent to the Measurement Date	<u>892,366</u>	<u>-</u>
Total	<u>\$ 1,219,596</u>	<u>\$ 4,111</u>

The deferred outflows of resources, totaling \$892,366, resulting from District contributions to the ERP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022. The other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 96,441
2023	100,551
2024	88,791
2025	<u>37,336</u>
Total	<u>\$ 323,119</u>

Actuarial Assumptions

The assumptions used to measure the total pension liability as of the measurement date include an inflation assumption of 2.5 percent per year, and annual cost-of-living adjustments of 3 percent per year. Mortality rates were taken from gender distinct RP-2000 Healthy Participant Mortality Tables. For female participants, 100 percent White Collar Annuitant rates are used, for male participants, a blend of 50 percent White Collar Annuitant rates with 50 percent Blue Collar Annuitant rates are used. Mortality improvements for all members are generationally projected using Scale BB.

Since the Measurement Date and Valuation Date are the same, no update procedures were used to roll forward the total pension liability from the Valuation Date to the Measurement Date.

Discount Rate

GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the total pension liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions,

employee contributions, benefit payments, expenses, and investment returns are projected into the future. The projected Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. For years that assets are projected to be on hand in a future year, the assumed net long-term rate of return is used as the discount rate. For years when assets are not projected to be insufficient to meet benefit payments, the use of a specific municipal yield is used as the discount rate, as described in the following paragraph.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects: (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on pension plan investments is 6.5 percent and the municipal bond rate is 2.45 percent.

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

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability of the ERP calculated using an SDR of 6.5 percent, as well as what the plan's net pension liability would be if it were calculated using an SDR that is 1 percent lower or 1 percent higher.

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net Pension Liability Measured at June 30, 2021	\$ 2,239,166	\$ 1,689,963	\$ 1,206,649
Net Pension Liability Measured at June 30, 2020	3,494,283	2,886,032	2,354,570

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 for all employees who satisfy the District's retirement eligibility provisions. Pursuant to Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical and prescription drug coverage. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The District does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

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

Employees Covered by Benefit Terms. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	311
Active Employees	<u>3,286</u>
Total	<u>3,597</u>

Total OPEB Liability. The District's total OPEB liability of \$8,988,470 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019, and update procedures were used to determine the total OEPB liability as of June 30, 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:

Inflation	2.25 percent
Salary Increases	3.4 percent to 7.8 percent, including inflation
Discount Rate	2.45 percent
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend rates starting at 6.5 percent for 2021, and then gradually decreasing to an ultimate trend rate of 3.99 percent.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death."
Expenses	Administrative expenses are included in the per capita health costs.

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the OPEB Plan actuarial roll-forward, the municipal bond rate is 2.45 percent (based on the daily rate of Fidelity Investments' "20-Year Municipal Bond GO AA Index" closest to but not later than the measurement date).

Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2019, actuarial valuation of the FRS Defined Benefit Pension Plan. These demographic assumptions were developed by FRS from an actuarial experience study, and therefore are appropriate for use in the OPEB Plan actuarial valuation. These include assumed rates of future termination, mortality, disability, and retirement. In addition, salary increase assumptions (for development of the pattern of the normal cost increases) were the same as those used in the July 1, 2020, actuarial valuation of the FRS Defined Benefit Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment Plan are the same as for similarly situated participants of the FRS Defined Benefit Pension Plan.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2020	<u>\$ 8,398,616</u>
Changes for the year:	
Service Cost	369,551
Interest	266,942
Changes of Assumptions or Other Inputs	432,667
Benefit Payments	<u>(479,306)</u>
Net Changes	<u>589,854</u>
Balance at June 30, 2021	<u>\$ 8,988,470</u>

The changes of assumptions or other inputs was based on the following:

- The discount rate decreased from 3.13 percent as of the beginning of the measurement period to 2.45 percent as of June 30, 2020.
- Rates of salary increases were changed to be based on revised inflation and individual member pay increases used in the July 1, 2020, FRS actuarial valuation.
- The assumed load to model the excise tax was removed, as it was repealed in December 2019.

