

# STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2023-095  
January 2023

## SANTA ROSA COUNTY DISTRICT SCHOOL BOARD

For the Fiscal Year Ended  
June 30, 2022



Sherrill F. Norman, CPA  
Auditor General

## Board Members and Superintendent

During the 2021-22 fiscal year, Dr. Karen Barber served as Superintendent of the Santa Rosa County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Linda K. Sanborn, Vice Chair	1
Elizabeth Hewey	2
Carol N. Boston	3
Charles Elliott	4
Wei L. Ueberschaer, Chair	5

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

The team leader was Barbara J. Sturdivant, CPA, and the audit was supervised by Kenneth C. Danley, CPA.

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

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# SUMMARY

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## SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of the Santa Rosa 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.

## SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Child Nutrition Cluster, Education Stabilization Fund, and Head Start Cluster 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 obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. Our audit objectives were also to obtain reasonable assurance about whether material noncompliance with applicable Federal awards requirements occurred, whether due to fraud or error, and to express an opinion on the District's compliance based on our audit. In doing so, we:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements and accompanying Schedule of Expenditures of Federal Awards.
- Concluded whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

- 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 Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Santa Rosa County District School Board, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying 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 Santa Rosa County District School Board, as of June 30, 2022, 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.

We did not audit the financial statements of the school internal funds, which represent 22 percent, 3 percent, 0 percent, 34 percent, 25 percent, and 20 percent, respectively, of the assets, liabilities, deferred inflows of resources, net position and fund balance, additions and revenues, and deductions and expenditures of the aggregate remaining fund information. In addition, we did not audit the financial statements of the 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.

## ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.



- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Budgetary Comparison Schedule – General and Major Special Revenue Funds**, **Schedule of Changes in the District's Total OPEB Liability and Related Ratios**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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. Such information 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. The 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 GAAS. 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 January 12, 2023, 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  
January 12, 2023

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of the Santa Rosa 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, 2022. 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 2021-22 fiscal year are as follows:

- As of June 30, 2022, the assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by \$206,568,425.
- In total, net position increased \$24,448,180, which represents a 13.4 percent increase over the 2020-21 fiscal year.
- General revenues total \$307,125,233, or 92.7 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$24,186,904, or 7.3 percent of all revenues.
- Expenses total \$306,863,957. Only \$24,186,904 of these expenses was offset by program specific revenues, with the remainder paid from general revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$28,991,097, which is \$1,754,780 less than the prior fiscal year balance. The General Fund assigned and unassigned fund balances total \$19,884,850, or 8.4 percent of total General Fund revenues.

## **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. 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.

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 three separate legal entities in this report.
  - The Learning Academy, Inc. and Coastal Connections Academy charter schools are legally separate organizations and component units that are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.
  - The Santa Rosa School Board Leasing Corporation (Leasing Corporation), although also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government.

### **Fund Financial Statements**

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

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

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General Fund, Special Revenue – Food Service 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 Funds:** Proprietary funds may be established to account for activities in which a fee is charged for services. Internal service funds, a type of proprietary fund, are used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses an internal service fund to account for the District's self-insurance program. Since these services predominantly benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

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

The District uses custodial funds to account for resources of the District's pre-tax flexible benefits plan and moneys collected at schools in connection with school, student athletic, class, and club activities.

### **Notes to Financial Statements**

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

### **Other Information**

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. The following is a summary of the District's net position as of June 30, 2022, compared to net position as of June 30, 2021:

## Net Position, End of Fiscal Year

	Governmental Activities	
	6-30-22	6-30-21
Current and Other Assets	\$ 106,152,332	\$ 96,544,306
Capital Assets	328,816,612	309,614,688
<b>Total Assets</b>	<b>434,968,944</b>	<b>406,158,994</b>
<b>Deferred Outflows of Resources</b>	<b>53,915,195</b>	<b>62,280,530</b>
Long-Term Liabilities	176,095,669	266,323,031
Other Liabilities	13,544,712	11,879,761
<b>Total Liabilities</b>	<b>189,640,381</b>	<b>278,202,792</b>
<b>Deferred Inflows of Resources</b>	<b>92,675,333</b>	<b>8,116,487</b>
Net Position:		
Net Investment in Capital Assets	275,119,084	263,098,885
Restricted	64,015,740	54,309,236
Unrestricted (Deficit)	(132,566,399)	(135,287,876)
<b>Total Net Position</b>	<b>\$ 206,568,425</b>	<b>\$ 182,120,245</b>

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 represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was primarily the result of accruing long-term liabilities.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2022, and June 30, 2021, are as follows:

## Operating Results for the Fiscal Year Ended

	<b>Governmental Activities</b>	
	<b>6-30-22</b>	<b>6-30-21</b>
Program Revenues:		
Charges for Services	\$ 4,713,575	\$ 4,268,700
Operating Grants and Contributions	18,345,247	13,006,382
Capital Grants and Contributions	1,128,082	982,194
General Revenues:		
Property Taxes, Levied for Operational Purposes	58,157,156	54,817,378
Property Taxes, Levied for Capital Projects	19,797,193	18,065,506
Local Sales Taxes	14,243,128	12,177,574
Grants and Contributions Not Restricted to Specific Programs	212,034,860	202,239,806
Unrestricted Investment Earnings	251,773	145,512
Miscellaneous	2,641,123	3,076,694
<b>Total Revenues</b>	<b>331,312,137</b>	<b>308,779,746</b>
Functions/Program Expenses:		
Instruction	172,465,157	176,395,499
Student Support Services	11,863,567	12,687,976
Instructional Media Services	2,617,433	2,806,698
Instruction and Curriculum Development Services	7,867,095	8,646,895
Instructional Staff Training Services	2,581,419	2,676,431
Instruction-Related Technology	5,121,480	4,838,829
Board	557,318	726,571
General Administration	1,995,811	1,738,387
School Administration	16,721,870	17,527,645
Facilities Acquisition and Construction	4,248,438	2,246,760
Fiscal Services	1,550,178	2,039,139
Food Services	15,049,846	11,513,721
Central Services	5,383,913	3,863,232
Student Transportation Services	14,554,349	13,794,450
Operation of Plant	18,387,873	21,321,356
Maintenance of Plant	4,999,712	5,959,913
Administrative Technology Services	4,037,691	2,881,579
Community Services	3,420,423	2,734,350
Unallocated Interest on Long-Term Debt	2,365,485	1,931,022
Unallocated Depreciation Expense	11,074,899	10,999,654
<b>Total Functions/Program Expenses</b>	<b>306,863,957</b>	<b>307,330,107</b>
<b>Change in Net Position</b>	<b>24,448,180</b>	<b>1,449,639</b>
<b>Net Position - Beginning</b>	<b>182,120,245</b>	<b>180,670,606</b>
<b>Net Position - Ending</b>	<b>\$ 206,568,425</b>	<b>\$ 182,120,245</b>

Operating grants and contributions increased by \$5,338,865, or 41 percent, primarily due to increases in the number of meals served and reimbursement rates. Grants and contributions not restricted to specific programs represent 64 percent of total revenues in the 2021-22 fiscal year and increased by \$9,795,054,

or 4.8 percent, primarily due to the District receiving American Rescue Plan funding and increases in the Florida Education Finance Program (FEFP) funding.

Instruction expenses represent 56.2 percent of total governmental expenditures for the 2021-22 fiscal year and did not change significantly from the 2020-21 fiscal year. Food services expenses increased by \$3,536,125, or 30.7 percent, primarily due to increases in meals served for which the District pays their contracted food service management company.

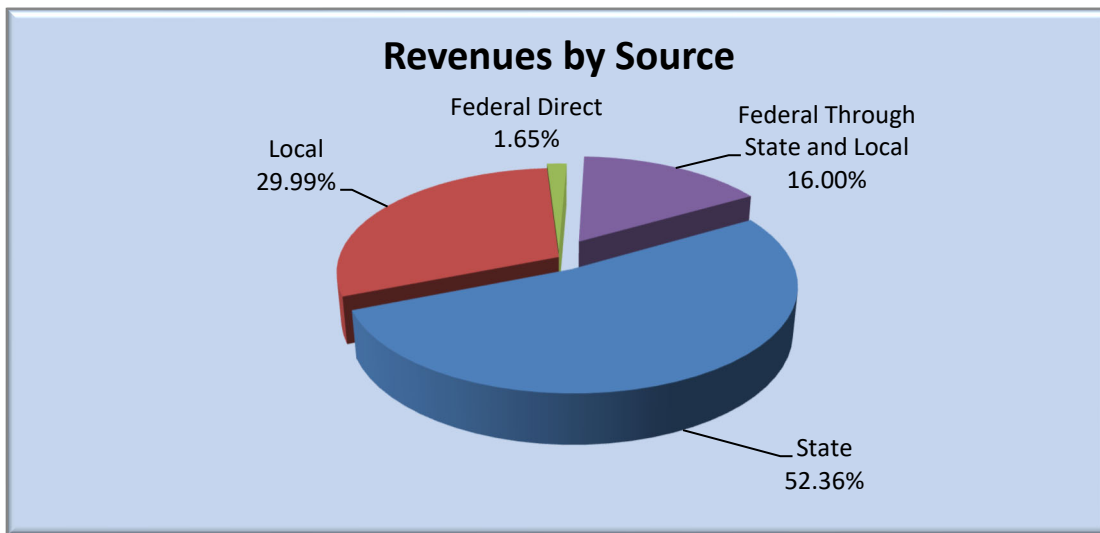
**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

**Governmental Funds**

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

The total fund balances of governmental funds increased by \$7,509,754 during the fiscal year to \$86,383,712 at June 30, 2022. Of the total fund balance, \$18,360,783, or 21.3 percent, is unassigned fund balance, which is available for spending at the District's discretion; \$333,011 is nonspendable; \$63,885,253 is restricted; \$2,280,597 is committed; and \$1,524,068 is assigned.

In the governmental funds, revenues by source for the 2021-22 fiscal year were as follows:



The largest revenue source is the State of Florida. Revenues from State sources for current operations are primarily received through the FEFP funding formula, Class Size Reduction, Workforce Development, Motor Vehicle License Tax, and Educational Facilities Security funds. State revenues increased by \$1,853,166, or 1.1 percent, primarily due to increases in FEFP funding.



## **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 \$18,360,783, while the total fund balance is \$28,991,097. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is 8.4 percent of the total General Fund revenues, while total fund balance represents 12.3 percent of total General Fund revenues.

Total fund balance decreased by \$1,754,780. Key factors impacting the change in fund balance include significant increases in instructional expenditures which were offset by significant increases in property tax revenues.

The Special Revenue – Food Service Fund has a total fund balance of \$15,544,869 which is restricted for the District's food service operations. Of the total fund balance, \$129,588 represents nonspendable inventories. During the fiscal year, total fund balance increased by \$4,932,276, or 46.5 percent, as food service revenues continued to outpace expenditures.

