

# STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2023-164  
March 2023

## BREVARD 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. Mark Mullins served as Superintendent of the Brevard County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Misty Belford, Chair	1
Cheryl McDougall, Vice Chair from 11-16-21	2
Jennifer Jenkins	3
Matt Susin, Vice Chair through 11-15-21	4
Katye Campbell	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 Mark D. Kenny, CPA, and the audit was supervised by Clare Waters, 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 Brevard County District School Board (District) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

## SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

### Additional Matter

**Finding AM 2022–001:** District procedures did not always limit expenditures to budgeted amounts, contrary to State law, State Board of Education rules, and Board policies.

## SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District’s compliance with applicable Federal awards requirements. The Child and Adult Care Food program, Title I program, and Education Stabilization Fund were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs.

## AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to 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
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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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Brevard 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Brevard 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 aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is 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 March 24, 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  
March 24, 2023

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of the School Board of Brevard County, Florida (District) 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:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources for the governmental activities, at June 30, 2022, by \$407.9 million. Of this amount, \$450.5 million represents a net investment in capital assets and \$(42.6) million represents restricted and unrestricted net position of \$246.5 million and \$(289.1) million, respectively.
- The District's total net position for governmental activities increased by \$93.3 million, or 29.7 percent.
- Program revenues for governmental activities accounted for \$67.4 million, or 7.4 percent of total revenues and transfers. General revenues and transfers accounted for \$842.7 million, or 92.6 percent of the combined amount.
- The governmental funds reported combined fund balances of \$298 million, an increase of \$45.7 million, or 18.1 percent. The fund balances are comprised of \$8 million of nonspendable, \$244.6 million of restricted, \$25.5 million of assigned, and \$19.9 million in unassigned funds.
- At the end of the fiscal year, the fund balance for the General Fund was \$50.6 million, or 9.1 percent, of the General Fund revenues. This fund balance was comprised of \$6.1 million of nonspendable, \$10.7 million of restricted, \$19.9 million of unassigned, and \$13.9 million of assigned funds.

## **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.

### **Government-Wide Financial Statements**

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental and business-type activities of the primary government presented on the accrual basis of accounting. The statement of net position provides information about the District's financial position, its assets, deferred outflows, liabilities, and deferred inflows, using an economic resources measurement focus. Net position is a measurement of the financial health of the District. The statement of activities presents information about the change in the District's financial position or the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

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

- Governmental activities – These activities represent most of the District's services, including 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 (FEFP) provide most of the resources that support these activities.
- Business-type activities –The District charges fees to cover the cost of the services it provides for its Extended Day Program.
- Component units – The District has identified 13 separate legal entities which meet the criteria to be included as a component unit, including 12 charter schools and the Brevard Schools Foundation, Inc. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government. The Brevard County School Board Leasing Corporation (Leasing Corporation), although 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 included as a component 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.

**Governmental Funds:** Most of the District's activities are reported in governmental funds, which focus on how money flow into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using the modified accrual accounting method, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

The District has the following governmental funds: general, debt service, special revenue (including school food services) and capital projects. Within fund types, the District currently maintains 13 major and nonmajor funds. Of those funds, the General Fund, Special Revenue – Federal Education Stabilization Fund, Debt Service – Other Fund, Capital Projects – Local Capital Improvement Fund, Capital Projects – Local Sales Surtax Fund, and Capital Projects – Impact Fees Fund are considered to

be major funds. Data from the nonmajor 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. Two types of proprietary funds are maintained:

- Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its Extended Day Program through enterprise fund reporting.
- Internal service funds are used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses the internal service funds to account for its self-insurance programs. Since these services predominantly benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Conversely, the internal service funds are combined into a single, aggregated column in the proprietary fund financial statements.

### **Notes to Financial Statements**

The notes provide additional information, which is intended to supplement and further explain the government-wide and fund financial statements.

<b>GOVERNMENT-WIDE FINANCIAL ANALYSIS</b>
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Net position may serve over time as a useful indicator of a government's financial position. 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 Year (in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	6-30-22	6-30-21	6-30-22	6-30-21	6-30-22	6-30-21
Current and Other Assets	\$ 420,935	\$ 365,281	\$ 377	\$ 158	\$ 421,312	\$ 365,439
Capital Assets	802,912	818,012	39	47	802,951	818,059
<b>Total Assets</b>	<b>1,223,847</b>	<b>1,183,293</b>	<b>416</b>	<b>205</b>	<b>1,224,263</b>	<b>1,183,498</b>
<b>Deferred Outflows of Resources</b>	<b>135,665</b>	<b>167,404</b>	<b>1,279</b>	<b>1,587</b>	<b>136,944</b>	<b>168,991</b>
Long-Term Liabilities	624,239	931,250	2,034	4,865	626,273	936,115
Other Liabilities	89,872	83,507	50	1,105	89,922	84,612
<b>Total Liabilities</b>	<b>714,111</b>	<b>1,014,757</b>	<b>2,084</b>	<b>5,970</b>	<b>716,195</b>	<b>1,020,727</b>
<b>Deferred Inflows of Resources</b>	<b>237,541</b>	<b>21,404</b>	<b>2,400</b>	<b>216</b>	<b>239,941</b>	<b>21,620</b>
Net Position:						
Net Investment in Capital Assets	450,531	442,355	39	47	450,570	442,402
Restricted	246,497	185,577	-	-	246,497	185,577
Unrestricted (Deficit)	(289,168)	(313,396)	(2,828)	(4,441)	(291,996)	(317,837)
<b>Total Net Position</b>	<b>\$ 407,860</b>	<b>\$ 314,536</b>	<b>\$ (2,789)</b>	<b>\$ (4,394)</b>	<b>\$ 405,071</b>	<b>\$ 310,142</b>

Within the District's governmental activities, the assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$407.9 million at the end of the fiscal year. The largest portion of the District's net position, \$450.5 million, reflects its investment in capital assets less any related debt used to acquire those assets. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remainder of net position is comprised of a restricted balance of \$246.5 million, which is externally restricted for specific uses and an unrestricted net position of \$(289.1) million.

Long-term liabilities decreased by \$309.8 million and deferred inflows of resources increased by \$218.3 million as a result of changes in actuarial values of the District's proportionate share of the Florida Retirement System pension plan.