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 (1.45 percent) or 1 percentage point higher (3.45 percent) than the current rate:

	<u>1% Decrease (1.45%)</u>	<u>Current Discount Rate (2.45%)</u>	<u>1% Increase (3.45%)</u>
Total OPEB Liability	\$ 9,765,985	\$ 8,988,470	\$ 8,295,255

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 a healthcare cost trend rate that is 1 percentage point lower (5.5 percent decreasing to 2.99 percent) or 1 percentage point higher (7.5 percent decreasing to 4.99 percent) than the current rate:

	1% Decrease (5.5% decreasing to 2.99%)	Healthcare Cost Trend Rate Assumption (6.5% decreasing to 3.99%)	1% Increase (7.5% decreasing to 4.99%)
Total OPEB Liability	\$ 7,830,651	\$ 8,988,470	\$ 10,432,777

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 \$757,961. 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	\$ -	\$ 512,957
Changes of Assumptions or Other Inputs	1,902,239	209,854
Benefits Paid Subsequent to the Measurement Date	445,166	-
Total	\$ 2,347,405	\$ 722,811

The deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date, totaling \$445,166, will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 121,468
2023	121,468
2024	121,468
2025	121,468
2026	121,468
Thereafter	572,088
Total	\$ 1,179,428

F. Construction Contract Commitments

The following is a summary of construction contract commitments at June 30, 2021:

Project	Contract Amount	Completed to Date	Balance Committed
New Elementary School "I"	\$ 19,873,897.98	\$ 17,567,980.39	\$ 2,305,917.59
W. A. Metcalfe Elementary School Modernization/Renovation	13,836,193.17	10,829,225.64	3,006,967.53
Howard W. Bishop Middle School Modernization/Renovation	26,502,248.59	23,245,059.08	3,257,189.51
Idylwild Elementary School Modernization/Renovation	16,998,325.19	6,085,271.37	10,913,053.82
Westwood Middle School Transition Campus	4,055,827.19	3,927,556.78	128,270.41
Santa Fe High School Auditorium	1,141,243.64	1,039,937.12	101,306.52
Wiles Elementary School Parking Lot Improvements	1,164,210.18	1,163,667.74	542.44
Buchholz High School Roof and HVAC, Building 5	1,314,393.00	519,633.73	794,759.27
Total	\$ 84,886,338.94	\$ 64,378,331.85	\$ 20,508,007.09

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:

Major Funds						
General	Special Revenue - Other	Special Revenue - Federal Education Stabilization	Capital Projects - Local Capital Improvement	Capital Projects - Other	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,337,832.21	\$ 170,302.06	\$ 502,255.93	\$ 2,320,798.63	\$ 26,101,395.90	\$ 975,289.97	\$ 31,407,874.70

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

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

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

A liability in the amount of \$2,827,026 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at 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	\$ 1,956,028.00	\$ 30,503,489.94	\$ (30,215,679.94)	\$ 2,243,838.00
2020-21	2,243,838.00	29,740,520.85	(29,157,332.85)	2,827,026.00

H. Long-Term Liabilities

1. Equipment Lease-Purchase

In December 2019, the District entered into a Master Equipment Lease-Purchase agreement with Banc of America Public Capital Corp. (Lessor) for the acquisition of 80 school buses and related equipment (Equipment). Lease payments are payable by the District, semiannually on May 1st and November 1st, with an interest rate of 1.754 percent, maturing November 1, 2024.

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	\$ 1,865,242.45	\$ 1,762,342.85	\$ 102,899.60
2023	1,865,242.46	1,793,389.90	71,852.56
2024	1,865,242.44	1,824,983.88	40,258.56
2025	932,621.22	924,513.24	8,107.98
Total Minimum Lease Payments	\$ 6,528,348.57	\$ 6,305,229.87	\$ 223,118.70

2. Certificates of Participation

Certificates of participation at June 30, 2021, are as follows:

<u>Series</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Lease Term Maturity</u>	<u>Original Amount</u>
Series 2010A	\$ 11,211,997.00	4.98	2027	\$ 11,211,997.00
Series 2010B	3,384,016.00	4.49	2027	7,163,003.00
Series 2013, Refunding	19,985,000.00	3.26 - 3.85	2029	20,285,000.00
Series 2020	85,350,000.00	5	2031	92,675,000.00
Subtotal	119,931,013.00			
Plus: Unamortized Premium	17,347,195.97			
Total Certificates of Participation	\$ 137,278,208.97			

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

As a condition of the financing arrangements, the District has given ground leases on District property to the Leasing Corporation, with rental fees of \$1 per year. The initial terms of the leases end on the earlier of the maturity date, or the date on which the Certificates are paid in full; however, if lease obligations remain outstanding, the ground leases may be renewed for additional terms of 5 years. The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the leases and to provide for the rent payments through to term, the District may be required to surrender the properties included under the ground lease agreements for the benefit of the securers of the Certificates as specified by the arrangements. The lease payments, which are used to make debt service payments on the Certificates, are payable from fund appropriated annually by the District for such purposes from the local capital outlay tax levy, the half-cent sales surtax, or other funds legally available.