The Special Revenue – Other Fund has total revenues of \$16,950,370, transfers in of \$414,125, and expenditures of \$17,364,495, and the funding was used to carry out Federal grant activities not associated with the Federal economic stimulus. Revenues and expenditures each decreased in the current fiscal year as less grant funds were available to use. Because grant revenues are not recognized until 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 \$19,997,937 each, and the funding was used for emergency relief to address the impact of COVID-19. Revenues and expenditures increased in the current fiscal year by \$9,617,799, or 92.7 percent, primarily due to new American Rescue Plan funding. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of \$8,112,784. These funds are restricted for the acquisition, construction, and maintenance of capital assets. The fund balance increased in the current fiscal year by \$976,308, or 13.7 percent, primarily due to an increase in District capital improvement tax collections. Of the total fund balance, \$2,173,575 has been encumbered for specific projects.

The Capital Projects – Other Fund has a total fund balance of \$30,598,568. These funds are restricted for allowable purposes of various capital funding sources. The fund balance increased by \$5,641,648, or 22.6 percent, primarily due to the receipt of new Certificates of Participation funding. Of the total fund balance, \$23,379,001 has been encumbered for specific projects.

## **Proprietary Fund**

The net position of the Internal Service Fund totaled \$6,222,918 at June 30, 2022, of which \$2,000,000 is restricted for a State required safe harbor reserve. The total net position increased in the current fiscal year by \$432,331, or 7.5 percent, primarily due to a reimbursement of COVID-19 related insurance claims expenses from the American Rescue Plan.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2021-22 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of \$13,867,139, or 6.2 percent. At the same time, final budgeted expenditures are more than the original budgeted amounts by \$10,780,408, or 4.4 percent. Significant budget revisions occurred primarily due to increases in estimated State funding levels and instructional costs.

Actual revenues are in line with the final budgeted amounts while actual expenditures are \$10,742,675, or 4.2 percent, less than final budgeted amounts primarily due to allowable COVID-19 related expenditures previously paid for in the General Fund being funded by the Special Revenue – Federal Education Stabilization Fund.

## CAPITAL ASSETS AND LONG-TERM DEBT

### **Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2022, is \$328,816,612 (net of accumulated depreciation). This investment in capital assets includes land; land improvements; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

At June 30, 2022, construction in progress includes construction of new schools.

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

### **Long-Term Debt**

At June 30, 2022, the District had total long-term debt outstanding of \$62,933,222 composed of \$923,090 of bonds payable, and \$62,010,132 of certificates of participation payable. During the current fiscal year, the District added new debt (certificates of participation) totaling \$15,216,216 and retired debt totaling \$3,085,812.

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

## REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Assistant Superintendent for Finance, Santa Rosa County District School Board, 5086 Canal Street, Milton Florida 32570.

# BASIC FINANCIAL STATEMENTS

## Santa Rosa County District School Board Statement of Net Position June 30, 2022

	Primary Government Governmental Activities	Component Units
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 99,352,281.34	\$ 1,870,648.00
Investments	17,981.29	-
Accounts Receivable	4,540.30	-
Due from Insurer	1,000,000.00	-
Due from Other Agencies	5,444,516.85	133,997.00
Prepaid Items	-	1,479.00
Inventories	333,011.32	-
Capital Assets:		
Nondepreciable Capital Assets	85,775,700.22	185,000.00
Depreciable Capital Assets, Net	243,040,912.07	1,223,990.00
<b>TOTAL ASSETS</b>	<b>434,968,943.39</b>	<b>3,415,114.00</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions	51,653,569.00	-
OPEB	1,642,047.00	-
Deferred Charges on Debt Refunding	619,579.08	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>53,915,195.08</b>	<b>-</b>
<b>LIABILITIES</b>		
Accrued Salaries and Benefits	199,754.52	204,611.00
Payroll Deductions and Withholdings	556,951.67	-
Accounts Payable	3,164,006.62	487,601.00
Construction Contracts Payable - Retained Percentage	643,961.72	-
Due to Other Agencies	611,917.27	903,041.00
Deposits Payable	368,221.51	-
Unearned Revenue	5,673,898.84	-
Estimated Liability for Self-Insurance Program	2,326,000.00	-
Long-Term Liabilities:		
Portion Due Within 1 Year	10,972,183.85	124,390.00
Portion Due After 1 Year	165,123,484.94	696,160.00
<b>TOTAL LIABILITIES</b>	<b>189,640,380.94</b>	<b>2,415,803.00</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	84,635,827.00	-
OPEB	8,039,506.00	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>92,675,333.00</b>	<b>-</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	275,119,083.34	588,440.00
Restricted for:		
State Required Carryover Programs	6,622,226.29	-
Debt Service	1,426,386.25	-
Capital Projects	40,422,258.44	-
Food Service	15,544,869.19	-
Unrestricted	(132,566,398.98)	410,871.00
<b>TOTAL NET POSITION</b>	<b>\$ 206,568,424.53</b>	<b>\$ 999,311.00</b>

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

**Santa Rosa County District School Board  
Statement of Activities  
For the Fiscal Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
Instruction	\$ 172,465,156.81	\$ 883,324.32	\$ -	\$ -
Student Support Services	11,863,567.23	-	-	-
Instructional Media Services	2,617,433.38	-	-	-
Instruction and Curriculum Development Services	7,867,094.84	-	-	-
Instructional Staff Training Services	2,581,419.31	-	-	-
Instruction-Related Technology	5,121,480.13	-	-	-
Board	557,317.60	-	-	-
General Administration	1,995,811.19	-	-	-
School Administration	16,721,869.75	-	-	-
Facilities Acquisition and Construction	4,248,438.31	20,512.57	-	1,128,081.53
Fiscal Services	1,550,177.65	-	-	-
Food Services	15,049,845.83	2,042,170.56	18,345,246.53	-
Central Services	5,383,913.23	-	-	-
Student Transportation Services	14,554,349.11	-	-	-
Operation of Plant	18,387,873.24	-	-	-
Maintenance of Plant	4,999,711.61	-	-	-
Administrative Technology Services	4,037,690.42	-	-	-
Community Services	3,420,423.20	1,767,567.98	-	-
Unallocated Interest on Long-Term Debt	2,365,485.06	-	-	-
Unallocated Depreciation/Amortization Expense*	11,074,899.25	-	-	-
<b>Total Primary Government</b>	<b>\$ 306,863,957.15</b>	<b>\$ 4,713,575.43</b>	<b>\$ 18,345,246.53</b>	<b>\$ 1,128,081.53</b>
<b>Component Units</b>				
Charter Schools	\$ 7,808,693.00	\$ 0.00	\$ 86,444.00	\$ 82,699.00

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

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**

<b>Primary Government</b>	
<b>Governmental Activities</b>	<b>Component Units</b>
\$ (171,581,832.49)	\$ -
(11,863,567.23)	-
(2,617,433.38)	-
(7,867,094.84)	-
(2,581,419.31)	-
(5,121,480.13)	-
(557,317.60)	-
(1,995,811.19)	-
(16,721,869.75)	-
(3,099,844.21)	-
(1,550,177.65)	-
5,337,571.26	-
(5,383,913.23)	-
(14,554,349.11)	-
(18,387,873.24)	-
(4,999,711.61)	-
(4,037,690.42)	-
(1,652,855.22)	-
(2,365,485.06)	-
(11,074,899.25)	-
<u>(282,677,053.66)</u>	<u>-</u>
-	(7,639,550.00)
58,157,156.39	-
19,797,192.88	-
14,243,128.37	-
212,034,860.47	7,830,475.00
251,773.37	-
<u>2,641,122.75</u>	<u>24,211.00</u>
<u>307,125,234.23</u>	<u>7,854,686.00</u>
24,448,180.57	215,136.00
182,120,243.96	769,715.00
-	14,460.00
<u>182,120,243.96</u>	<u>784,175.00</u>
<u>\$ 206,568,424.53</u>	<u>\$ 999,311.00</u>

**Santa Rosa County District School Board  
Balance Sheet – Governmental Funds  
June 30, 2022**

	<u>General Fund</u>	<u>Special Revenue - Food Service Fund</u>	<u>Special Revenue - Other Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 29,027,317.81	\$ 15,534,022.17	\$ -
Investments	-	-	-
Accounts Receivable	4,500.00	40.30	-
Due from Other Funds	935,733.25	-	-
Due from Other Agencies	713,450.62	167,732.55	1,045,928.66
Inventories	203,423.52	129,587.80	-
<b>TOTAL ASSETS</b>	<u>\$ 30,884,425.20</u>	<u>\$ 15,831,382.82</u>	<u>\$ 1,045,928.66</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accrued Salaries and Benefits	\$ 156,240.55	\$ 441.42	\$ 41,150.91
Payroll Deductions and Withholdings	250,615.41	1,005.52	16,014.56
Accounts Payable	1,336,111.84	62,718.20	230,167.29
Construction Contracts Payable - Retained Percentage	-	1,456.90	-
Due to Other Funds	-	-	353,799.49
Due to Other Agencies	2,940.00	-	404,796.41
Deposits Payable	147,329.92	220,891.59	-
<b>Total Liabilities</b>	<u>1,893,237.72</u>	<u>286,513.63</u>	<u>1,045,928.66</u>
Deferred Inflows of Resources:			
Unavailable Revenue - Student Fees	90.00	-	-
Unavailable Revenue - State Capital Outlay	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>90.00</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Inventories	203,423.52	129,587.80	-
Restricted for:			
State Required Carryover Programs	6,622,226.29	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Food Service	-	15,415,281.39	-
<b>Total Restricted Fund Balance</b>	<u>6,622,226.29</u>	<u>15,415,281.39</u>	<u>-</u>
Committed for:			
Board-Approved Carryover	2,280,597.26	-	-
Assigned for:			
Office and Fee Based Budgets	1,524,067.95	-	-
Unassigned Fund Balance	18,360,782.46	-	-
<b>Total Fund Balances</b>	<u>28,991,097.48</u>	<u>15,544,869.19</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 30,884,425.20</u>	<u>\$ 15,831,382.82</u>	<u>\$ 1,045,928.66</u>