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 (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	6-30-22	6-30-21	6-30-22	6-30-21	6-30-22	6-30-21
Program Revenues:						
Charges for Services	\$ 4,501	\$ 3,537	\$ 7,407	\$ 5,308	\$ 11,908	\$ 8,845
Operating Grants and Contributions	60,501	48,260	-	-	60,501	48,260
Capital Grants and Contributions	2,407	2,744	-	-	2,407	2,744
General Revenues:						
Property Taxes, Levied for Operational Purposes	218,505	209,715	-	-	218,505	209,715
Property Taxes, Levied for Capital Projects	75,331	70,805	-	-	75,331	70,805
Local Sales Taxes	62,092	51,591	-	-	62,092	51,591
Grants and Contributions Not Restricted to Specific Programs	459,310	441,862	-	-	459,310	441,862
Unrestricted Investment Earnings (Loss)	(754)	384	-	-	(754)	384
Sales of Assets	-	127	-	-	-	127
Miscellaneous	25,953	17,282	466	3	26,419	17,285
<b>Total Revenues</b>	<b>907,846</b>	<b>846,307</b>	<b>7,873</b>	<b>5,311</b>	<b>915,719</b>	<b>851,618</b>
Functions/Program Expenses:						
Instruction	419,600	440,026	-	-	419,600	440,026
Student Support Services	28,981	31,587	-	-	28,981	31,587
Instructional Media Services	6,356	7,856	-	-	6,356	7,856
Instruction and Curriculum Development Services	29,304	33,083	-	-	29,304	33,083
Instructional Staff Training Services	4,851	4,829	-	-	4,851	4,829
Instruction-Related Technology	15,420	14,258	-	-	15,420	14,258
Board	1,191	1,691	-	-	1,191	1,691
General Administration	5,990	4,544	-	-	5,990	4,544
School Administration	39,672	44,365	-	-	39,672	44,365
Facilities Acquisition and Construction	39,998	35,952	-	-	39,998	35,952
Fiscal Services	3,629	3,831	-	-	3,629	3,831
Food Services	38,527	34,354	-	-	38,527	34,354
Central Services	15,058	7,643	-	-	15,058	7,643
Student Transportation Services	18,251	20,800	-	-	18,251	20,800
Operation of Plant	57,888	57,699	-	-	57,888	57,699
Maintenance of Plant	16,110	16,342	-	-	16,110	16,342
Administrative Technology Services	4,796	5,652	-	-	4,796	5,652
Community Services	10,064	6,245	-	-	10,064	6,245
Unallocated Interest on Long-Term Debt	14,467	17,142	-	-	14,467	17,142
Unallocated Depreciation Expense	46,668	45,161	-	-	46,668	45,161
Extended Day Program	-	-	3,969	4,984	3,969	4,984
<b>Total Functions/Program Expenses</b>	<b>816,821</b>	<b>833,060</b>	<b>3,969</b>	<b>4,984</b>	<b>820,790</b>	<b>838,044</b>
Excess of Revenues Over Expenses Before Transfers	91,025	13,247	3,904	327	94,929	13,574
Transfers	2,299	799	(2,299)	(799)	-	-
<b>Change in Net Position</b>	<b>93,324</b>	<b>14,046</b>	<b>1,605</b>	<b>(472)</b>	<b>94,929</b>	<b>13,574</b>
Net Position - Beginning	314,536	292,117	(4,394)	(3,922)	310,142	288,195
Adjustment to Beginning Net Position	-	8,373	-	-	-	8,373
Net Position - Beginning, as Restated	314,536	300,490	(4,394)	(3,922)	310,142	296,568
<b>Net Position - Ending</b>	<b>\$407,860</b>	<b>\$314,536</b>	<b>\$(2,789)</b>	<b>\$(4,394)</b>	<b>\$405,071</b>	<b>\$310,142</b>

## Governmental Activities

The District's governmental activities net position increased by \$93.3 million from fiscal year 2020-21. Key components of this increase are as follows:

- Property taxes for all governmental activities increased by \$13.3 million, or 4.7 percent over the previous year. This overall change is due to an increase in tax collections resulting from increases in property values and new construction.
- In November 2020, the citizens of Brevard County approved the referendum to renew the half-cent sales tax surtax to fund capital needs of the District for 6 more years until December 2026. The reported revenues were \$62.1 million in fiscal year 2021-22, an increase of \$10.5 million from the prior year. A change in the State law in 2020 requires sharing of sales surtax revenues collected under the 2020 referendum renewal with charter schools based on proportionate enrollment. Charter schools currently received 10.77 percent of the sales surtax revenues collected since January 2022.
- Impact fee revenue was \$23.6 million, an increase of \$5.1 million from the prior fiscal year.
- The District's State FEFP allocations decreased by \$15.1 million, or 5.7 percent less than the previous year.

## Business-Type Activities

The business-type activities net position increased by \$1.6 million from the 2021-22 fiscal year. Operating income of \$7.9 million for the District's daycare operations, was offset by a transfer of \$2.3 million to the General Fund for the repayment of shortfalls previously incurred in the business activities and funded by the General Fund during prior years. Increase of operating income was largely due to the change of in-person learning environment for students during the 2021-22 school year.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

## Governmental Funds

The District's governmental funds reported a combined fund balance of \$298 million, which is a \$45.7 million increase from last year's combined governmental fund balances of \$252.3 million. The following schedule indicates the fund balances and the total change in fund balances by major fund and other governmental funds (nonmajor) as reported in the basic financial statements for the fiscal years ended June 30, 2022, and 2021.

<b>Fund Balance (in thousands)</b>	2022	2021	Increase (Decrease)	Percentage Change
General Fund	\$ 50,608	\$ 67,610	\$ (17,002)	-25.15%
Capital Projects Funds:				
Local Capital Improvement	41,531	27,896	13,635	48.88%
Local Sales Surtax	105,846	84,155	21,691	25.78%
Impact Fees	53,842	40,513	13,329	32.90%
Other Governmental Funds (nonmajor)	46,188	32,135	14,053	43.73%
	<u>\$ 298,015</u>	<u>\$ 252,309</u>	<u>\$ 45,706</u>	<u>18.12%</u>

Governmental funds fund balances are further classified as nonspendable, restricted, assigned, or unassigned to indicate limitations that affect the availability of fund resources for future use. Detailed information regarding fund balance is included in the notes to the financial statements.

**General Fund**

Fund balance for the General Fund had a net decrease of \$17 million, compared to a net increase of \$8.7 million in the prior year. The tables and data that follow illustrate the financial activities and changes in fund balance for the General Fund:

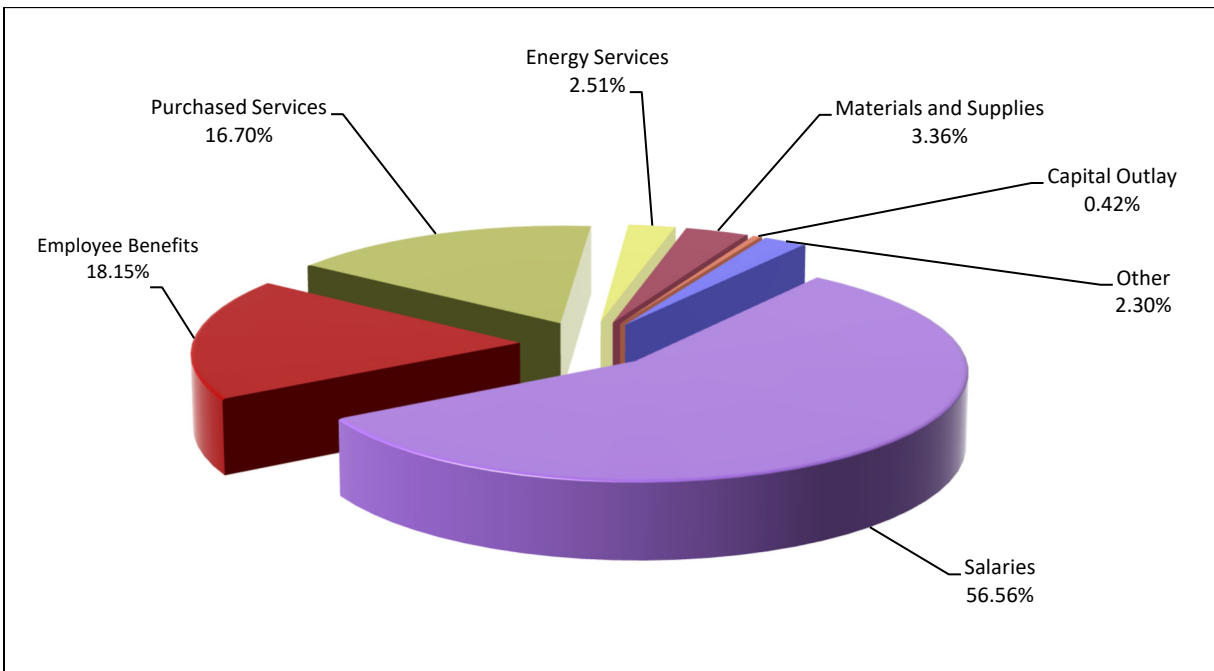
<b>Revenues (in thousands)</b>	<b>2022</b>	<b>2021</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
Taxes	\$ 218,505	\$ 209,715	\$ 8,790	4.19%
Interest Earnings	275	120	155	129.17%
State Revenues	326,418	349,088	(22,670)	-6.49%
Federal Revenues	1,201	4,837	(3,636)	-75.17%
Other Revenues	11,805	11,172	633	5.67%
<b>Total</b>	<b>\$ 558,204</b>	<b>\$ 574,932</b>	<b>\$ (16,728)</b>	<b>-2.91%</b>

General fund property tax revenues increased by \$8.8 million, or 4.2 percent. Other combined revenues decreased overall by \$25.5 million. State revenues was the largest factor of the decrease in other revenues, with a decrease of \$22.7 million. FEFP revenue had a \$15.1 million decrease, which included revenue adjustments for State allocations such as: Workforce Development, Base Student, Virtual Education, Supplemental Academic Instruction, and ESE Guaranteed Allocation.

As the table below illustrates, the largest portions of General Fund expenditures are for salaries and fringe benefits. The District is a service entity and as such is labor intensive.

<b>Expenditures by Object (in thousands)</b>	<b>2022</b>	<b>2021</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
Salaries	\$ 340,875	\$ 338,175	\$ 2,700	0.80%
Employee Benefits	109,399	105,605	3,794	3.59%
Purchased Services	100,635	97,656	2,979	3.05%
Energy Services	15,143	14,351	792	5.52%
Material and Supplies	20,281	13,438	6,843	50.92%
Capital Outlay	2,542	3,897	(1,355)	-34.77%
Other	13,835	9,167	4,668	50.92%
<b>Total</b>	<b>\$ 602,710</b>	<b>\$ 582,289</b>	<b>\$ 20,421</b>	<b>3.51%</b>

**General Fund Expenditures by Object  
Fiscal Year 2021-22**



The increase in labor and fringe benefits of \$6.5 million is primarily the increase in teacher bonus pay, health insurance costs, and retirement costs. Purchased services increased \$3 million, primarily due to an increase in funding amounts distributed to charter schools for capital. Materials and supplies increased by \$6.8 million due to an increase in State adopted textbooks. Increases in energy services and other expenditures, and a decrease in capital outlay account for the remaining increase of \$4.1 million.

***Special Revenue – Federal Education Stabilization Fund***

Revenues for fiscal year 2022 for this fund was a result of additional funding related to the impact on K-12 education from the Coronavirus pandemic through the American Rescue Plan Act. The District’s scheduled allocation through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Act is \$208.5 million, which includes the portion to be shared with the charter schools and the ARP ESSER portion funding goes to fiscal year 2025.

***Debt Service – Other Fund***

The fund balance of the Debt Service – Other Fund had a minimal increase as transfers in along with investment income were paid out for scheduled principal and interest payments on long-term debt.

***Capital Projects – Local Capital Improvement Fund***

The fund balance of the Capital Projects – Local Capital Improvement Fund increased by \$13.6 million, or 48.9 percent. Ad valorem tax revenue increased by \$4.5 million over fiscal year 2020-21 as property values continued to increase in Brevard County with the new construction. Transfers out to the general and debt service funds totaled \$45.3 million for the current year, an increase of \$0.2 million from the prior

year, largely due to impact fees in the Capital Projects – Impact Fees Fund covering a portion of the debt service payments. The majority of the transfers were made to the debt service funds to cover a portion of principal and interest payments on long-term debt.

**Capital Projects – Local Sales Surtax Fund**

Changes in this fund are due primarily to the increase in Local Sales Surtax revenue. In November 2020, the voters approved the renewal of the Sales Surtax for 6 more years. Sales Surtax collections during fiscal year 2022 were \$62.1 million, an increase of \$10.5 million from the prior year.

**Capital Projects – Impact Fees Fund**

Changes in this fund are due primarily to the increase in impact fees collected on new residential construction for fiscal year 2022. Impact Fees for the fiscal year 2022 were \$23.6 million, an increase of \$5.1 million over fiscal year 2021.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District’s budget is prepared in accordance with Florida Statutes and is based on the modified accrual basis of accounting, which is the same basis used to account for actual transactions. The most significant budgeted fund is the General Fund.

The District amends its budget throughout the fiscal year to reflect changes in available revenues and anticipated expenditures. General Fund revenues were originally budgeted at \$555 million and actual revenues were higher than the original budget by \$3.2 million. General Fund expenditures were originally budgeted at \$588.7 million and actual expenditures were higher than the original budget by \$14 million, and \$14.9 million less than the amended budget. The decrease of actual expenditures to amend the budget was a result of some expenditures being paid from ESSER grant funds, which were not reflected in a budget amendment. The amended budget increased expenditures \$29.0 million over the original budget. This increase in expenditures was offset through \$0.9 million increase in other financing uses, \$4.5 million increase in total revenues and a \$21.6 million reduction in the budgeted fund balance. During the fiscal year ended June 30, 2022, all governmental fund types were amended to reflect adjustments to appropriations due to changes in student counts, the addition of new education programs, adherence to policy directives, management initiatives, etc. These amendments were made as part of the routine budget process of the District, none of which were deemed to be significant by management.

**CAPITAL ASSETS AND LONG-TERM DEBT**

**Capital Assets**

The District has \$802.9 million invested in capital assets net of depreciation, with virtually all of it attributed to governmental activities. This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; audio-visual materials and computer software, including those assets held in the Internal Service Fund.