The District properties included in the ground leases under these arrangements include land on which the projects have been constructed. The projects related to the ground leases are as follows:

Series 2010-A Qualified School Construction Bonds

Santa Fe High School Classroom Addition
Meadowbrook Elementary School

Series 2010-B Build America Bonds

Meadowbrook Elementary School

Series 2013 Refunding

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

Series 2020

Elementary School "I"
W. A. Metcalfe Elementary School Modernization/Renovation
Idylwild Elementary School Modernization/Renovation
Howard W. Bishop Middle School Modernization/Renovation
Oak View Middle School Classroom Buildings
Westwood Middle School Transition Campus

Lease payments are payable by the District, semiannually, on July 1 and January 1 for Series 2013 and 2020 and August 15 and February 15 for Series 2010 A and B. 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	\$ 15,448,317.02	\$ 10,287,148.00	\$ 5,161,169.02
2023	15,456,066.84	10,800,243.00	4,655,823.84
2024	15,468,816.82	11,343,726.00	4,125,090.82
2025	15,480,066.48	11,912,608.00	3,567,458.48
2026	15,493,266.98	12,461,902.00	3,031,364.98
2027-2031	69,240,497.23	63,125,386.00	6,115,111.23
Total Minimum Lease Payments	\$ 146,587,031.37	\$ 119,931,013.00	\$ 26,656,018.37

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					
Equipment Lease-Purchase Payable	\$ 8,037,063.17	\$ -	\$ 1,731,833.30	\$ 6,305,229.87	\$ 1,762,342.85
Certificates of Participation Payable:					
Direct Borrowings and Direct Placements	134,323,642.00	-	14,392,629.00	119,931,013.00	10,287,148.00
Unamortized Premium	19,299,978.73	-	1,952,782.76	17,347,195.97	-
Total Certificates of Participation	153,623,620.73	-	16,345,411.76	137,278,208.97	10,287,148.00
Compensated Absences Payable	26,349,257.60	4,646,339.14	2,755,774.92	28,239,821.82	2,953,502.29
Total OPEB Liability	8,398,616.00	1,069,160.00	479,306.00	8,988,470.00	445,166.00
Net Pension Liability	169,878,114.00	97,646,998.00	63,490,427.00	204,034,685.00	614,980.71
Total Governmental Activities	\$ 366,286,671.50	\$ 103,362,497.14	\$ 84,802,752.98	\$ 384,846,415.66	\$ 16,063,139.85

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	\$ 3,047,729.83	\$ -
Special Revenue:		
Other	-	825,693.02
Federal Education Stabilization	-	2,184,002.81
Nonmajor Funds	-	38,034.00
Total	\$ 3,047,729.83	\$ 3,047,729.83

The interfund balances generally arise due to expenditures being adjusted between funds. The interfund amounts represent temporary loans from one fund to another and are expected to be repaid in less than 1 year.

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	\$ 105,177,019.00
Categorical Educational Program - Class Size Reduction	31,299,177.20
Student Transportation	3,889,543.00
Instruction Materials	2,363,884.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	934,953.18
Workforce Development Program	536,075.00
School Security Grant	406,680.00
Food Service Supplement	232,838.25
Mobile Home License Tax	95,273.73
Miscellaneous	1,142,348.48
Total	\$ 146,077,791.84

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	3.667	\$ 66,064,405
Basic Discretionary Local Effort	0.748	13,475,911
Voted School Tax:		
Additional Operating	1.000	18,015,963
<u>Capital Projects - Local Capital Improvement Fund</u>		
Nonvoted Tax:		
Local Capital Improvements	1.500	27,023,910
Total	6.915	\$ 124,580,189

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	\$ 7,902,409.06	\$ -
Capital Projects:		
Local Capital Improvement	4,253.15	7,395,511.31
Other	825,813.16	1,012,990.00
Nonmajor Governmental	506,092.25	830,066.31
Total	\$ 9,238,567.62	\$ 9,238,567.62