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

<b>Special Revenue - Federal Education Stabilization Fund</b>	<b>Capital Projects - Local Capital Improvement Fund</b>	<b>Capital Projects - Other Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 8,302,858.39	\$ 30,255,511.79	\$ 2,277,283.56	\$ 85,396,993.72
-	-	-	17,981.29	17,981.29
-	-	-	-	4,540.30
-	-	-	-	935,733.25
1,456,118.83	3,556.92	1,037,526.32	911,625.38	5,335,939.28
-	-	-	-	333,011.32
<u>\$ 1,456,118.83</u>	<u>\$ 8,306,415.31</u>	<u>\$ 31,293,038.11</u>	<u>\$ 3,206,890.23</u>	<u>\$ 92,024,199.16</u>
\$ 1,910.40	\$ -	\$ -	\$ -	\$ 199,743.28
285,189.18	-	-	-	552,824.67
383,074.13	155,904.60	159,120.04	-	2,327,096.10
-	37,726.93	535,350.06	69,427.83	643,961.72
581,933.76	-	-	-	935,733.25
204,011.36	-	-	169.50	611,917.27
-	-	-	-	368,221.51
<u>1,456,118.83</u>	<u>193,631.53</u>	<u>694,470.10</u>	<u>69,597.33</u>	<u>5,639,497.80</u>
-	-	-	-	90.00
-	-	-	899.27	899.27
-	-	-	899.27	989.27
-	-	-	-	333,011.32
-	-	-	-	6,622,226.29
-	-	-	1,426,386.25	1,426,386.25
-	8,112,783.78	30,598,568.01	1,710,007.38	40,421,359.17
-	-	-	-	15,415,281.39
<u>-</u>	<u>8,112,783.78</u>	<u>30,598,568.01</u>	<u>3,136,393.63</u>	<u>63,885,253.10</u>
-	-	-	-	2,280,597.26
-	-	-	-	1,524,067.95
-	-	-	-	18,360,782.46
<u>-</u>	<u>8,112,783.78</u>	<u>30,598,568.01</u>	<u>3,136,393.63</u>	<u>86,383,712.09</u>
<u>\$ 1,456,118.83</u>	<u>\$ 8,306,415.31</u>	<u>\$ 31,293,038.11</u>	<u>\$ 3,206,890.23</u>	<u>\$ 92,024,199.16</u>

**Santa Rosa County District School Board  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2022**

**Total Fund Balances - Governmental Funds** \$ 86,383,712.09

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. 328,816,612.29

Deferred charges on debt 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. 619,579.08

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 6,222,917.59

Certain funding is not available to pay for current fiscal year expenditures and, therefore, is reported as unavailable revenue on the governmental fund statements. However, under full accrual, this amount increases net position in the statement of net position. 989.27

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	\$ 51,653,569.00	
Deferred Outflows Related to OPEB	1,642,047.00	
Deferred Inflows Related to Pensions	(84,635,827.00)	
Deferred Inflows Related to OPEB	(8,039,506.00)	
	(39,379,717.00)	(39,379,717.00)

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 fiscal year end consist of:

Certificates of Participation Payable	\$ (62,010,132.27)	
Bonds Payable	(923,090.00)	
Compensated Absences Payable	(22,624,411.52)	
Net Pension Liability	(73,047,023.00)	
OPEB Payable	(17,491,012.00)	
	(176,095,668.79)	(176,095,668.79)

**Net Position - Governmental Activities** **\$ 206,568,424.53**

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



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**Santa Rosa County District School Board**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances – Governmental Funds**  
**For the Fiscal Year Ended June 30, 2022**

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Fund
<b>Revenues</b>			
Intergovernmental:			
Federal Direct	\$ 718,320.08	\$ -	\$ 3,793,841.63
Federal Through State and Local	2,459,859.23	18,245,269.63	13,156,528.29
State	170,803,653.47	103,156.00	-
Local:			
Property Taxes	58,157,156.39	-	-
Local Sales Taxes	-	-	-
Charges for Services - Food Service	-	2,042,170.56	-
Miscellaneous	4,405,634.72	190,629.69	-
Total Local Revenues	<u>62,562,791.11</u>	<u>2,232,800.25</u>	<u>-</u>
<b>Total Revenues</b>	<u>236,544,623.89</u>	<u>20,581,225.88</u>	<u>16,950,369.92</u>
<b>Expenditures</b>			
Current - Education:			
Instruction	155,432,559.59	-	10,043,694.45
Student Support Services	10,400,234.13	-	1,378,173.14
Instructional Media Services	2,635,247.06	-	21,125.96
Instruction and Curriculum Development Services	5,313,909.43	-	2,482,060.16
Instructional Staff Training Services	1,009,758.60	-	1,499,601.29
Instruction-Related Technology	3,002,089.42	-	204,387.44
Board	557,326.84	-	-
General Administration	1,111,463.50	-	491,959.08
School Administration	16,813,524.69	-	311,176.64
Facilities Acquisition and Construction	26,087.85	-	-
Fiscal Services	1,553,422.23	-	-
Food Services	-	14,821,074.07	-
Central Services	3,772,042.63	-	58,935.91
Student Transportation Services	14,274,190.33	-	22,296.42
Operation of Plant	18,201,555.19	-	52,853.75
Maintenance of Plant	4,106,210.66	-	5,739.58
Administrative Technology Services	2,943,901.33	-	-
Community Services	2,084,913.69	-	577,553.15
Fixed Capital Outlay:			
Facilities Acquisition and Construction	53,774.00	-	-
Other Capital Outlay	628,829.61	832,391.28	214,937.63
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
<b>Total Expenditures</b>	<u>243,921,040.78</u>	<u>15,653,465.35</u>	<u>17,364,494.60</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(7,376,416.89)</u>	<u>4,927,760.53</u>	<u>(414,124.68)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	6,028,066.87	-	414,124.68
Proceeds of Certificates of Participation	-	-	-
Premium on Certificates of Participation	-	-	-
Loss Recoveries	7,694.68	4,515.82	-
Transfers Out	(414,124.68)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>5,621,636.87</u>	<u>4,515.82</u>	<u>414,124.68</u>
<b>Net Change in Fund Balances</b>	<u>(1,754,780.02)</u>	<u>4,932,276.35</u>	<u>-</u>
Fund Balances, Beginning	30,745,877.50	10,612,592.84	-
<b>Fund Balances, Ending</b>	<u>\$ 28,991,097.48</u>	<u>\$ 15,544,869.19</u>	<u>\$ 0.00</u>

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

<b>Special Revenue - Federal Education Stabilization Fund</b>	<b>Capital Projects - Local Capital Improvement Fund</b>	<b>Capital Projects - Other Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 958,783.55	\$ -	\$ -	\$ -	\$ 5,470,945.26
19,039,153.32	-	-	-	52,900,810.47
-	-	1,118,329.86	1,110,394.20	173,135,533.53
-	19,797,192.88	-	-	77,954,349.27
-	-	14,243,128.37	-	14,243,128.37
-	-	-	-	2,042,170.56
-	1,130.62	338,113.26	6,452.96	4,941,961.25
-	19,798,323.50	14,581,241.63	6,452.96	99,181,609.45
<u>19,997,936.87</u>	<u>19,798,323.50</u>	<u>15,699,571.49</u>	<u>1,116,847.16</u>	<u>330,688,898.71</u>
13,577,777.28	-	-	-	179,054,031.32
455,036.53	-	-	-	12,233,443.80
57,054.50	-	-	-	2,713,427.52
366,408.76	-	-	-	8,162,378.35
140,045.38	-	-	-	2,649,405.27
207,085.78	1,505,665.20	-	-	4,919,227.84
10,765.00	-	-	-	568,091.84
426,951.06	-	-	-	2,030,373.64
424,418.36	-	-	-	17,549,119.69
1,497.61	886,835.28	837,560.56	76,668.07	1,828,649.37
44,745.73	-	-	-	1,598,167.96
-	-	-	-	14,821,074.07
1,685,536.30	-	-	-	5,516,514.84
282,209.62	-	-	-	14,578,696.37
127,881.65	-	420.48	-	18,382,711.07
80,252.60	232,047.53	7,345.58	2,447.18	4,434,043.13
873,571.75	-	-	-	3,817,473.08
865,111.81	-	-	-	3,527,578.65
51,678.47	6,929,027.72	24,231,948.75	1,486,093.98	32,752,522.92
319,908.68	81,356.80	-	-	2,077,424.00
-	-	-	2,789,000.00	2,789,000.00
-	-	-	2,593,455.10	2,593,455.10
<u>19,997,936.87</u>	<u>9,634,932.53</u>	<u>25,077,275.37</u>	<u>6,947,664.33</u>	<u>338,596,809.83</u>
<u>-</u>	<u>10,163,390.97</u>	<u>(9,377,703.88)</u>	<u>(5,830,817.17)</u>	<u>(7,907,911.12)</u>
-	-	-	5,215,599.78	11,657,791.33
-	-	12,505,000.00	-	12,505,000.00
-	-	2,495,000.00	216,216.20	2,711,216.20
-	40,447.11	141,551.18	7,240.24	201,449.03
-	(9,227,529.99)	(122,199.00)	(1,893,937.66)	(11,657,791.33)
-	(9,187,082.88)	15,019,352.18	3,545,118.56	15,417,665.23
-	976,308.09	5,641,648.30	(2,285,698.61)	7,509,754.11
-	7,136,475.69	24,956,919.71	5,422,092.24	78,873,957.98
<u>\$ 0.00</u>	<u>\$ 8,112,783.78</u>	<u>\$ 30,598,568.01</u>	<u>\$ 3,136,393.63</u>	<u>\$ 86,383,712.09</u>

**Santa Rosa 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, 2022**

**Net Change in Fund Balances - Governmental Funds** \$ 7,509,754.11

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. 21,633,244.83

Certain miscellaneous transactions and adjustments involving capital assets (e.g., changes to the capitalization threshold) are not reported in the governmental funds. (1,761,704.83)

Losses on the disposal of capital assets during the current fiscal year are included in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the fiscal year purchased. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the disposed assets. (669,614.26)

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

Debt Issued	\$ (12,505,000.00)	
Debt Repayments	<u>2,789,000.00</u>	(9,716,000.00)

The amortized charge on debt refunding does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (68,842.13)

Premiums on debt provide current financial resources to governmental funds in the fiscal year the debt is issued but must be deferred and amortized over the life of the debt in the government-wide statements. This is the amount of premiums on debt issued in excess of premium amortized during the fiscal year. (2,414,404.03)

Certain funding is not available to pay for current fiscal year expenditures and, therefore, is not reported as revenue in the governmental fund statements. However, under the full accrual basis of accounting, this funding is recognized as revenue in the government-wide statements. 989.27

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. (255,626.25)

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.