The District placed \$29.7 million in new capital assets into service during fiscal year 2022. The majority of the acquisitions were capital improvements, furniture, computer equipment, and motor vehicles

throughout the District. The District also incurred \$26.4 million on construction and renovation projects that it expects to complete in the next fiscal year. Depreciation of existing assets totaled \$48.7 million, with \$2 million directly charged to the transportation function. The District also retired \$8.5 million of unusable or obsolete furniture, equipment, motor vehicles, and computer software. Detailed information regarding capital asset activity is included in the notes to financial statements.

### **Long-Term Debt**

At June 30, 2022, the District had a total of \$356 million in outstanding long-term debt, comprised of \$0.7 million of outstanding State Board of Education bonds issued on behalf of the District, and \$355.3 million in outstanding certificates of participation.

The portion of all these obligations estimated to be due within one year is \$25.7 million. Detailed information regarding long-term debt activity can be found in the notes to the financial statements.

### OTHER MATTERS OF SIGNIFICANCE

The District adopted millage rates for the 2023 fiscal year in September 2022. The adopted rate for required local effort (RLE) was 3.247 mills, a decrease of 0.355 from the 2021-22 fiscal year. The adopted local levy of 0.748 mills and the capital outlay millage of 1.5 mills are unchanged from the 2021-22 fiscal year. The District also adopted its budget for the 2022-23 fiscal year in September 2022. Budgeted General Fund revenues are \$599.5 million, other financing sources of \$28.5 million, and budgeted expenditures are \$630 million.

The State of Florida and the District continue to experience improvements in the economy. The District has a long-standing practice of conservative spending and diligent monitoring of actual vs. budgeted expenditures. The District will be diligently monitoring the impacts from the pandemic and additional Federal funding effects on the District's budget and will make necessary budget amendments as needed.

### REQUESTS FOR INFORMATION

This annual financial report is designed to provide a general financial overview of the School Board of Brevard County, Florida. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Board of Brevard County, Florida, Attn: Chief Financial Officer, or Director of Accounting Services at 2700 Judge Fran Jamieson Way, Viera, Florida 32940.

# BASIC FINANCIAL STATEMENTS

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

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 218,745,607	\$ 375,066	\$ 219,120,673	\$ 18,822,580
Investments	123,240,819	-	123,240,819	4,111,223
Receivables	857,066	1,607	858,673	321,990
Due from Other Agencies	34,133,004	-	34,133,004	5,302,065
Due from Related Party, Net	-	-	-	127,957
Prepaid Items	5,818,254	-	5,818,254	3,610,091
Inventories	2,562,947	-	2,562,947	342,084
Deposits	-	-	-	283,096
Cash with Fiscal Agent	35,576,994	-	35,576,994	4,618,395
Restricted Cash and Cash Equivalents	-	-	-	6,120,168
Capital Assets:				
Nondepreciable	95,310,659	-	95,310,659	13,142,096
Depreciable, Net	707,601,421	38,859	707,640,280	132,959,195
<b>TOTAL ASSETS</b>	<b>1,223,846,771</b>	<b>415,532</b>	<b>1,224,262,303</b>	<b>189,760,940</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Net Carrying Amount of Debt Refunding	9,343,864	-	9,343,864	2,165,625
Pensions	119,921,528	1,213,508	121,135,036	-
Other Postemployment Benefits	6,400,102	65,051	6,465,153	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>135,665,494</b>	<b>1,278,559</b>	<b>136,944,053</b>	<b>2,165,625</b>
<b>LIABILITIES</b>				
Accounts, Contracts, and Retainage Payable	20,369,410	6,661	20,376,071	1,785,822
Accrued Salaries and Benefits	37,794,189	42,914	37,837,103	3,782,364
Due to Other Agencies	1,626,620	-	1,626,620	351,821
Matured Certificates Payable	21,185,000	-	21,185,000	-
Matured Interest Payable	8,233,305	-	8,233,305	-
Accrued Interest Payable	-	-	-	1,433,342
Unearned Revenue	663,853	-	663,853	6,499
Noncurrent Liabilities:				
Due Within 1 Year	41,005,146	49,480	41,054,626	2,531,444
Due After 1 Year	583,233,750	1,984,898	585,218,648	166,398,560
<b>TOTAL LIABILITIES</b>	<b>714,111,273</b>	<b>2,083,953</b>	<b>716,195,226</b>	<b>176,289,852</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	233,963,157	2,363,265	236,326,422	-
Other Postemployment Benefits	3,577,370	36,282	3,613,652	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>237,540,527</b>	<b>2,399,547</b>	<b>239,940,074</b>	<b>-</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	450,531,500	38,859	450,570,359	(9,271,619)
Restricted for:				
State Required Carryover Programs	10,693,597	-	10,693,597	-
Food Service	24,669,701	-	24,669,701	190,792
Debt Service	13,008	-	13,008	9,253,588
Capital Projects	211,120,654	-	211,120,654	1,612,800
Other Purposes	-	-	-	7,108,952
Unrestricted (Deficit)	(289,167,995)	(2,828,268)	(291,996,263)	6,742,200
<b>TOTAL NET POSITION</b>	<b>\$ 407,860,465</b>	<b>\$ (2,789,409)</b>	<b>\$ 405,071,056</b>	<b>\$ 15,636,713</b>

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

**Brevard 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	\$ 419,600,036	\$ 132,826	\$ -	\$ -
Student Support Services	28,981,254	-	-	-
Instructional Media Services	6,355,796	-	-	-
Instruction and Curriculum Development Services	29,303,741	-	-	-
Instructional Staff Training Services	4,851,460	-	-	-
Instruction-Related Technology Board	15,419,493	-	-	-
General Administration	1,190,765	-	-	-
School Administration	5,990,474	-	-	-
Facilities Acquisition and Construction	39,672,306	-	-	-
Fiscal Services	39,997,479	-	-	2,407,301
Food Services	3,629,066	-	-	-
Central Services	38,526,559	4,368,517	49,518,626	-
Student Transportation Services	15,058,354	-	-	-
Operation of Plant	18,250,834	-	10,982,111	-
Maintenance of Plant	57,888,343	-	-	-
Administrative Technology Services	16,110,380	-	-	-
Community Services	4,795,527	-	-	-
Unallocated Interest on Long-Term Debt	10,064,362	-	-	-
Unallocated Depreciation Expense*	14,466,975	-	-	-
	46,668,258	-	-	-
<b>Total Governmental Activities</b>	<u>816,821,462</u>	<u>4,501,343</u>	<u>60,500,737</u>	<u>2,407,301</u>
<b>Business-Type Activities:</b>				
Extended Day Program	3,968,934	7,407,156	-	-
<b>Total Primary Government</b>	<u>\$ 820,790,396</u>	<u>\$ 11,908,499</u>	<u>\$ 60,500,737</u>	<u>\$ 2,407,301</u>
<b>Component Units</b>				
Total Nonmajor Component Units	<u>\$ 91,955,279</u>	<u>\$ 2,106,610</u>	<u>\$ 13,019,239</u>	<u>\$ 8,424,513</u>