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

IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Litigation

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

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	\$ 190,000.00	\$ 190,000.00	\$ 209,641.82	\$ 19,641.82
Federal Through State and Local	1,100,000.00	3,150,000.00	3,343,558.50	193,558.50
State	149,087,294.78	145,097,299.49	143,504,125.67	(1,593,173.82)
Local:				
Property Taxes	94,148,455.00	94,148,455.00	93,563,336.17	(585,118.83)
Miscellaneous	8,079,341.63	8,456,419.31	7,114,157.54	(1,342,261.77)
Total Local Revenues	102,227,796.63	102,604,874.31	100,677,493.71	(1,927,380.60)
Total Revenues	252,605,091.41	251,042,173.80	247,734,819.70	(3,307,354.10)
Expenditures				
Current - Education:				
Instruction	150,639,526.00	152,991,110.21	145,077,413.50	7,913,696.71
Student Support Services	14,261,346.87	17,246,507.74	15,004,285.57	2,242,222.17
Instructional Media Services	5,094,883.30	4,961,023.55	4,924,557.63	36,465.92
Instruction and Curriculum Development Services	4,935,802.21	4,852,418.83	4,722,994.28	129,424.55
Instructional Staff Training Services	1,028,336.75	3,298,960.80	3,020,729.43	278,231.37
Instruction-Related Technology	4,025,398.46	5,626,612.44	5,004,768.36	621,844.08
Board	832,588.38	1,386,594.44	1,428,638.97	(42,044.53)
General Administration	1,294,128.02	1,900,756.55	1,603,894.84	296,861.71
School Administration	17,215,207.58	17,812,567.50	17,828,606.57	(16,039.07)
Facilities Acquisition and Construction	1,602,858.12	2,646,320.37	2,398,997.27	247,323.10
Fiscal Services	2,055,384.11	1,931,132.91	1,931,250.29	(117.38)
Central Services	3,405,437.73	3,431,245.73	3,370,106.71	61,139.02
Student Transportation Services	11,389,689.94	11,245,009.09	10,866,168.84	378,840.25
Operation of Plant	26,653,835.13	27,537,705.53	25,721,701.96	1,816,003.57
Maintenance of Plant	8,146,030.69	7,905,687.85	7,836,130.56	69,557.29
Administrative Technology Services	1,476,333.85	1,413,350.11	1,906,375.78	(493,025.67)
Community Services	4,782,312.03	3,437,308.61	2,889,190.11	548,118.50
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	47,133.04	47,133.04	-
Other Capital Outlay	-	439,948.46	439,948.46	-
Total Expenditures	258,839,099.17	270,111,393.76	256,022,892.17	14,088,501.59
Deficiency of Revenues Over Expenditures	(6,234,007.76)	(19,069,219.96)	(8,288,072.47)	10,781,147.49
Other Financing Sources				
Transfers In	6,355,425.00	6,355,425.00	7,902,409.06	1,546,984.06
Loss Recoveries	-	42,910.19	160,732.64	117,822.45
Total Other Financing Sources	6,355,425.00	6,398,335.19	8,063,141.70	1,664,806.51
Net Change in Fund Balances	121,417.24	(12,670,884.77)	(224,930.77)	12,445,954.00
Fund Balances, Beginning	30,448,561.70	30,448,561.70	30,448,561.70	-
Fund Balances, Ending	\$ 30,569,978.94	\$ 17,777,676.93	\$ 30,223,630.93	\$ 12,445,954.00

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)
\$ -	\$ 44,328.90	\$ 216,359.25	\$ 172,030.35	\$ -	\$ -	\$ -	\$ -
23,495,593.55	26,516,767.62	22,894,027.91	(3,622,739.71)	7,523,514.73	13,066,953.32	13,013,657.12	(53,296.20)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	91,088.06	82,123.37	(8,964.69)	-	-	-	-
-	91,088.06	82,123.37	(8,964.69)	-	-	-	-
23,495,593.55	26,652,184.58	23,192,510.53	(3,459,674.05)	7,523,514.73	13,066,953.32	13,013,657.12	(53,296.20)
16,148,103.86	16,708,751.66	14,382,356.47	2,326,395.19	5,143,320.57	6,666,818.75	6,630,036.40	36,782.35
1,725,363.48	2,442,179.95	1,970,226.50	471,953.45	949,240.87	2,064,033.39	2,064,033.39	-
-	-	-	-	-	45,703.24	45,703.24	-
3,010,980.68	3,689,998.59	3,689,998.59	-	49,999.41	130,628.13	130,628.13	-
1,311,808.51	2,156,272.50	1,715,673.10	440,599.40	540,936.49	2,182,441.37	2,165,927.52	16,513.85
-	13,850.32	10,283.97	3,566.35	-	62,938.00	62,938.00	-
-	-	-	-	-	-	-	-
976,333.46	1,048,333.37	938,840.13	109,493.24	344,381.59	278,578.09	278,578.09	-
-	10,269.81	5,382.50	4,887.31	88,056.56	57,135.30	57,135.30	-
-	1,000.00	1,000.00	-	-	-	-	-
-	-	-	-	-	-	-	-
39,336.01	41,420.19	23,632.94	17,787.25	-	4,523.50	4,523.50	-
281,888.55	281,017.72	196,025.86	84,991.86	46,801.97	352,913.98	352,913.98	-
1,779.00	18,257.58	18,257.58	-	360,777.27	939,594.83	939,594.83	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	240,832.89	240,832.89	-	-	281,644.74	281,644.74	-
23,495,593.55	26,652,184.58	23,192,510.53	(3,459,674.05)	7,523,514.73	13,066,953.32	13,013,657.12	(53,296.20)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 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	\$ 369,551	\$ 359,180	\$ 351,389	\$ 372,754
Interest	266,942	266,640	271,014	236,861
Differences Between Expected and Actual Experience	-	(632,249)	-	-
Changes of Assumptions or Other Inputs	432,667	1,857,307	(27,484)	(305,389)
Benefit Payments	<u>(479,306)</u>	<u>(917,640)</u>	<u>(781,790)</u>	<u>(781,790)</u>
Net Change in Total OPEB Liability	<u>589,854</u>	<u>933,238</u>	<u>(186,871)</u>	<u>(477,564)</u>
Total OPEB Liability - Beginning	<u>8,398,616</u>	<u>7,465,378</u>	<u>7,652,249</u>	<u>8,129,813</u>
Total OPEB Liability - Ending	<u>\$ 8,988,470</u>	<u>\$ 8,398,616</u>	<u>\$ 7,465,378</u>	<u>\$ 7,652,249</u>
Covered-Employee Payroll	\$ 175,469,360	\$ 167,699,907	\$ 135,349,719	\$ 132,329,035
Total OPEB Liability as a Percentage of Covered-Employee Payroll	5.12%	5.01%	5.52%	5.78%