Decrease in OPEB Liability	\$ 4,471,862.00	
Increase in Deferred Outflows of Resources - OPEB	143,869.00	
Increase in Deferred Inflows of Resources - OPEB	<u>(5,215,314.00)</u>	(599,583.00)

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	\$ 13,057,049.00	
HIS Pension Contribution	2,437,972.00	
FRS Pension Expense	(1,282,150.00)	
HIS Pension Expense	<u>(3,855,235.00)</u>	10,357,636.00

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The change in net position of the internal service fund is reported with governmental activities. 432,330.86

**Change in Net Position - Governmental Activities** \$ 24,448,180.57

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

**Santa Rosa County District School Board  
Statement of Net Position – Proprietary Fund  
June 30, 2022**

	<b>Internal Service Fund</b>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 13,955,287.62
Due from Insurer	1,000,000.00
Due from Other Agencies	108,577.57
<b>TOTAL ASSETS</b>	<b>15,063,865.19</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Accrued Salaries and Benefits	11.24
Payroll Deductions and Withholdings	4,127.00
Accounts Payable	836,910.52
Unearned Revenue	5,673,898.84
Estimated Liability for Self-Insurance Program	2,326,000.00
<b>TOTAL LIABILITIES</b>	<b>8,840,947.60</b>
<b>NET POSITION</b>	
Restricted for State Required Safe Harbor Reserve	2,000,000.00
Unrestricted	4,222,917.59
<b>TOTAL NET POSITION</b>	<b>\$ 6,222,917.59</b>

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

**Santa Rosa County District School Board  
Statement of Revenues, Expenses, and Changes in Fund  
Net Position – Proprietary Fund  
For the Fiscal Year Ended June 30, 2022**

	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Premiums	\$ 23,614,359.05
Other	175,000.00
<b>Total Operating Revenues</b>	<b>23,789,359.05</b>
<b>OPERATING EXPENSES</b>	
Insurance Claims	20,008,772.42
Purchased Services	3,239,041.44
Salaries	71,793.75
Employee Benefits	37,520.69
Materials and Supplies	395.31
Capital Outlay	395.30
<b>Total Operating Expenses</b>	<b>23,357,918.91</b>
<b>Operating Income</b>	<b>431,440.14</b>
<b>NONOPERATING REVENUES</b>	
Interest	890.72
<b>Change in Net Position</b>	<b>432,330.86</b>
Total Net Position - Beginning	5,790,586.73
<b>Total Net Position - Ending</b>	<b>\$ 6,222,917.59</b>

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

**Santa Rosa County District School Board  
Statement of Cash Flows – Proprietary Fund  
For the Fiscal Year Ended June 30, 2022**

	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Premiums	\$ 23,782,705.15
Cash Received from Other Operating Revenues	175,000.00
Cash Payments for Insurance Claims	(19,831,772.42)
Cash Payments to Suppliers for Goods and Services	(3,075,161.55)
Cash Payments to Employees for Services	(105,214.46)
<b>Net Cash Provided by Operating Activities</b>	<b>945,556.72</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	890.72
<b>Net Increase in Cash and Cash Equivalents</b>	<b>946,447.44</b>
Cash and Cash Equivalents, Beginning	13,008,840.18
<b>Cash and Cash Equivalents, Ending</b>	<b>\$ 13,955,287.62</b>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income	\$ 431,440.14
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Due from Insurer	(1,000,000.00)
Due from Other Agencies	(45,281.89)
Accrued Salaries and Benefits	(27.02)
Payroll Deductions and Withholdings	4,127.00
Accounts Payable	164,670.50
Unearned Revenue	1,213,627.99
Estimated Liability for Self-Insurance Program	177,000.00
<b>Total Adjustments</b>	<b>514,116.58</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 945,556.72</b>

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

**Santa Rosa County District School Board  
Statement of Fiduciary Net Position – Fiduciary Funds  
June 30, 2022**

	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 5,609,505.94
Due from Other Agencies	19,823.16
<b>TOTAL ASSETS</b>	<b>5,629,329.10</b>
<b>LIABILITIES</b>	
Accrued Salaries and Benefits	2,276.57
Payroll Deductions and Withholdings	47.39
Accounts Payable	298,548.00
<b>TOTAL LIABILITIES</b>	<b>300,871.96</b>
<b>NET POSITION</b>	
Restricted for School Internal Funds	5,052,938.00
Restricted for Flexible Benefits Plan	275,519.14
<b>TOTAL NET POSITION</b>	<b>\$ 5,328,457.14</b>

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



**Santa Rosa County District School Board  
Statement of Changes in Fiduciary Net Position – Fiduciary Funds  
For the Fiscal Year Ended June 30, 2022**

	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Athletics	\$ 2,967,984.00
Music	392,382.00
Classes, Clubs, and Departments	2,469,824.00
Trusts	2,332,655.00
General	400,491.00
Plan Member Contributions	390,444.30
<b>Total Additions</b>	<b>8,953,780.30</b>
<b>DEDUCTIONS</b>	
Athletics	2,852,267.00
Music	386,976.00
Classes, Clubs, and Departments	2,329,456.00
Trusts	1,912,550.00
General	398,860.00
Claims	349,081.19
Other	85,014.41
<b>Total Deductions</b>	<b>8,314,204.60</b>
<b>Change in Net Position</b>	<b>639,575.70</b>
Net Position - Beginning	4,688,881.44
<b>Net Position - Ending</b>	<b>\$ 5,328,457.14</b>

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

# **NOTES TO FINANCIAL STATEMENTS**

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## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Description of Government-Wide Financial Statements**

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

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

### **B. Reporting Entity**

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

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

**Blended Component Unit.** Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The Santa Rosa School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in a subsequent note. 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 District's charter schools, the Learning Academy, Inc. and Coastal Connections Academy, 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 a charter approved by their sponsor, the Santa Rosa 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 school's audited financial statements for the fiscal year ended June 30, 2022. The audit reports are filed in the District's administrative office at 5086 Canal Street, Milton, Florida 32570.

### **C. Basis of Presentation: Government-Wide Financial Statements**

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

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

### **D. Basis of Presentation: Fund Financial Statements**

The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component units. 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.

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 – Food Service Fund – to account for the financial resources, including Federal grants and local sources, and expenditure payments associated with the District's food service programs.

- Special Revenue – Other Fund – to account for certain Federal grant program resources.
- Special Revenue – Federal Education Stabilization Fund – to account for certain Federal grant program resources provided 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 new construction, renovation and remodeling projects, new and replacement equipment, and debt service payments on certificates of participation.
- Capital Projects – Other Fund – to account for various financial resources (e.g., capital outlay sales tax and charter school capital outlay funding) to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.

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

- Internal Service Fund – to account for the District’s individual self-insurance programs.
- Custodial Funds – to account for resources of the District’s flexible benefits plan, and school internal funds which are used to administer moneys collected at schools in connection with school, student athletic, class, and club activities.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at 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. Further, certain activity occurs during the fiscal 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.

## **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 fiscal year or soon enough thereafter to pay liabilities of the fiscal year. For this purpose, the District considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other

grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the fiscal year or within the availability period for this revenue source (within 30 days of fiscal year end). 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. Issuances of long-term debt 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.

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

### **2. Investments**

Investments consist of amounts placed in SBA debt service accounts for investment of debt service moneys and amounts placed with the SBA for participation in the Florida PRIME investment pool created by Section 218.405, Florida Statutes. 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. This investment is reported at fair value, which is amortized cost.

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. Inventories are stated at cost on a moving-average basis, except that transportation

fuel is stated at the last invoice price, which approximates 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 \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	10 - 40 years
Buildings and Fixed Equipment	10 - 50 years
Furniture, Fixtures, and Equipment	3 - 20 years
Motor Vehicles	15 years
Audio Visual Materials and Computer Software	5 - 7 years

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

#### 5. Pensions

In the government-wide statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

#### 6. Long-Term Liabilities

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

Premiums and discounts are deferred and amortized over the life of the debt. Bonds payable and certificates of participation payable are reported net of the applicable premiums or discounts.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize debt premiums and discounts during the current fiscal year. The face amount of the debt issued and the related debt premiums are reported as other financing sources.

Changes in long-term liabilities for the current fiscal 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 assets that applies to future fiscal years 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 charges on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions and OPEB are discussed in subsequent notes.

In addition to liabilities, the statement of net position and governmental funds balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future fiscal years and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first two items, deferred inflows of resources related to pensions and OPEB are reported on the statement of net position and discussed in subsequent notes. The remaining item, unavailable revenue relates to student fees and State funding, arises under a modified accrual basis of accounting that qualifies for reporting in this category in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **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 approve a commitment of fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. In July 2021, the Board gave its approval to commit certain project balances during the budget process.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the Assistant Superintendent for Finance and the Accounting Supervisor 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 fiscal 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 receives an Educational Facilities Security Grant allocation from the State. 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 fiscal 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 Santa Rosa County Property Appraiser, and property taxes are collected by the Santa Rosa County Tax Collector.

The Board adopted the 2021 tax levy on September 9, 2021. 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 Santa Rosa 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 March 2007, the voters of Santa Rosa County approved a one-half cent school capital outlay surtax on sales in the County for 10 years, effective October 1, 2008, to pay construction costs of certain school facilities and related costs in accordance with Section 212.055(6), Florida Statutes. In March 2017, Santa Rosa County voters opted to continue the one-half cent school capital outlay surtax on sales through December 31, 2028.

#### **5. Federal Revenue Sources**

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

#### **6. Compensated Absences**

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

#### **7. Proprietary Fund Operating and Nonoperating Revenues and Expenses**

The proprietary fund distinguishes 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 purchased services that include excess coverage premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **II. ACCOUNTING CHANGE**

**Reporting Entity.** The District increased beginning net position for the aggregate discretely presented component units by \$14,460 due to the closure of Capstone Academy, LLC, a former charter school which had a negative net position at June 30, 2021.

### III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

#### A. Cash Deposits with Financial Institutions

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

#### B. Investments

The District's investments at June 30, 2022, are reported as follows:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA:		
Florida PRIME (1)	28 Day Average	\$ 58,057,216.20
Debt Service Accounts	6 Months	<u>17,981.29</u>
<b>Total Investments</b>		<b><u>\$ 58,075,197.49</u></b>

(1) This investment is reported as a cash equivalent for financial statement reporting purposes.

#### **Fair Value Measurement**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District's investments in SBA debt service accounts, totaling \$17,981.29, are valued using Level 1 inputs.

#### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy states that the highest priority shall be given to the safety and liquidity of funds. The policy limits the types of authorized investments as a means of managing the exposure to fair value losses from increasing interest rates.

Florida PRIME uses 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, 2022, 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’s investment policy limits investments to funds placed in qualified public depositories, financial deposit instruments insured by the Federal Deposit Insurance Corporation, time deposits, securities of the United States Government (including obligations of the United States Treasury), and investment pools managed and directly approved by an approved agency of the State.

The District’s investments in the SBA debt service accounts are to provide for debt service payments on bond debt issued by the SBE for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate risk and credit risk for this account. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State’s Annual Comprehensive Financial Report.

The District’s investment in Florida PRIME is rated AAAM by Standard & Poor’s.