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

Miscellaneous

Forgiveness of Management Advances

Loss on Investments/Scholarships

Unrestricted Investment Earnings (Loss)

Transfers

**Total General Revenues and Transfers**

**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>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (419,467,210)	\$ -	\$ (419,467,210)	\$ -
(28,981,254)	-	(28,981,254)	-
(6,355,796)	-	(6,355,796)	-
(29,303,741)	-	(29,303,741)	-
(4,851,460)	-	(4,851,460)	-
(15,419,493)	-	(15,419,493)	-
(1,190,765)	-	(1,190,765)	-
(5,990,474)	-	(5,990,474)	-
(39,672,306)	-	(39,672,306)	-
(37,590,178)	-	(37,590,178)	-
(3,629,066)	-	(3,629,066)	-
15,360,584	-	15,360,584	-
(15,058,354)	-	(15,058,354)	-
(7,268,723)	-	(7,268,723)	-
(57,888,343)	-	(57,888,343)	-
(16,110,380)	-	(16,110,380)	-
(4,795,527)	-	(4,795,527)	-
(10,064,362)	-	(10,064,362)	-
(14,466,975)	-	(14,466,975)	-
(46,668,258)	-	(46,668,258)	-
<u>(749,412,081)</u>	<u>-</u>	<u>(749,412,081)</u>	<u>-</u>
-	3,438,222	3,438,222	-
<u>(749,412,081)</u>	<u>3,438,222</u>	<u>(745,973,859)</u>	<u>-</u>
-	-	-	(68,404,917)
218,505,036	-	218,505,036	-
75,331,031	-	75,331,031	-
62,092,267	-	62,092,267	-
459,310,092	-	459,310,092	67,839,561
25,953,517	465,485	26,419,002	4,465,634
-	-	-	140,193
-	-	-	(571,806)
(754,486)	-	(754,486)	-
2,299,000	(2,299,000)	-	-
<u>842,736,457</u>	<u>(1,833,515)</u>	<u>840,902,942</u>	<u>71,873,582</u>
93,324,376	1,604,707	94,929,083	3,468,665
314,536,089	(4,394,116)	310,141,973	9,871,991
-	-	-	2,296,057
<u>314,536,089</u>	<u>(4,394,116)</u>	<u>310,141,973</u>	<u>12,168,048</u>
<u>\$ 407,860,465</u>	<u>\$ (2,789,409)</u>	<u>\$ 405,071,056</u>	<u>\$ 15,636,713</u>

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

	<u>General Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>	<u>Debt Service - Other Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 50,819,434	\$ -	\$ -
Cash with Fiscal Agent	-	-	29,418,308
Investments	18,638,006	-	-
Accounts and Interest Receivable	375,021	-	-
Due from Other Agencies	761,684	13,334,668	-
Due from Budgetary Funds	15,859,960	-	-
Prepaid Items	5,399,867	-	-
Inventories	675,904	-	-
<b>TOTAL ASSETS</b>	<u>\$ 92,529,876</u>	<u>\$ 13,334,668</u>	<u>\$ 29,418,308</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts, Contracts, and Retainage Payable	\$ 5,907,322	\$ 1,717,263	\$ -
Accrued Salaries and Benefits	34,886,063	1,416,700	-
Due to Other Agencies	577,690	641,068	-
Due to Budgetary Funds	-	9,559,637	-
Matured Certificates Payable	-	-	21,185,000
Matured Interest Payable	-	-	8,233,305
Unearned Revenue	37,943	-	-
<b>Total Liabilities</b>	<u>41,409,018</u>	<u>13,334,668</u>	<u>29,418,305</u>
Deferred Inflows of Resources:			
Deferred Revenue - Unavailable	512,442	-	-
Fund balances:			
Nonspendable	6,075,771	-	-
Restricted	10,693,597	-	3
Assigned	13,958,679	-	-
Unassigned	19,880,369	-	-
<b>Total Fund Balances</b>	<u>50,608,416</u>	<u>-</u>	<u>3</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 92,529,876</u>	<u>\$ 13,334,668</u>	<u>\$ 29,418,308</u>

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

<b>Capital Projects - Local Capital Improvement Fund</b>	<b>Capital Projects - Local Sales Surtax Fund</b>	<b>Capital Projects - Impact Fees Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 13,554,140	\$ 75,176,816	\$ 27,860,783	\$ 43,827,776	\$ 211,238,949
-	-	6,145,681	13,005	35,576,994
30,573,334	25,248,268	19,989,510	-	94,449,118
67,609	115,995	44,204	17,080	619,909
41,438	11,849,575	-	8,145,639	34,133,004
-	-	-	-	15,859,960
-	-	-	-	5,399,867
-	-	-	1,887,043	2,562,947
<u>\$ 44,236,521</u>	<u>\$ 112,390,654</u>	<u>\$ 54,040,178</u>	<u>\$ 53,890,543</u>	<u>\$ 399,840,748</u>
\$ 2,705,549	\$ 6,545,037	\$ 198,736	\$ 2,746,565	\$ 19,820,472
-	-	-	1,491,426	37,794,189
-	-	-	407,862	1,626,620
-	-	-	2,430,530	11,990,167
-	-	-	-	21,185,000
-	-	-	-	8,233,305
-	-	-	625,910	663,853
<u>2,705,549</u>	<u>6,545,037</u>	<u>198,736</u>	<u>7,702,293</u>	<u>101,313,606</u>
-	-	-	-	512,442
-	-	-	1,887,043	7,962,814
41,530,972	105,845,617	53,841,442	32,698,286	244,609,917
-	-	-	11,602,921	25,561,600
-	-	-	-	19,880,369
<u>41,530,972</u>	<u>105,845,617</u>	<u>53,841,442</u>	<u>46,188,250</u>	<u>298,014,700</u>
<u>\$ 44,236,521</u>	<u>\$ 112,390,654</u>	<u>\$ 54,040,178</u>	<u>\$ 53,890,543</u>	<u>\$ 399,840,748</u>

**Brevard 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** \$ 298,014,700

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.

Total capital assets not being depreciated	\$	95,310,659	
Total capital assets being depreciated		1,808,465,332	
Total net capital assets presented in internal service funds		(1,201,265)	
Total accumulated depreciation		<u>(1,100,863,911)</u>	801,710,815

The difference between the reacquisition price and the net carrying amount of refunded debt is reported as a deferred outflow of resources in the government-wide statements and amortized over the life of the debt, but is not reported in governmental funds. 9,343,864

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. 14,824,541

Deferred outflows and inflows of resources related to the net pension liability are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.

Deferred Outflows Related to Pensions	\$	119,921,528	
Deferred Inflows Related to Pensions		<u>(233,963,157)</u>	(114,041,629)

Certain revenues are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds statements. 512,442

Deferred outflows and inflows of resources related to the net other postemployment benefits (OPEB) are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.