**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	0.360131413%	\$ 61,994,644	\$ 137,035,421	45.24%	88.54%
2014	0.376718195%	22,935,350	143,475,121	15.99%	96.09%
2015	0.363005442%	46,887,021	143,480,067	32.68%	92.00%
2016	0.337428960%	85,201,077	145,149,581	58.70%	84.88%
2017	0.333955110%	98,781,681	150,492,423	65.64%	83.89%
2018	0.329150771%	99,141,919	153,785,895	64.47%	84.26%
2019	0.327675891%	112,847,015	159,389,770	70.80%	82.61%
2020	0.327994962%	142,157,850	167,699,704	84.77%	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	\$ 8,251,727	\$ (8,251,727)	\$ -	\$ 143,475,121	5.75%
2015	8,850,381	(8,850,381)	-	143,480,067	6.17%
2016	8,228,743	(8,228,743)	-	145,149,581	5.67%
2017	8,737,907	(8,737,907)	-	150,492,423	5.81%
2018	9,380,533	(9,380,533)	-	153,785,895	6.10%
2019	10,138,630	(10,138,630)	-	159,389,770	6.36%
2020	11,033,896	(11,033,896)	-	167,699,907	6.58%
2021	13,301,217	(13,301,217)	-	166,455,044	7.99%

(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	0.471044120%	\$ 41,010,584	\$ 137,035,421	29.93%	1.78%
2014	0.482660875%	45,129,970	143,475,121	31.45%	0.99%
2015	0.472913056%	48,229,693	143,480,067	33.61%	0.50%
2016	0.469683331%	54,739,647	145,149,581	37.71%	0.97%
2017	0.471951473%	50,463,229	150,492,423	33.53%	1.64%
2018	0.469929423%	49,737,858	153,785,895	32.34%	2.15%
2019	0.476370731%	53,301,118	159,389,770	33.44%	2.63%
2020	0.483141608%	58,990,803	167,699,907	35.18%	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	\$ 1,653,434	\$ (1,653,434)	\$ -	\$ 143,475,121	1.15%
2015	1,807,768	(1,807,768)	-	143,480,067	1.26%
2016	2,407,426	(2,407,426)	-	145,149,581	1.66%
2017	2,498,167	(2,498,167)	-	150,492,423	1.66%
2018	2,548,439	(2,548,439)	-	153,785,895	1.66%
2019	2,645,906	(2,645,906)	-	159,389,770	1.66%
2020	2,783,818	(2,783,818)	-	167,699,907	1.66%
2021	2,762,463	(2,762,463)	-	166,455,044	1.66%