## C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	Beginning Balance	Adjustments (1)	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES					
Capital Assets Not Being Depreciated:					
Land	\$ 18,722,656.60	\$ -	\$ 9,371,627.66	\$ -	\$ 28,094,284.26
Land Improvements	7,731,733.29	-	227,805.23	-	7,959,538.52
Construction in Progress	34,195,493.64	-	18,429,109.25	2,902,725.45	49,721,877.44
Total Capital Assets Not Being Depreciated	<u>60,649,883.53</u>	<u>-</u>	<u>28,028,542.14</u>	<u>2,902,725.45</u>	<u>85,775,700.22</u>
Capital Assets Being Depreciated:					
Improvements Other Than Buildings	31,343,675.73	-	1,574,381.24	71,037.50	32,847,019.47
Buildings and Fixed Equipment	398,392,077.80	-	6,352,343.62	72.00	404,744,349.42
Furniture, Fixtures, and Equipment	18,605,616.12	(11,841,956.88)	1,143,848.69	447,839.81	7,459,668.12
Motor Vehicles	3,452,987.88	(54,022.02)	69,419.67	74,770.00	3,393,615.53
Audio Visual Materials and Computer Software	2,238,986.00	1,408,091.50	220,962.00	678,991.00	3,189,048.50
Total Capital Assets Being Depreciated	<u>454,033,343.53</u>	<u>(10,487,887.40)</u>	<u>9,360,955.22</u>	<u>1,272,710.31</u>	<u>451,633,701.04</u>
Less Accumulated Depreciation for:					
Improvements Other Than Buildings	20,691,856.49	-	1,028,020.20	73,958.28	21,645,918.41
Buildings and Fixed Equipment	167,335,354.51	-	10,565,959.37	-	177,901,313.88
Furniture, Fixtures, and Equipment	12,370,718.91	(8,140,681.46)	1,021,141.64	273,442.00	4,977,737.09
Motor Vehicles	2,268,556.06	(627,382.95)	205,426.98	24,072.06	1,822,528.03
Audio Visual Materials and Computer Software	2,402,053.54	(301,292.17)	376,153.90	231,623.71	2,245,291.56
Total Accumulated Depreciation	<u>205,068,539.51</u>	<u>(9,069,356.58)</u>	<u>13,196,702.09</u>	<u>603,096.05</u>	<u>208,592,788.97</u>
Total Capital Assets Being Depreciated, Net	<u>248,964,804.02</u>	<u>(1,418,530.82)</u>	<u>(3,835,746.87)</u>	<u>669,614.26</u>	<u>243,040,912.07</u>
Governmental Activities Capital Assets, Net	<u>\$ 309,614,687.55</u>	<u>\$ (1,418,530.82)</u>	<u>\$ 24,192,795.27</u>	<u>\$ 3,572,339.71</u>	<u>\$ 328,816,612.29</u>

(1) Adjustments were made to reflect the District's change in capitalization threshold during the 2021-22 fiscal year and to correct accounting errors.

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 412,467.00
Student Support Services	33,796.13
Instructional Media Services	4,163.98
Instruction and Curriculum Development Services	3,981.60
Instructional Staff Training	4,165.86
Instruction-Related Technology	334,053.99
General Administration	125.30
School Administration	4,788.68
Fiscal Services	1,359.74
Food Services	229,691.71
Central Services	25,658.75
Student Transportation Services	14,528.64
Operation of Plant	10,030.98
Maintenance of Plant	704,089.94
Administrative Technology Services	329,496.65
Community Services	9,403.89
Unallocated	11,074,899.25
<b>Total Depreciation Expense - Governmental Activities</b>	<u><u>\$ 13,196,702.09</u></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. An annual comprehensive 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](http://www.dms.myflorida.com)).

The District's FRS and HIS pension expense totaled \$5,137,385 for the fiscal year ended June 30, 2022.

#### **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.

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:

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service</u></b>	<b><u>Percent Value</u></b>
<b>Regular Members Initially Enrolled Before July 1, 2011</b>	
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
<b>Regular Members Initially Enrolled On or After July 1, 2011</b>	
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
<b>Elected County Officers</b>	<b>3.00</b>

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 2021-22 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	10.82
FRS, Elected County Officers	3.00	51.42
DROP – Applicable to Members from All of the Above Classes	0.00	18.34
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 \$13,057,049 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the District reported a liability of \$23,228,062 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District’s proportionate share of the net pension liability was based on the District’s 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the District’s proportionate share was 0.307499098 percent, which was an increase of 0.027585417 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized Plan pension expense of \$1,282,150. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 3,981,327	\$ -
Change of Assumptions	15,893,792	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	81,036,870
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	8,669,374	719,557
District FRS Contributions Subsequent to the Measurement Date	13,057,049	-
<b>Total</b>	<b>\$ 41,601,542</b>	<b>\$ 81,756,427</b>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$13,057,049, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. 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>
2023	\$ (9,302,422)
2024	(10,739,027)
2025	(14,760,232)
2026	(19,601,192)
2027	1,190,939
<b>Total</b>	<b>\$ (53,211,934)</b>

Actuarial Assumptions. The total pension liability in the July 1, 2021, 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, 2021, 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%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate (Property)	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
<b>Total</b>	<b>100%</b>			
Assumed Inflation - Mean			2.4%	1.2%

(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.

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	\$ 103,877,449	\$ 23,228,062	\$ (44,185,783)

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 Annual Comprehensive Financial Report.

**HIS Pension Plan**

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

Benefits Provided. For the fiscal year ended June 30, 2022, 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, 2022, 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 \$2,437,972 for the fiscal year ended June 30, 2022.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2022, the District reported a net pension liability of \$49,818,961 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, and update procedures were used to determine the net pension liability as of June 30, 2021. The District's proportionate share of the net pension liability was based on the District's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the District's proportionate share was 0.406138234 percent, which was a decrease of 0.002301601 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized the HIS Plan pension expense of \$3,855,235. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,667,068	\$ 20,866
Change of Assumptions	3,914,655	2,052,668
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	51,935	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	1,980,397	805,866
District HIS Contributions Subsequent to the Measurement Date	<u>2,437,972</u>	<u>-</u>
<b>Total</b>	<u>\$ 10,052,027</u>	<u>\$ 2,879,400</u>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$2,437,972, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. 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>
2023	\$ 1,352,882
2024	488,777
2025	978,703
2026	1,080,834
2027	706,736
Thereafter	126,723
<b>Total</b>	<b>\$ 4,734,655</b>

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	2.16 percent

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

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 2.16 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 2.21 percent to 2.16 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 2.16 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 (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 57,595,544	\$ 49,818,961	\$ 43,447,789

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 Annual Comprehensive Financial Report.

## 2. FRS – Defined Contribution Pension Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State's Annual Comprehensive 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 2021-22 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, 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 \$4,677,530 for the fiscal year ended June 30, 2022.

**E. Other Postemployment Benefit Obligations**

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District that provides OPEB for all employees who satisfy the District's retirement eligibility provisions. Pursuant to Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District's health care plan. 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 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, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	253
Active Employees	<u>2,876</u>
Total	<u><u>3,129</u></u>

Total OPEB Liability. The District's total OPEB liability of \$17,491,012 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2021.

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	2.5 percent
Salary Increases	4 percent
Discount Rate	2.18 percent
Initial Trend Rate	7.5 percent
Ultimate Trend Rate	4 percent
Years to Ultimate	53 years

All mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2020. Rates are based on those outlined in the July 1, 2021, FRS actuarial valuation report.

Mortality – Active Lives: For female lives, the headcount-weighted PubG-2010 female employee table was used. For male lives, the headcount-weighted PubG-2010 male below-median income employee table, set back one year, was used.

Mortality – Inactive Healthy Lives: For female lives, the headcount-weighted PubG-2010 female below-median income healthy retiree table was used. For male lives, the headcount-weighted PubG-2010 male below-median income healthy retiree table, set back one year, was used.

Mortality – Disabled Lives: For female lives, the headcount-weighted PubG-2010 female disabled retiree table, set forward three years was used. For male lives, the headcount-weighted PubG-2010 male disabled retiree table, set forward three years, was used.

Discount Rate: Given the District’s decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 2.18 percent. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard & Poor’s Ratings Services, Aa2 by Moody’s, or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2021	\$ 21,962,874
Changes for the year:	
Service Cost	1,787,090
Interest	623,941
Differences Between Expected and Actual Experience	(6,438,347)
Changes of Assumptions or Other Inputs	146,403
Benefit Payments	<u>(590,949)</u>
Net Changes	<u>(4,471,862)</u>
Balance at June 30, 2022	<u>\$ 17,491,012</u>

Changes of assumptions reflect a change in the discount rate from 2.66 percent for the reporting period ended June 30, 2021, to 2.18 percent for the reporting period ended June 30, 2022. Also

reflected as assumption changes are updated healthcare costs and premiums; updated healthcare cost trend rates; and updated retirement, termination, disability, and mortality rates.

*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 (1.18 percent) or 1 percentage point higher (3.18 percent) than the current rate:

	<b>1% Decrease (1.18%)</b>	<b>Current Discount Rate (2.18%)</b>	<b>1% Increase (3.18%)</b>
Total OPEB Liability	\$ 19,122,572	\$ 17,491,012	\$ 16,009,972

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.5 percent decreasing to 3 percent) or 1 percentage point higher (8.5 percent decreasing to 5 percent) than the current healthcare cost trend rates (7.5 percent decreasing to 4 percent):

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 15,578,126	\$ 17,491,012	\$ 19,756,684

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$1,319,950. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u><b>Description</b></u>	<u><b>Deferred Outflows of Resources</b></u>	<u><b>Deferred Inflows of Resources</b></u>
Differences Between Expected and Actual Experience	\$ 602,278	\$ 5,633,554
Changes of Assumptions or Other Inputs	319,402	2,405,952
Benefits Paid Subsequent to the Measurement Date	720,367	-
<b>Total</b>	<u>\$ 1,642,047</u>	<u>\$ 8,039,506</u>

The deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date, totaling \$720,367, will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2023. 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>
2023	\$ (1,094,781)
2024	(1,094,781)
2025	(1,094,781)
2026	(1,094,777)
2027	(957,446)
Thereafter	(1,781,260)
<b>Total</b>	<b>\$ (7,117,826)</b>

## F. Construction and Other Significant Commitments

**Construction Contracts.** The following is a schedule of major construction contract commitments at June 30, 2022:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
East Bay K-8	\$ 30,578,343.43	\$ 30,370,107.39	\$ 208,236.04
Wallace Lake, Pace Area K-8	40,049,152.95	17,406,442.09	22,642,710.86
Hobbs HVAC/Energy Upgrades	2,588,065.00	986,975.57	1,601,089.43
Pea Ridge Kitchen Renovations	1,300,691.00	14,151.20	1,286,539.80
Food Services Test Kitchen and Office Remodel/Renovation	1,394,407.00	98,266.66	1,296,140.34
<b>Total</b>	<b>\$ 75,910,659.38</b>	<b>\$ 48,875,942.91</b>	<b>\$ 27,034,716.47</b>

**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, 2022:

<u>Major Funds</u>							
<u>General</u>	<u>Special Revenue - Food Service</u>	<u>Special Revenue - Other</u>	<u>Special Revenue - Federal Education Stabilization</u>	<u>Capital Projects - Local Capital Improvement</u>	<u>Capital Projects - Other</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 669,159.00	\$ 3,100,489.13	\$ 7,569.15	\$ 528,700.71	\$ 2,173,575.26	\$ 23,379,000.55	\$ 16,794.00	\$ 29,875,287.80

## G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District limits its exposure to these risks through its membership in the Florida School Board Insurance Trust (Trust). The Trust is a self-insurance fund of Florida school boards established under the authority set forth in Section 1001.42, Florida Statutes, and was established for the purpose of pooling certain exposures (e.g., property, casualty, and workers' compensation); purchasing or procuring insurance coverage of various types or providing self-insurance; and providing risk management services for participating Florida school districts.