Deferred Outflows Related to OPEB	\$	6,400,102	
Deferred Inflows Related to OPEB		<u>(3,577,370)</u>	2,822,732

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

Certificates of Participation Payable	\$	(355,287,483)	
Bonds Payable		(701,220)	
Compensated Absences Payable		(41,179,007)	
Total OPEB Liability		(17,301,117)	
Net Pension Liability		<u>(190,858,173)</u>	(605,327,000)

**Total Net Position - Governmental Activities** \$ 407,860,465

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

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**Brevard 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 - Federal Education Stabilization Fund	Debt Service - Other Fund
<b>Revenues</b>			
Local Sources:			
Ad Valorem Taxes	\$ 218,505,036	\$ -	\$ -
Local Sales Taxes	-	-	-
Food Service Sales	-	-	-
Investment Income (Loss)	275,424	-	-
Impact Fees	-	-	-
Other	11,804,451	-	64
Total Local Revenues	<u>230,584,911</u>	<u>-</u>	<u>64</u>
State Sources:			
Florida Education Finance Program	247,370,180	-	-
Workforce Development	3,480,404	-	-
Categorical Programs	74,694,118	-	-
Public Education Capital Outlay	-	-	-
Food Services	-	-	-
Other	873,631	-	-
Total State Sources	<u>326,418,333</u>	<u>-</u>	<u>-</u>
Federal Sources:			
Federal Direct	617,654	-	-
Other Federal Grants	582,901	63,233,305	-
Food Services	-	-	-
Total Federal Sources	<u>1,200,555</u>	<u>63,233,305</u>	<u>-</u>
<b>Total Revenues</b>	<u>558,203,799</u>	<u>63,233,305</u>	<u>64</u>
<b>Expenditures:</b>			
Current - Education:			
Instruction	392,005,046	29,159,012	-
Student Support Services	22,092,585	2,025,463	-
Instructional Media Services	6,634,020	161,079	-
Instruction and Curriculum Development Services	15,182,439	2,769,518	-
Instructional Staff Training Services	1,894,608	202,086	-
Instruction-Related Technology	6,635,047	8,100,425	-
School Board	1,243,647	1,613	-
General Administration	1,382,741	2,680,277	-
School Administration	39,951,573	2,552,115	-
Facilities Acquisition and Construction	11,945,592	30,840	-
Fiscal Services	3,406,962	334,329	-
Food Services	108,172	-	-
Central Services	7,285,634	8,184,422	-
Student Transportation Services	15,924,808	1,097,587	-
Operation of Plant	54,772,338	4,540,878	-
Maintenance of Plant	16,130,874	385,819	-
Administrative Technology Services	4,518,745	278,469	-
Community Services	630,160	162,389	-
Capital Outlay:			
Facilities Acquisition and Construction	77,868	-	-
Other Capital Outlay	887,516	566,984	-
Debt Service:			
Principal	-	-	21,185,000
Interest and Fiscal Charges	-	-	16,502,860
<b>Total Expenditures</b>	<u>602,710,375</u>	<u>63,233,305</u>	<u>37,687,860</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(44,506,576)</u>	<u>-</u>	<u>(37,687,796)</u>
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	-	-	-
Transfers In	30,299,100	-	37,687,798
Transfers Out	(2,800,728)	-	-
Loss Recoveries	6,240	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>27,504,612</u>	<u>-</u>	<u>37,687,798</u>
<b>Net Change in Fund Balances</b>	<u>(17,001,964)</u>	<u>-</u>	<u>2</u>
Fund Balances, Beginning	67,610,380	-	1
<b>Fund Balances, Ending</b>	<u>\$ 50,608,416</u>	<u>\$ -</u>	<u>\$ 3</u>

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

Capital Projects - Local Capital Improvement Fund	Capital Projects - Local Sales Surtax Fund	Capital Projects - Impact Fees Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 75,331,031	\$ -	\$ -	\$ -	\$ 293,836,067
-	62,092,267	-	-	62,092,267
-	-	-	4,368,517	4,368,517
-	(145,299)	57,599	-	187,724
-	-	23,601,598	-	23,601,598
44,836	16,897	4,692	11,736,459	23,607,399
<u>75,375,867</u>	<u>61,963,865</u>	<u>23,663,889</u>	<u>16,104,976</u>	<u>407,693,572</u>
-	-	-	-	247,370,180
-	-	-	-	3,480,404
-	-	-	-	74,694,118
-	-	-	4,594,110	4,594,110
-	-	-	332,919	332,919
-	-	-	3,708,101	4,581,732
-	-	-	8,635,130	335,053,463
-	-	-	6,431,087	7,048,741
-	-	-	43,469,604	107,285,810
-	-	-	49,185,707	49,185,707
-	-	-	99,086,398	163,520,258
<u>75,375,867</u>	<u>61,963,865</u>	<u>23,663,889</u>	<u>123,826,504</u>	<u>906,267,293</u>
-	-	-	21,907,297	443,071,355
-	-	-	6,731,929	30,849,977
-	-	-	4,710	6,799,809
-	-	-	13,491,817	31,443,774
-	-	-	3,006,547	5,103,241
-	-	-	1,272,659	16,008,131
-	-	-	-	1,245,260
-	-	-	1,989,435	6,052,453
-	-	-	11,349	42,515,037
9,801,334	16,293,233	248,073	1,118,354	39,437,426
-	-	-	43,950	3,785,241
-	-	-	40,311,789	40,419,961
-	-	-	61,729	15,531,785
-	-	-	69,791	17,092,186
-	-	-	290,371	59,603,587
-	-	-	19,813	16,536,506
-	-	-	14,564	4,811,778
-	-	-	9,286,462	10,079,011
5,070,908	16,693,492	574,257	4,220,550	26,637,075
1,605,397	969,363	118,427	2,635,841	6,783,528
-	-	-	279,000	21,464,000
-	-	-	40,467	16,543,327
<u>16,477,639</u>	<u>33,956,088</u>	<u>940,757</u>	<u>106,808,424</u>	<u>861,814,448</u>
<u>58,898,228</u>	<u>28,007,777</u>	<u>22,723,132</u>	<u>17,018,080</u>	<u>44,452,845</u>
-	-	-	1,747,395	1,747,395
-	-	-	3,585,394	71,572,292
(45,263,272)	(6,317,047)	(9,394,458)	(8,297,787)	(72,073,292)
-	-	-	-	6,240
<u>(45,263,272)</u>	<u>(6,317,047)</u>	<u>(9,394,458)</u>	<u>(2,964,998)</u>	<u>1,252,635</u>
13,634,956	21,690,730	13,328,674	14,053,082	45,705,480
27,896,016	84,154,887	40,512,768	32,135,168	252,309,220
<u>\$ 41,530,972</u>	<u>\$ 105,845,617</u>	<u>\$ 53,841,442</u>	<u>\$ 46,188,250</u>	<u>\$ 298,014,700</u>

**Brevard 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** \$ 45,705,480

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

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

Capital Outlay - Facilities, Acquisition, and Construction	\$ 26,637,075	
Capital Outlay - Other	6,783,528	
Other Adjustments	161,911	
Less, Depreciation Expense	<u>(48,649,463)</u>	(15,066,949)

In the statement of activities, only the gain or loss on the sale of capital assets are reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the capital assets sold or disposed. (5,907)

Certain issuance costs and premiums for new debt issues are reported when issued as expenditures and other financing sources in the governmental funds, but are deferred and amortized over the term of the debt in the statements of activities.