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

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**Schedule of Changes in Net Pension
Liability and Related Ratios – Early Retirement Plan
Last 10 Fiscal Years (3)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability:					
Interest on the Total Pension Liability	\$ 466,544	\$ 505,972	\$ 516,132	\$ 508,412	\$ 515,082
Differences Between Expected and Actual Experience	-	-	-	-	-
Changes of Assumptions	(16,696)	(391,147)	52,428	340,489	122,460
Benefit Payments	(714,815)	(728,016)	(721,715)	(738,525)	(741,802)
Net Change in Total Pension Liability	<u>(264,967)</u>	<u>(613,191)</u>	<u>(153,155)</u>	<u>110,376</u>	<u>(104,260)</u>
Total Pension Liability, Beginning	<u>7,535,012</u>	<u>8,148,203</u>	<u>8,301,358</u>	<u>8,190,982</u>	<u>8,295,242</u>
Total Pension Liability, Ending (a)	<u>\$ 7,270,045</u>	<u>\$ 7,535,012</u>	<u>\$ 8,148,203</u>	<u>\$ 8,301,358</u>	<u>\$ 8,190,982</u>
Plan Fiduciary Net Position:					
Employer Contributions	\$ 892,291	\$ 873,364	\$ 877,289	\$ 852,392	\$ 832,205
Net Investment Income	772,817	104,601	24,032	201,758	258,258
Benefit Payments	(714,815)	(728,016)	(721,715)	(738,525)	(741,802)
Administrative Expense	(19,191)	(19,191)	(22,382)	(13,000)	(3,988)
Net Change in Plan Fiduciary Net Position	<u>931,102</u>	<u>230,758</u>	<u>157,224</u>	<u>302,625</u>	<u>344,673</u>
Plan Fiduciary Net Position, Beginning	<u>4,648,980</u>	<u>4,418,222</u>	<u>4,260,998</u>	<u>3,958,373</u>	<u>3,613,700</u>
Plan Fiduciary Net Position, Ending (B)	<u>\$ 5,580,082</u>	<u>\$ 4,648,980</u>	<u>\$ 4,418,222</u>	<u>\$ 4,260,998</u>	<u>\$ 3,958,373</u>
Net Pension Liability, Ending (A)-(B)	<u>\$ 1,689,963</u>	<u>\$ 2,886,032</u>	<u>\$ 3,729,981</u>	<u>\$ 4,040,360</u>	<u>\$ 4,232,609</u>
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	76.75%	61.70%	54.22%	51.33%	48.33%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability As a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
Notes to Schedule:	N/A	N/A	N/A	N/A	N/A

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

(2) The Early Retirement Plan was closed to new enrollees on July 1, 2013.

(3) GASB Statement No. 67 was adopted for the 2013-14 fiscal year and 10-year trend information will be developed from that date forward.

<u>2016</u>	<u>2015</u>	<u>2014 (2)</u>
\$ 542,196	\$ 535,600	\$ 534,065
-	-	-
(13,541)	85,869	68,749
-	-	1,230,536
<u>(733,136)</u>	<u>(723,476)</u>	<u>(704,972)</u>
(204,481)	(102,007)	1,128,378
<u>8,499,723</u>	<u>8,601,730</u>	<u>7,473,352</u>
<u>\$ 8,295,242</u>	<u>\$ 8,499,723</u>	<u>\$ 8,601,730</u>
\$ 790,474	\$ 745,502	\$ 208,514
3,583	109,146	393,297
(733,136)	(723,476)	(704,972)
<u>(20,988)</u>	<u>(24,862)</u>	<u>(9,593)</u>
39,933	106,310	(112,754)
<u>3,573,767</u>	<u>3,467,458</u>	<u>3,580,212</u>
<u>\$ 3,613,700</u>	<u>\$ 3,573,768</u>	<u>\$ 3,467,458</u>
<u>\$ 4,681,542</u>	<u>\$ 4,925,955</u>	<u>\$ 5,134,272</u>
43.56%	42.05%	40.31%
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A

**Schedule of District Contributions – Early Retirement Plan
Last 10 Fiscal Years (4)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 892,366	\$ 873,364	\$ 877,356	\$ 852,392	\$ 832,205
Contributions in Relation to the Actuarially Determined Contribution	<u>892,291</u>	<u>873,364</u>	<u>877,289</u>	<u>852,392</u>	<u>832,205</u>
Contributions Deficiency (Excess)	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (1)	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

- (1) The Early Retirement Plan was closed to new enrollees on July 1, 2013.
- (2) District contributed \$208,514 during the fiscal year ended June 30, 2013, and used a prepaid contribution in the amount of \$405,793 to satisfy the 2014 contribution.
- (3) After a change in discount rate and mortality rates.
- (4) GASB Statement No. 67 was adopted for the 2013-14 fiscal year and 10-year trend information will be developed from that date forward.

<u>2016</u>	<u>2015 (3)</u>	<u>2014 (2)</u>
\$ 790,474	\$ 745,502	\$ 614,307
<u>790,474</u>	<u>745,502</u>	<u>208,514</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,793</u>
\$ -	\$ -	\$ -
N/A	N/A	N/A

Schedule of Investment Returns – Early Retirement Plan (2)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense (1)	3.83%	3.28%	1.83%	2.11%	7.67%	-0.02%	3.58%	13.94%

(1) The rates presented are for the fiscal years ended June 30.