The District provides self-insured employee health coverage. The District entered into an agreement with a stop loss insurance company to provide specific excess coverage of claim amounts above

\$175,000 on an individual claim basis and aggregate excess coverage of \$1 million. Aggregate excess coverage is paid out when total claims annually, minus specific excess coverage, exceed 100 percent of the overall variable claims cost. The District has contracted with an insurance administrator to administer the self-insurance programs, including the processing, investigating, and payment of claims. A liability in the amount of \$2,326,000 was actuarially determined to cover the estimated incurred but not paid insurance claims payable at June 30, 2022.

Dental, vision, long-term disability, short-term disability, hospital indemnity, critical illness, accident, and life insurance coverages are provided through commercial insurance. Settled claims resulting from the above have not exceeded commercial coverage in any of the past 3 fiscal years.

Prior to July 1, 1997, the District was self-insured for workers' compensation exposures up to specified limits. At June 30, 2022, a liability in the amount of \$147,329.92 was recorded to cover future claims payments relating to this former self-insurance program. This amount is reported as deposits payable on the statement of net position and governmental funds balance sheet.

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

<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>
Workers' Compensation:				
2020-21	\$ 159,194.00	\$ -	\$ (6,019.00)	\$ 153,175.00
2021-22	153,175.00	-	(5,845.08)	147,329.92
Employee Health:				
2020-21	\$ 1,706,000.00	\$ 14,209,557.00	\$ (13,766,557.00)	\$ 2,149,000.00
2021-22	2,149,000.00	20,008,772.42	(19,831,772.42)	2,326,000.00

## H. Long-Term Liabilities

### 1. Certificates of Participation

The District entered into a financing arrangement with the Leasing Corporation whereby the District has authorized several certificates of participation debt issues, characterized as lease-purchase agreements. The following schedule describes the status of these issues at June 30, 2022:

<u>Series</u>	<u>Original Amount</u>	<u>Principal Paid to Date</u>	<u>Outstanding Balance</u>
2014	\$ 20,520,000	\$ 6,865,000	\$ 13,655,000
2019	30,275,000	1,500,000	28,775,000
2021	12,505,000	590,000	11,915,000
<b>Total</b>			<b>\$ 54,345,000</b>

As a condition of the financing arrangements, the District gave ground leases on District property to the Leasing Corporation. The ground lease on the properties associated with the Series 2014 Certificates ends on the earlier of (a) the date on which the Series 2014 Certificates have been paid in full or provision for their payment has been made, or (b) 10 years from the final maturity date of the Series 2014 Certificates and any series of certificates refunding the Series 2014 Certificates. It is not expected that the ground lease term with respect to the properties associated with the Series 2014 Certificates will exceed February 1, 2031. The lease payments are payable by the District semiannually, on February 1 and August 1 at interest rates ranging from 3 percent to 5 percent.

The ground lease on the properties associated with the Series 2019 Certificates ends on the earlier of (a) the date on which the Series 2019 Certificates have been paid in full or provision for their payment has been made, or (b) 10 years from the final maturity date of the Series 2019 Certificates and any series of certificates refunding the Series 2019 Certificates. It is not expected that the ground lease term with respect to the properties associated with the Series 2019 Certificates will exceed February 1, 2044. The lease payments are payable by the District semiannually, on February 1 and August 1 at interest rates ranging from 3 percent to 5 percent.

The ground lease on the properties associated with the Series 2021 Certificates ends on the earlier of (a) the date on which the Series 2021 Certificates have been paid in full or provision for their payment has been made, or (b) 10 years from the final maturity date of the Series 2021 Certificates and any series of certificates refunding the Series 2021 Certificates. It is not expected that the ground lease term with respect to the properties associated with the Series 2021 Certificates will exceed February 1, 2031. The lease payments are payable by the District semiannually, on February 1 and August 1 at an interest rate of 5 percent.

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 master lease-purchase agreement provides for several remedies that are available to the Leasing Corporation, including taking possession of the properties and selling or re-letting its interest therein.

The District properties included in the various ground leases under these arrangements include:

Series 2014:

- Navarre High School – Gymnasium, Classrooms, and Maintenance Building
- Navarre High School – Cafeteria Expansion, Fieldhouse, and North Wing Addition
- Thomas L. Sims Middle School – Classroom Spaces and Accoutrements
- Bennett C. Russell Elementary School
- Woodlawn Beach Middle School – Classroom Additions

Series 2019:

- East Bay K-8 School – New Construction

Series 2021:

- Wallace Lake K-8 School – New Construction

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>
2023	\$ 5,660,250.00	\$ 3,180,000.00	\$ 2,480,250.00
2024	5,766,250.00	3,445,000.00	2,321,250.00
2025	5,764,000.00	3,615,000.00	2,149,000.00
2026	5,768,250.00	3,800,000.00	1,968,250.00
2027	5,768,250.00	3,990,000.00	1,778,250.00
2028-2032	23,840,150.00	17,985,000.00	5,855,150.00
2033-2037	9,578,250.00	6,490,000.00	3,088,250.00
2038-2042	9,572,250.00	8,175,000.00	1,397,250.00
2043-2044	3,830,750.00	3,665,000.00	165,750.00
Total Minimum Lease Payments	75,548,400.00	54,345,000.00	21,203,400.00
Plus: Unamortized Premium	7,665,132.27	7,665,132.27	-
<b>Total Certificates of Participation</b>	<b>\$83,213,532.27</b>	<b>\$62,010,132.27</b>	<b>\$21,203,400.00</b>

## 2. Bonds Payable

Bonds payable at June 30, 2022, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:			
Series 2011A, Refunding	\$ 50,000	3	2023
Series 2014A, Refunding	102,000	3 - 5	2025
Series 2017A, Refunding	88,000	5	2026
Series 2020A, Refunding	541,000	2 - 5	2030
Bonds Payable	781,000		
Plus: Unamortized Premium	142,090		
<b>Total Bonds Payable</b>	<b>\$ 923,090</b>		

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

### State School Bonds

These bonds are issued by the SBE on behalf of the District. The bonds mature serially and are secured by a pledge of the District's portion of the State-assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements are administered by the SBE and the SBA.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2022, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds:			
2023	\$ 199,860	\$ 164,000	\$ 35,860
2024	150,370	120,000	30,370
2025	133,370	109,000	24,370
2026	110,400	91,000	19,400
2027	83,850	69,000	14,850
2028-2030	251,200	228,000	23,200
Total State School Bonds	<u>\$ 929,050</u>	<u>\$ 781,000</u>	<u>\$ 148,050</u>

### 3. Changes in Long-Term Liabilities

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

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Certificates of Participation Payable:					
Direct Borrowings and Direct Placements	\$ 44,470,000.00	\$ 12,505,000.00	\$ 2,630,000.00	\$ 54,345,000.00	\$ 3,180,000.00
Unamortized Premiums	5,225,051.60	2,711,216.20	271,135.53	7,665,132.27	510,920.31
Total Certificates of Participation Payable	<u>49,695,051.60</u>	<u>15,216,216.20</u>	<u>2,901,135.53</u>	<u>62,010,132.27</u>	<u>3,690,920.31</u>
Bonds Payable:					
State School Bonds	940,000.00	-	159,000.00	781,000.00	164,000.00
Unamortized Premiums	167,766.64	-	25,676.64	142,090.00	25,668.20
Total Bonds Payable	<u>1,107,766.64</u>	<u>-</u>	<u>184,676.64</u>	<u>923,090.00</u>	<u>189,668.20</u>
Compensated Absences Payable	22,368,785.27	8,121,406.53	7,865,780.28	22,624,411.52	6,120,466.34
Net Pension Liability	171,188,553.00	44,234,141.00	142,375,671.00	73,047,023.00	250,762.00
Other Postemployment Benefits Payable	21,962,874.00	2,557,434.00	7,029,296.00	17,491,012.00	720,367.00
<b>Total Governmental Activities</b>	<u>\$ 266,323,030.51</u>	<u>\$ 70,129,197.73</u>	<u>\$ 160,356,559.45</u>	<u>\$ 176,095,668.79</u>	<u>\$ 10,972,183.85</u>

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:

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major:		
General	\$ 935,733.25	\$ -
Special Revenue:		
Other	-	353,799.49
Federal Education Stabilization	-	581,933.76
<b>Total</b>	<u>\$ 935,733.25</u>	<u>\$ 935,733.25</u>

The interfund receivables and payables represent temporary loans between funds to cover expenditures incurred prior to reimbursement from outside parties. All balances are expected to be repaid within 1 year.

**K. Revenues**

**1. Schedule of State Revenue Sources**

The following is a schedule of the District’s State revenue sources for the 2021-22 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 138,577,655.00
Categorical Educational Program - Class Size Reduction	28,373,412.00
Workforce Development Program	2,401,116.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,127,182.26
Education Facilities Security	1,012,474.00
Voluntary Prekindergarten Program	619,048.18
Food Service Supplement	103,156.00
Charter School Capital Outlay	82,699.00
Mobile Home License Tax	44,523.13
Miscellaneous	794,267.96
<b>Total</b>	<u>\$ 173,135,533.53</u>

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

## 2. Property Taxes

The following is a summary of millages and taxes levied on the 2021 tax roll for the 2021-22 fiscal year:

	<b>Millages</b>	<b>Taxes Levied</b>
<b>General Fund</b>		
Nonvoted School Tax:		
Required Local Effort	3.656	\$49,991,434.44
Basic Discretionary Local Effort	0.748	10,228,006.83
<b>Capital Projects - Local Capital Improvement Fund</b>		
Nonvoted Tax:		
Local Capital Improvements	1.500	20,510,708.88
<b>Total</b>	<b>5.904</b>	<b>\$80,730,150.15</b>

### L. Interfund Transfers

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

<b>Funds</b>	<b>Interfund</b>	
	<b>Transfers In</b>	<b>Transfers Out</b>
Major:		
General	\$ 6,028,066.87	\$ 414,124.68
Special Revenue:		
Other	414,124.68	-
Capital Projects:		
Local Capital Improvement	-	9,227,529.99
Other	-	122,199.00
Nonmajor Governmental	5,215,599.78	1,893,937.66
<b>Total</b>	<b>\$11,657,791.33</b>	<b>\$11,657,791.33</b>

The District made transfers to the General Fund to move moneys no longer restricted for debt service, cover payments on the student transportation contract, pay for certain property and casualty insurance premiums, cover payments for computer upgrades, facilitate the transfer of State funds to its charter schools, cover a growth management/impact fee study, and pay for network infrastructure. The District made transfers to the Special Revenue – Other Fund to cover the District’s portion of Reserve Officer Training Corps. The District made transfers to the nonmajor governmental funds to facilitate debt service payments on certificates of participation.