Deferred Outflow:		
Current Year	\$ 9,343,864	
Prior Year	<u>10,518,395</u>	(1,174,531)
Unamortized Premiums:		
Current Year	\$ (27,169,703)	
Prior Year	<u>(30,420,566)</u>	3,250,863

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 of the repayment of debt principal in the current fiscal year.

Payment of Principal - Certificates of Participation	\$ 21,185,000	
Payment of Principal - Bonds	<u>279,000</u>	21,464,000

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 used in excess of the amount earned in the current fiscal year. 4,036,948

Earned revenues not received within the availability period are reported as unavailable revenues in the governmental funds, but are recorded in as revenue in the government-wide statements. 512,442

In the statement of activities, the cost of other postemployment benefits (OPEB) is a measurement of the amortized unfunded actuarial calculation of deferred inflows and deferred outflows until amounts are actually paid for OPEB. This is the amount of deferred inflows and outflows related to the OPEB activity.

Deferred Outflows Related to OPEB - Current Year	\$ 6,400,102	
Deferred Outflows Related to OPEB - Prior Year	<u>3,882,264</u>	2,517,838
OPEB Liability - Current Year	\$ (17,301,117)	
OPEB Liability - Prior Year	<u>(16,946,793)</u>	(354,324)
Deferred Inflows Related to OPEB - Current Year	\$ (3,577,370)	
Deferred Inflows Related to OPEB - Prior Year	<u>(2,120,805)</u>	(1,456,565)

Contributions to the Florida Retirement System are recorded as expenditures in the funds when paid. In the statement of activities, pension contributions are included in the Plan's actuarial calculation of deferred inflows and deferred outflows until benefits are paid to plan participants. This is the amount of deferred inflows and outflows related to pension activity.

Deferred Outflows Related to Pensions - Current Year	\$ 119,921,528	
Deferred Outflows related to Pensions - Prior Year	<u>153,003,640</u>	(33,082,112)
Pension Liability - Current Year	\$ (190,858,173)	
Pension Liability - Prior Year	<u>(470,699,579)</u>	279,841,406
Deferred Inflows Related to Pensions - Current Year	\$ (233,963,157)	
Deferred Inflows Related to Pensions - Prior Year	<u>(19,282,993)</u>	(214,680,164)

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 internal service funds is reported with governmental activities. 1,815,951

**Change in Net Position - Governmental Activities** **\$ 93,324,376**

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

**Brevard County District School Board**  
**Statement of Net Position – Proprietary Funds**  
**June 30, 2022**

	<b>Enterprise Fund</b>	<b>Internal Service</b>
	<b>Extended Day</b>	<b>Funds</b>
	<b>Program</b>	<b>Funds</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 375,066	\$ 7,506,658
Investments	-	28,791,701
Accounts Receivable	32	174,336
Other Receivables	1,575	62,821
Prepaid Items	-	418,387
<b>Total Current Assets</b>	<b>376,673</b>	<b>36,953,903</b>
Noncurrent Assets:		
Depreciable Capital Assets, Net	38,859	1,201,265
<b>TOTAL ASSETS</b>	<b>415,532</b>	<b>38,155,168</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions	1,213,508	-
Other Postemployment Benefits	65,051	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,278,559</b>	<b>-</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	6,661	548,938
Salaries and Wages Payable	42,914	-
Due to Budgetary Funds	-	3,869,793
Compensated Absences Payable	22,218	-
Estimated Insurance Claims Payable	-	8,769,457
Total OPEB Liability	20,743	-
Net Pension Liability	6,519	-
<b>Total Current Liabilities</b>	<b>99,055</b>	<b>13,188,188</b>
Noncurrent Liabilities:		
Compensated Absences Payable	181,040	-
Estimated Insurance Claims Payable	-	10,142,439
Total OPEB Liability	158,041	-
Net Pension Liability	1,645,817	-
<b>Total Noncurrent Liabilities</b>	<b>1,984,898</b>	<b>10,142,439</b>
<b>TOTAL LIABILITIES</b>	<b>2,083,953</b>	<b>23,330,627</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	2,363,265	-
Other Postemployment Benefits	36,282	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,399,547</b>	<b>-</b>
<b>NET POSITION</b>		
Investment in Capital Assets	38,859	1,201,265
Unrestricted (Deficit)	(2,828,268)	13,623,276
<b>TOTAL NET POSITION</b>	<b>\$ (2,789,409)</b>	<b>\$ 14,824,541</b>

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

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

	<u>Enterprise Fund</u> <u>Extended Day</u> <u>Program</u>	<u>Internal Service</u> <u>Funds</u>
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 7,407,156	\$ -
Premium Revenues	-	75,486,967
Other Operating Revenue	465,485	672
<b>Total Operating Revenues</b>	<u>7,872,641</u>	<u>75,487,639</u>
<b>OPERATING EXPENSES</b>		
Salaries	2,939,300	618,889
Employee Benefits	598,638	183,288
Purchased Services	207,528	1,520,238
Energy Services	-	7,912
Materials and Supplies	139,026	2,890
Capital Outlay	32,823	1,126
Claims Expense	-	73,121,690
Depreciation	8,454	28,546
Other	43,165	-
<b>Total Operating Expenses</b>	<u>3,968,934</u>	<u>75,484,579</u>
<b>Operating Income</b>	<u>3,903,707</u>	<u>3,060</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Loss	-	(987,109)
<b>Income (Loss) Before Transfers</b>	3,903,707	(984,049)
Transfers In	-	2,800,000
Transfers Out	(2,299,000)	-
<b>Change in Net Position</b>	1,604,707	1,815,951
Total Net Position - Beginning	(4,394,116)	13,008,590
<b>Total Net Position - Ending</b>	<u>\$ (2,789,409)</u>	<u>\$ 14,824,541</u>