(2) GASB Statement No. 67 was adopted for the 2013-14 fiscal year and 10-year trend information will be developed from that date forward.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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. Excess of Expenditures Over Appropriations in Individual Funds

For the fiscal year ended June 30, 2021, expenditures exceeded appropriations by function (the legal level of budgetary control) for the following individual funds:

<u>Fund/Activity</u>	<u>Expenditures</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General:			
Board	\$ 1,386,594.44	\$ 1,428,638.97	\$ (42,044.53)
School Administration	17,812,567.50	17,828,606.57	(16,039.07)
Fiscal Services	1,931,132.91	1,931,250.29	(117.38)
Administrative Technology Services	1,413,350.11	1,906,375.78	(493,025.67)

The District will emphasize the need to review functional activity related to year-end closeout entries to ensure final budgetary adjustments can be approved by the Board and incorporated into the Annual Financial Report.

3. 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. The June 30, 2021, total OPEB liability increased from the prior fiscal year as a result of changes to assumptions as discussed below:

- The discount rate was changed from 3.13 percent as of the beginning of the measurement period to 2.45 percent as of June 30, 2020.
- Rates of salary increases were changed to be based on revised inflation and individual member pay increases used in the July 1, 2020, FRS Actuarial Valuation.
- The assumed load to model the excise tax was removed, as it was repealed in December 2019.

4. 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.

5. 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.

6. Early Retirement Plan – Schedule of Contributions

Valuation Date: July 1, 2020

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Closed
Remaining Amortization Method	10 Years
Asset Valuation Method	Market Value of Assets
Inflation	2.5 percent
Salary Increases	Not applicable as there are no active participants
Investment Rate of Return	6.5 percent
Retirement Age	Not applicable as there are no active participants
Post Retirement COLA	3 percent (automatic, per plan provisions)
Mortality	Same as used in July 1, 2020 actuarial valuation of the Florida Retirement System for K-12 Instructional Regular Class members. These rates were taken from adjusted Pub-2010 mortality tables published by SOA with generational mortality improvements using scale MP-2018. Adjustments to reference tables are based on the results of a statewide experience study covering the period 2013 through 2018.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Alachua 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	Passed Through to Subrecipients	Total Expenditures
Clustered				
Child Nutrition Cluster				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	21002	\$ -	\$ 946,072.08
National School Lunch Program	10.555	21001, 21003	-	4,622,079.25
COVID-19 National School Lunch Program	COVID-19, 10.555	21001, 21003	-	171,381.35
Total National School Lunch Program	10.555		-	4,793,460.60
Summer Food Service Program for Children	10.559	20006, 20007, 21006, 21007	-	13,893,538.75
Total Child Nutrition Cluster			-	19,633,071.43
Special Education Cluster				
United States Department of Education:				
Special Education - Grants to States:				
Florida Department of Education	84.027	263	-	8,539,844.83
University of South Florida		None	-	82,123.37
Total Special Education - Grants to States	84.027		-	8,621,968.20
Special Education - Preschool Grants:				
Florida Department of Education	84.173	267	-	411,072.85
Total Special Education Cluster			-	9,033,041.05
Head Start Cluster				
United States Department of Health and Human Services:				
Head Start	93.600	N/A	-	205,199.51
Not Clustered				
United States Department of Agriculture				
Florida Department of Health:				
Child and Adult Care Food Program	10.558	None	-	1,989,828.69
Florida Department of Agriculture and Consumer Services:				
Fresh Fruit and Vegetable Program	10.582	21004	-	333,431.16
Total United States Department of Agriculture			-	2,323,259.85
United States Department of Defense				
Air Force Junior Reserve Officers Training Corps	12.UNK	N/A	-	70,317.97
Navy Junior Reserve Officers Training Corps	12.UNK	N/A	-	150,483.59
Total United States Department of Defense			-	220,801.56
United States Department of the Treasury				
Alachua County Board of County Commissioners:				
Coronavirus Relief Fund	COVID-19, 21.019	None	-	2,050,000.00
United States Department of Education				
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	-	9,440,603.03
Migrant Education - State Grant Program	84.011	217	-	899,320.30
Career and Technical Education - Basic Grants to States	84.048	161	-	426,523.98
Education for Homeless Children and Youth	84.196	127	-	121,624.05
Charter Schools	84.282	298	297,716.15	297,716.15
Twenty-First Century Community Learning Centers	84.287	244	-	404,550.22
English Language Acquisition State Grants	84.365	102	-	131,015.56
Supporting Effective Instruction State Grants	84.367	224	-	1,288,253.05
Student Support and Academic Enrichment Program	84.424	241	-	637,056.63