# OTHER REQUIRED SUPPLEMENTARY INFORMATION

## Budgetary Comparison Schedule General and Major Special Revenue Funds For the Fiscal Year Ended June 30, 2022

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Intergovernmental:				
Federal Direct	\$ 1,040,000.00	\$ 738,237.00	\$ 718,320.08	\$ (19,916.92)
Federal Through State and Local	1,075,018.00	2,459,859.23	2,459,859.23	-
State	158,562,833.85	171,044,990.81	170,803,653.47	(241,337.34)
Local:				
Property Taxes	58,030,155.60	58,157,156.39	58,157,156.39	-
Charges for Services - Food Service	-	-	-	-
Miscellaneous	4,451,204.46	4,626,107.85	4,405,634.72	(220,473.13)
Total Local Revenues	<u>62,481,360.06</u>	<u>62,783,264.24</u>	<u>62,562,791.11</u>	<u>(220,473.13)</u>
<b>Total Revenues</b>	<u>223,159,211.91</u>	<u>237,026,351.28</u>	<u>236,544,623.89</u>	<u>(481,727.39)</u>
<b>Expenditures</b>				
Current - Education:				
Instruction	158,495,793.80	162,319,820.58	155,432,559.59	6,887,260.99
Student Support Services	11,055,964.03	10,926,939.55	10,400,234.13	526,705.42
Instructional Media Services	2,258,132.70	2,989,236.00	2,635,247.06	353,988.94
Instruction and Curriculum Development Services	4,766,250.31	5,387,590.01	5,313,909.43	73,680.58
Instructional Staff Training Services	1,148,218.09	1,610,317.01	1,009,758.60	600,558.41
Instruction-Related Technology	2,983,459.82	3,091,437.05	3,002,089.42	89,347.63
Board	743,371.77	631,176.95	557,326.84	73,850.11
General Administration	1,007,583.76	1,132,104.11	1,111,463.50	20,640.61
School Administration	15,479,449.37	17,325,252.01	16,813,524.69	511,727.32
Facilities Acquisition and Construction	16,513.15	87,715.51	26,087.85	61,627.66
Fiscal Services	1,691,915.02	1,566,472.09	1,553,422.23	13,049.86
Food Services	-	-	-	-
Central Services	3,107,324.23	3,934,872.96	3,772,042.63	162,830.33
Student Transportation Services	14,211,400.31	14,478,239.28	14,274,190.33	204,048.95
Operation of Plant	17,712,701.79	18,513,461.01	18,201,555.19	311,905.82
Maintenance of Plant	4,134,840.26	4,272,124.49	4,106,210.66	165,913.83
Administrative Technology Services	3,277,368.32	3,542,843.64	2,943,901.33	598,942.31
Community Services	1,793,021.47	2,171,510.07	2,084,913.69	86,596.38
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	53,774.00	53,774.00	-
Other Capital Outlay	-	628,829.61	628,829.61	-
<b>Total Expenditures</b>	<u>243,883,308.20</u>	<u>254,663,715.93</u>	<u>243,921,040.78</u>	<u>10,742,675.15</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(20,724,096.29)</u>	<u>(17,637,364.65)</u>	<u>(7,376,416.89)</u>	<u>10,260,947.76</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	4,036,962.00	4,134,129.21	6,028,066.87	1,893,937.66
Loss Recoveries	-	14,514.47	7,694.68	(6,819.79)
Transfers Out	(400,000.00)	(414,124.68)	(414,124.68)	-
<b>Total Other Financing Sources</b>	<u>3,636,962.00</u>	<u>3,734,519.00</u>	<u>5,621,636.87</u>	<u>1,887,117.87</u>
<b>Net Change in Fund Balances</b>	<u>(17,087,134.29)</u>	<u>(13,902,845.65)</u>	<u>(1,754,780.02)</u>	<u>12,148,065.63</u>
Fund Balances, Beginning	30,745,877.50	30,745,877.50	30,745,877.50	-
<b>Fund Balances, Ending</b>	<u>\$ 13,658,743.21</u>	<u>\$ 16,843,031.85</u>	<u>\$ 28,991,097.48</u>	<u>\$ 12,148,065.63</u>



**Special Revenue - Food Service**

<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
\$ -	\$ -	\$ -	\$ -
11,000,561.00	29,055,207.63	18,245,269.63	(10,809,938.00)
293,270.00	293,532.00	103,156.00	(190,376.00)
-	-	-	-
2,676,006.00	2,676,006.00	2,042,170.56	(633,835.44)
8,000.00	190,631.69	190,629.69	(2.00)
<u>2,684,006.00</u>	<u>2,866,637.69</u>	<u>2,232,800.25</u>	<u>(633,837.44)</u>
<u>13,977,837.00</u>	<u>32,215,377.32</u>	<u>20,581,225.88</u>	<u>(11,634,151.44)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
18,288,580.39	29,176,298.18	14,821,074.07	14,355,224.11
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	832,391.28	832,391.28	-
<u>18,288,580.39</u>	<u>30,008,689.46</u>	<u>15,653,465.35</u>	<u>14,355,224.11</u>
<u>(4,310,743.39)</u>	<u>2,206,687.86</u>	<u>4,927,760.53</u>	<u>2,721,072.67</u>
-	-	-	-
-	-	4,515.82	4,515.82
-	-	-	-
-	-	4,515.82	4,515.82
<u>(4,310,743.39)</u>	<u>2,206,687.86</u>	<u>4,932,276.35</u>	<u>2,725,588.49</u>
<u>10,612,592.84</u>	<u>10,612,592.84</u>	<u>10,612,592.84</u>	<u>-</u>
<u>\$ 6,301,849.45</u>	<u>\$ 12,819,280.70</u>	<u>\$ 15,544,869.19</u>	<u>\$ 2,725,588.49</u>

(Continued)

**Budgetary Comparison Schedule  
General and Major Special Revenue Funds (Continued)  
For the Fiscal Year Ended June 30, 2022**

	Special Revenue - Other Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Intergovernmental:				
Federal Direct	\$ 4,078,989.47	\$ 5,835,060.20	\$ 3,793,841.63	\$ (2,041,218.57)
Federal Through State and Local	15,043,878.05	16,724,190.58	13,156,528.29	(3,567,662.29)
<b>Total Revenues</b>	<u>19,122,867.52</u>	<u>22,559,250.78</u>	<u>16,950,369.92</u>	<u>(5,608,880.86)</u>
<b>Expenditures</b>				
Current - Education:				
Instruction	11,397,115.81	13,036,310.14	10,043,694.45	2,992,615.69
Student Support Services	1,275,966.98	1,865,356.58	1,378,173.14	487,183.44
Instructional Media Services	728,405.50	421,921.79	21,125.96	400,795.83
Instruction and Curriculum Development Services	2,587,489.08	2,943,704.99	2,482,060.16	461,644.83
Instructional Staff Training Services	1,158,291.54	2,010,817.33	1,499,601.29	511,216.04
Instruction-Related Technology	155,978.18	223,658.69	204,387.44	19,271.25
Board	-	-	-	-
General Administration	612,806.67	670,900.14	491,959.08	178,941.06
School Administration	106,870.03	391,982.36	311,176.64	80,805.72
Facilities Acquisition and Construction	53,176.08	-	-	-
Fiscal Services	-	-	-	-
Central Services	44,695.19	110,857.15	58,935.91	51,921.24
Student Transportation Services	111,837.50	93,730.24	22,296.42	71,433.82
Operation of Plant	84,670.23	86,790.48	52,853.75	33,936.73
Maintenance of Plant	8,808.58	5,769.58	5,739.58	30.00
Administrative Technology Services	-	-	-	-
Community Services	1,196,756.15	896,638.36	577,553.15	319,085.21
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	-	-	-
Other Capital Outlay	-	214,937.63	214,937.63	-
<b>Total Expenditures</b>	<u>19,522,867.52</u>	<u>22,973,375.46</u>	<u>17,364,494.60</u>	<u>5,608,880.86</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(400,000.00)</u>	<u>(414,124.68)</u>	<u>(414,124.68)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	400,000.00	414,124.68	414,124.68	-
<b>Net Change in Fund Balances</b>	-	-	-	-
Fund Balances, Beginning	-	-	-	-
<b>Fund Balances, Ending</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

**Special Revenue - Federal Education Stabilization Fund**

<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
\$ -	\$ 958,783.55	\$ 958,783.55	\$ -
8,307,847.39	44,107,178.70	19,039,153.32	(25,068,025.38)
<u>8,307,847.39</u>	<u>45,065,962.25</u>	<u>19,997,936.87</u>	<u>(25,068,025.38)</u>
7,077,765.08	25,939,361.86	13,577,777.28	12,361,584.58
182,127.45	4,635,394.36	455,036.53	4,180,357.83
-	57,054.50	57,054.50	-
306,972.48	1,335,125.69	366,408.76	968,716.93
112,483.40	727,571.49	140,045.38	587,526.11
-	482,085.78	207,085.78	275,000.00
-	10,765.00	10,765.00	-
276,162.08	1,370,992.01	426,951.06	944,040.95
-	424,418.36	424,418.36	-
-	1,497.61	1,497.61	-
-	85,745.75	44,745.73	41,000.02
232,290.95	2,063,907.01	1,685,536.30	378,370.71
10,150.70	337,209.62	282,209.62	55,000.00
95,725.65	127,881.65	127,881.65	-
-	80,252.60	80,252.60	-
-	5,860,908.96	873,571.75	4,987,337.21
14,169.60	1,154,202.85	865,111.81	289,091.04
-	51,678.47	51,678.47	-
-	319,908.68	319,908.68	-
<u>8,307,847.39</u>	<u>45,065,962.25</u>	<u>19,997,936.87</u>	<u>25,068,025.38</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 1,787,090	\$ 1,682,065	\$ 1,297,998	\$ 1,310,422	\$ 1,424,253
Interest	623,941	597,154	812,663	725,422	579,681
Differences Between Expected and Actual Experience	(6,438,347)	-	860,398	-	-
Changes of Assumptions or Other Inputs	146,403	239,123	(2,260,467)	(493,690)	(1,236,047)
Benefit Payments	(590,949)	(549,720)	(826,875)	(762,097)	(700,779)
<b>Net Change in Total OPEB Liability</b>	<u>(4,471,862)</u>	<u>1,968,622</u>	<u>(116,283)</u>	<u>780,057</u>	<u>67,108</u>
Total OPEB Liability - Beginning	<u>21,962,874</u>	<u>19,994,252</u>	<u>20,110,535</u>	<u>19,330,478</u>	<u>19,263,370</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 17,491,012</u>	<u>\$ 21,962,874</u>	<u>\$ 19,994,252</u>	<u>\$ 20,110,535</u>	<u>\$ 19,330,478</u>
Covered-Employee Payroll	\$ 131,388,208	\$ 133,869,074	\$ 128,720,263	\$ 117,750,176	\$ 108,866,657
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	13.31%	16.41%	15.53%	17.08%	17.76%