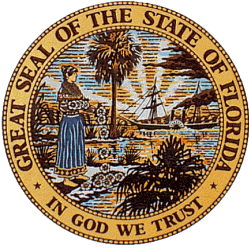
(Continued)

**Alachua County District School Board
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster</u>	<u>Federal Assistance Listing Number</u>	<u>Pass - Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
Not Clustered (Continued)				
United States Department of Education (Continued)				
Florida Department of Education (Continued):				
Education Stabilization Fund:	84.425			
Governor's Emergency Education Relief Fund	COVID-19, 84.425C	123	\$ -	\$ 808,703.39
Elementary and Secondary School Emergency Relief Fund	COVID -19, 84.425D	124	-	12,171,213.73
Total Education Stabilization Fund	84.425		-	12,979,917.12
University of Kansas:				
Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children	84.326	None	-	3,924.18
Total United States Department of Education			<u>297,716.15</u>	<u>26,630,504.27</u>
United States Department of Health and Human Services				
University of South Florida:				
Temporary Assistance for Needy Families	93.558	None	-	116,963.75
Total Expenditures of Federal Awards			<u>\$ 297,716.15</u>	<u>\$ 60,212,841.42</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 Alachua 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 \$1,425,575.38 of donated food used during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Head Start. Expenditures include \$205,199.51 for grant number/program year 04CH4753/06 and this grant was not renewed with the Alachua County School Board.
- (6) COVID-19 National School Lunch Program. The District incurred \$171,381.35 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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Alachua County District School Board 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 18, 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 and the aggregate discretely presented component units, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

We identified a certain additional matter finding which is described on page 86.

District's Response to Finding

The District's response to the additional matter finding identified in our audit is included as District Response on page 86 in Finding No. AM 2021-001. 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.

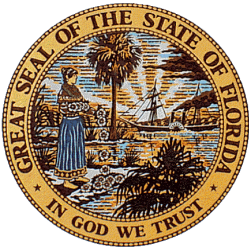
Purpose of this Report

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 18, 2022



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT ON 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 Alachua 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 18, 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?	None reported
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:
21.019	Coronavirus Relief Fund
84.425	Education Stabilization Fund
Dollar threshold used to distinguish between type A and type B programs:	\$1,806,385
Auditee qualified as low risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

ADDITIONAL MATTER

BUDGETARY CONTROLS

Finding Number	AM 2021-001
Opinion Units	Major Fund: General Fund
Financial Statements Account Titles	Not Applicable
Fund Names	General Fund
Adjustment Amounts	Not Applicable
Statistically Valid Sample	Not Applicable
Prior Year Finding	Not Applicable
Finding	District procedures did not always limit expenditures to budgeted amounts, contrary to State law and State Board of Education (SBE) rules.
Criteria	<p>Section 1011.05, Florida Statutes, provides that the official budget shall not be altered, amended, or exceeded except as authorized. In addition, SBE Rule 6A-1.007(2), Florida Administrative Code, provides that no expenditure shall be authorized or obligation incurred that is in excess of budgetary appropriation and requires that the Board approve amendments to the budget whenever the function amounts are changed from the original budget. Also, pursuant to Section 1011.06(2), Florida Statutes, the Board adopted Policy 6480, which allows expenditures to exceed budgeted amounts, provided that the Board approves the expenditure by amending the budget at the next scheduled public meeting.</p> <p>The process for adopting and amending the budget provides the District a mechanism to plan a level of expenditures to meet its obligations while remaining within available financial resources.</p>
Condition	District records show that expenditures were not always limited to budgeted amounts. As of June 30, 2021, General Fund expenditures exceeded the budgeted amounts in four functional categories by \$117 to \$493,026, or a total of \$551,227, and the Board did not amend the budget at a subsequent meeting to authorize the over-expended amounts.
Cause	District personnel indicated that, due to oversights, certain budget amounts were not increased during preparation of the budget schedule for the 2020-21 fiscal year annual financial report that was provided to the Board for approval. In addition, separate budget amendments to cover the over-expended amounts were not presented to the Board for approval.
Effect	The District assigned and unassigned fund balance for the General Fund totaled \$21,717,257. Notwithstanding, without properly monitoring and amending the budget to meet changing financial circumstances, the District's ability to meet current financial obligations could be hindered.
Recommendation	The District should enhance budgetary procedures by closely monitoring District activities to ensure that expenditures are limited to budgeted amounts as required by State law, SBE rules, and Board policies.
District Response	The District has procedures for year-end closure of the general ledger which includes review of function level budgets and expenditures to ensure compliance with Section 1011.05, Florida Statutes, and State Board of Education rules. The District will ensure compliance with these established procedures.

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.