**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	0.298403787%	\$ 51,368,573	\$ 114,789,889	44.75%	88.54%
2014	0.301366557%	18,387,792	113,783,755	16.16%	96.09%
2015	0.292741153%	37,811,446	114,639,462	32.98%	92.00%
2016	0.283958872%	71,699,838	123,528,778	58.04%	84.88%
2017	0.265014118%	78,389,398	120,728,089	64.93%	83.89%
2018	0.272618418%	82,114,081	128,388,264	63.96%	84.26%
2019	0.275503620%	94,879,611	134,938,347	70.31%	82.61%
2020	0.279913681%	121,318,714	141,669,156	85.64%	78.85%
2021	0.307499098%	23,228,062	143,767,730	16.16%	96.40%

(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	\$ 6,601,206	\$ (6,601,206)	\$ -	\$ 113,783,755	5.80%
2015	7,137,278	(7,137,278)	-	114,639,462	6.23%
2016	6,924,790	(6,924,790)	-	123,528,778	5.61%
2017	6,898,970	(6,898,970)	-	120,728,089	5.71%
2018	7,769,406	(7,769,406)	-	128,388,264	6.05%
2019	8,542,600	(8,542,600)	-	134,938,347	6.33%
2020	9,300,291	(9,300,291)	-	141,669,156	6.56%
2021	11,714,387	(11,714,387)	-	143,767,730	8.15%
2022	13,057,049	(13,057,049)	-	146,857,814	8.89%

(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	0.383693682%	\$ 33,405,580	\$ 114,789,889	29.10%	1.78%
2014	0.382950949%	35,806,848	113,783,755	31.47%	0.99%
2015	0.377837200%	38,533,451	114,639,462	33.61%	0.50%
2016	0.397840722%	46,366,688	123,528,778	37.54%	0.97%
2017	0.378650229%	40,487,029	120,728,089	33.54%	1.64%
2018	0.392985516%	41,594,028	128,388,264	32.40%	2.15%
2019	0.403226681%	45,117,030	134,938,347	33.44%	2.63%
2020	0.408439835%	49,869,839	141,669,156	35.20%	3.00%
2021	0.406138234%	49,818,961	143,767,730	34.65%	3.56%

(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	\$ 1,311,861	\$ (1,311,861)	\$ -	\$ 113,783,755	1.15%
2015	1,444,329	(1,444,329)	-	114,639,462	1.26%
2016	2,039,187	(2,039,187)	-	123,528,778	1.65%
2017	2,003,926	(2,003,926)	-	120,728,089	1.66%
2018	2,131,170	(2,131,170)	-	128,388,264	1.66%
2019	2,239,079	(2,239,079)	-	134,938,347	1.66%
2020	2,353,647	(2,353,647)	-	141,669,156	1.66%
2021	2,387,284	(2,387,284)	-	143,767,730	1.66%
2022	2,437,972	(2,437,972)	-	146,857,814	1.66%

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

## 1. Budgetary Basis of Accounting

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

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

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

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

*Changes of Assumptions.* The changes of assumptions reflect a change in the discount rate from 2.66 percent for the reporting period ending June 30, 2021, to 2.18 percent for the reporting period June 30, 2022. Also reflected as assumption changes are updated healthcare costs and premiums; updated healthcare cost trend rates; and updated retirement, termination, disability, and mortality rates.

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

*Changes of Assumptions.* In 2021, the maximum amortization period was decreased to 20 years for all current and future amortization bases.

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

*Changes of Assumptions.* In 2021, the municipal bond rate used to determine total pension liability was decreased from 2.21 percent to 2.16 percent.

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## Santa Rosa County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
<b>Clustered</b>				
<b>Child Nutrition Cluster</b>				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
National School Lunch Program	10.555	22001	\$ -	\$ 18,197,926.04
Fresh Fruit and Vegetable Program	10.582	22004	-	70,566.45
<b>Total Child Nutrition Cluster</b>			-	18,268,492.49
<b>Forest Service Schools and Roads Cluster</b>				
United States Department of Agriculture:				
Florida Department of Financial Services:				
School and Roads - Grants to States	10.665	None	-	21,072.71
<b>WIOA Cluster</b>				
United States Department of Labor:				
Workforce Escarosa, Inc:				
WIOA Youth Activities	17.259	None	-	280,367.15
<b>Student Financial Assistance Cluster</b>				
United States Department of Education:				
Federal Pell Grant Program	84.063	N/A	-	395,101.91
<b>Special Education Cluster</b>				
United States Department of Education:				
Florida Department of Education:				
Special Education Grants to States	84.027	263	-	5,707,567.31
COVID-19 Special Education Grants to States	COVID-19, 84.027	263	-	284,913.44
<b>Total Special Education Grants to States</b>	84.027		-	5,992,480.75
Special Education Preschool Grants	84.173	267	-	140,829.37
COVID-19 Special Education Preschool Grants	COVID-19, 84.173	267	-	48,431.29
<b>Total Special Education Preschool Grants</b>	84.173		-	189,260.66
<b>Total Special Education Cluster</b>			-	6,181,741.41
<b>Child Care and Development Fund Cluster</b>				
United States Department of Health and Human Services:				
Early Learning Coalition of Santa Rosa County:				
COVID-19 Child Care and Development Block Grant	COVID-19, 93.575	None	-	136,228.36
<b>Head Start Cluster</b>				
United States Department of Health and Human Services:				
Head Start				
Head Start	93.600	N/A	-	2,872,241.97
COVID-19 Head Start	COVID-19, 93.600	N/A	-	230,856.71
<b>Total Head Start Cluster</b>	93.600		-	3,103,098.68
<b>Not Clustered</b>				
<b>United States Department of Agriculture</b>				
Florida Department of Health:				
Child and Adult Care Food Program	10.558	A-5745	-	213,123.80
COVID-19 Child and Adult Care Food Program	COVID-19, 10.558	A-5745	-	3,179.10
<b>Total Child and Adult Care Food Program</b>	10.558		-	216,302.90
<b>United States Department of Commerce</b>				
NOAA Mission-Related Education Awards	11.008	N/A	-	10,832.74
<b>United States Department of Defense</b>				
Department of Defense Impact Aid				
Department of Defense Impact Aid	12.558	N/A	-	30,443.08
Air Force Junior Reserve Officers Training Corps	12.UNK	N/A	-	65,956.22
Navy Junior Reserve Officers Training Corps	12.UNK	N/A	-	278,816.50
<b>Total United States Department of Defense</b>			-	375,215.80

(Continued)

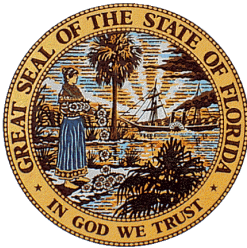


**Santa Rosa County District School Board**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Fiscal Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
<b>Not Clustered (Continued)</b>				
<b>United States Department of Labor</b>				
Florida State College at Jacksonville:				
H-1B Job Training Grants	17.268	None	\$ -	\$ 1,845.00
Florida Association for Career Technical Education, Inc.				
Apprenticeship USA Grants	17.285	None	-	25,506.58
<b>Total United States Department of Labor</b>			<u>-</u>	<u>27,351.58</u>
<b>United States Department of Education</b>				
Impact Aid	84.041	N/A	-	687,877.00
Education Stabilization Fund:	84.425			
Higher Education Emergency Relief Fund - Student Aid Portion	COVID-19, 84.425E	N/A	-	487,856.80
Higher Education Emergency Relief Fund - Institutional Aid Portion	COVID-19, 84.425F	N/A	-	389,196.00
Higher Education Emergency Relief Fund - Fund for the Improvement of Postsecondary Education Formula Grant	COVID-19, 84.425N	N/A	-	81,730.75
Florida Department of Education:				
Governor's Emergency Education Relief Fund	COVID-19, 84.425C	123	1,027.00	125,799.15
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124	15,932.20	7,500,079.59
American Rescue Plan - Elementary and Secondary School Emergency Relief	COVID-19, 84.425U	121	-	11,020,930.19
American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth Fund	COVID-19, 84.425W	122	-	50,897.20
Total Education Stabilization Fund	84.425		<u>16,959.20</u>	<u>19,656,489.68</u>
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	-	288,983.50
Title I Grants to Local Educational Agencies	84.010	212	45,274.38	4,508,002.47
Career and Technical Education - Basic Grants to States	84.048	161	-	341,046.99
Education for Homeless Children and Youth	84.196	127	-	75,896.92
English Language Acquisition State Grants	84.365	102	-	76,282.89
Supporting Effective Instruction State Grants	84.367	224	-	1,173,608.90
Student Support and Academic Enrichment Program	84.424	241	-	408,465.31
<b>Total United States Department of Education</b>			<u>62,233.58</u>	<u>27,216,653.66</u>
<b>United States Department of Homeland Security</b>				
Florida Division of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z2627	-	44,214.50
<b>Total Expenditures of Federal Awards</b>			<u>\$ 62,233.58</u>	<u>\$ 56,276,673.89</u>

The notes below are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal awards activity of the Santa Rosa County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2022. 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 \$1,165,247.78 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Impact Aid. Expenditures are related to grant number/program S041B221262.
- (6) Head Start. Expenditures include \$1,836,665.27 for grant number/program year 04CH011424/02 and \$1,035,576.70 for grant number/program year 04CH011424/03.



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 Santa Rosa County District School Board as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 12, 2023, 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.

### **Report on 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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

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

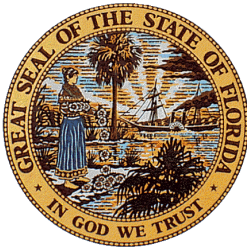
### **Purpose of this Report**

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  
January 12, 2023



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited the Santa Rosa County District School Board's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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**.

In our opinion, the District complied, in all material respects, with the 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, 2022.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each

major Federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's Federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 ***Auditor's Responsibilities for the Audit of Compliance*** section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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  
January 12, 2023

# **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 identified? No

    Significant deficiency identified? None reported

Noncompliance material to financial statements noted? No

### **Federal Awards**

Internal control over major Federal programs:

    Material weakness identified? No

    Significant deficiency identified? None reported

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

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

Identification of major Federal programs:

Assistance Listing Numbers:	Name of Federal Program or Cluster:
10.555 and 10.582	Child Nutrition Cluster
84.425	Education Stabilization Fund
93.600	Head Start Cluster

Dollar threshold used to distinguish between type A and type B programs: \$1,688,300

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.

## ***PRIOR AUDIT FOLLOW-UP***

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

## ***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

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