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

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

	<b>Enterprise Fund Extended Day Program</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Services	\$ 7,411,949	\$ -
Cash Received from Premiums	-	75,474,976
Cash Payments to Suppliers for Goods and Services	(1,432,725)	-
Cash Payments to Employees for Services	(3,888,953)	(898,443)
Cash Payments for Insurance Claims	-	(71,894,223)
Other Receipts	432,662	1,481,802
Other Payments	-	(1,868,379)
<b>Net Cash Provided by Operating Activities</b>	<b>2,522,933</b>	<b>2,295,733</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfer from Other Funds	-	2,800,000
Transfer to Other Funds	(2,299,000)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(2,299,000)</b>	<b>2,800,000</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and Construction of Capital Assets	-	(2,038)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>-</b>	<b>(2,038)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales and Maturity of Investments	-	35,771
Interest Income	-	128,751
<b>Net Cash Provided by Investing Activities</b>	<b>-</b>	<b>164,522</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>223,933</b>	<b>5,258,217</b>
Cash and Cash Equivalents, Beginning	151,133	2,248,441
<b>Cash and Cash Equivalents, Ending</b>	<b>\$ 375,066</b>	<b>\$ 7,506,658</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income	\$ 3,903,707	\$ 3,060
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	8,454	28,546
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:		
Accounts Receivable	6,368	(11,990)
Other Receivables	(1,575)	12,712
Prepaid Items	-	(418,387)
Accrued Salaries and Benefits	(12,286)	(96,266)
Accounts Payable	(1,043,006)	68,789
Compensated Absences Payable	(7,558)	-
Due to Budgetary Funds	-	1,481,802
Estimated Insurance Claims Payable	-	1,227,467
Net Pension Liability	(2,826,681)	-
Total OPEB Liability	3,578	-
Deferred Outflows of Resources Related to OPEB	(25,432)	-
Deferred Inflows of Resources Related to OPEB	14,713	-
Deferred Outflows of Resources Related to Pensions	334,164	-
Deferred Inflows of Resources Related to Pensions	2,168,487	-
<b>Total Adjustments</b>	<b>(1,380,774)</b>	<b>2,292,673</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 2,522,933</b>	<b>\$ 2,295,733</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. Reporting Entity**

The Brevard 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 Brevard County School District (District) is 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 composed of five elected members. The appointed Superintendent of Schools is the executive officer of the District. The general operating authority of the Board and the Superintendent is contained in Chapters 1000 through 1013, Florida Statutes. Geographic boundaries of the District correspond with those of Brevard County.

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

**Blended Component Unit.** The Brevard County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate the financing and refinancing 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 Brevard Schools Foundation, Inc. (Foundation) and the District's charter schools for the fiscal year ending June 30, 2022.

The Foundation is a separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes. Its purpose is to receive, hold, invest, and administer property and to make expenditures to and for the benefit of students in public kindergarten through twelfth grade at Brevard Public Schools. The Foundation's Board of Directors are approved by the District School Board. The Foundation is considered a component unit due to the nature and significance of its relationship with the District and the financial accountability of the Board appointment.

The District's charter schools are not-for-profit corporations organized and operating as charter schools under Section 1002.33, Florida Statutes. Charter schools operate under a charter which is approved by the District School Board as a sponsor. The FDOE has determined that charter schools should be reported as component units of the District, as they are dependent on the District School Board for their tax levy, which is a major source of their revenue. There is also a potential for charter schools to provide specific financial benefits or impose specific financial burdens on the District.

The financial data reported on the accompanying statements was derived from the audited financial statement of the Foundation and charter schools for the fiscal year ended June 30, 2022. The audit reports are filed in the District's administrative offices located at 2700 Judge Fran Jamieson Way, Viera, Florida 32940.

During the fiscal year ending June 30, 2022, there were 12 charter schools under the sponsorship of the School Board of Brevard County and reported as component units of the District. The schools are listed below:

- Brevard Innovative Charter Schools, Inc. d/b/a Sculptor Charter School
- Educational Horizons, Inc.
- Emma Jewel Charter Academy, Inc.
- Milestones Community School, Inc., d/b/a Imagine Schools at West Melbourne
- Odyssey Charter School, Inc. d/b/a Odyssey Charter School
- Odyssey Charter School, Inc. d/b/a Odyssey Preparatory Academy
- Palm Bay Academy, Inc.
- Pineapple Cove Classical Academy, Inc.
- Pineapple Cove Classical Academy at West Melbourne, Inc.
- Pinecrest Academy Space Coast
- Royal Palm Charter School, Inc.
- Viera Charter Schools, Inc. d/b/a Viera Charter School

## **B. Measurement Focus, Basis of Presentation, and Financial Statement Presentation**

**Government-wide Financial Statements** – Government-wide financial statements include the statements of net position and the statement of activities, and present information about the District as a whole. These statements include the financial activity of the primary government, which distinguish between governmental activities and business-type activities of the District. The governmental activities column presents data from governmental funds and internal service funds, while business-type activities present data from the District's enterprise fund.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities and for the business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the District's Transportation Department is allocated to the student

transportation services function, while remaining depreciation expense is not associated with a particular function and is reported as unallocated.

Programs revenues include charges paid by the recipient of the goods and services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental fund and the business-type activity is self-financing or draws from the general revenues of the District.

The District eliminates, from the statement of net position and the statement of activities, most interfund receivables and payables and transfers between funds to minimize the effect of duplication. The effect of interfund activities has been eliminated from the government-wide statements, except for interfund services provided and used.

**Fund Financial Statements** – Fund financial statements report detailed information about the District in the governmental, proprietary, and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and reported in a single column. Internal service funds are combined, and the totals are presented in a single column on the face of the proprietary funds' financial statements.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the statement of net position. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

All proprietary funds are based on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary funds' operating statements present increases (revenues) and decreases (expenses) in net position and use the accrual basis of accounting.

Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, reconciliations are presented with each of the governmental fund financial statements.

The District reports the following major governmental funds:

- **General Fund** – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes. The General Fund is the primary operating fund.
- **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.
- **Debt Service – Other Fund** – to account for the accumulation of resources for, and the payment of, principal, interest, and related costs for the District's certificates of participation.

- 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, debt service payments for certificates of participation, equipment purchases, costs of leasing portable educational facilities, maintenance of existing District schools, and renovation and remodeling projects.
- Capital Projects – Local Sales Surtax Fund – to account for the financial resources generated by the local sales surtax levied by the District for critical education capital outlay needs, such as security, technology, and existing facilities renovation and remodeling projects.
- Capital Projects – Impact Fees Fund – to account for the capital projects financed with the District's impact fees.

The District reports the following nonmajor governmental funds:

- Special Revenue – Food Service Fund – to account for the financial resources of the school food services program.
- Special Revenue – Contracted Programs Fund – to account for programs funded by Federal and State sources that are segregated due to legal or regulatory restrictions.
- Special Revenue – School Internal Fund – to account for funds collected at District schools in connection with school, student athletic, class, and club activities.
- Debt Service – SBE/COBI Bonds Fund – to account for payment of debt service for State school bonds issued by the State Board of Education on behalf of the District.
- Capital Projects – Public Education Capital Outlay (PECO) Fund – to account for capital projects financed through the District's allocation of the State Public Education Capital Outlay program.
- Capital Projects – Capital Outlay and Debt Service Fund – to account for capital projects financed through the District's allocation of State Capital Outlay and Debt Service program.
- Capital Projects – Other Capital Projects Fund – to account for the financial resources generated by the miscellaneous capital outlay funding sources, such as fuel tax receipts, and other miscellaneous local sources. Funds are used for capital outlay needs such as new construction, remodel, renovation, and debt service.

Additionally, the District reports the following proprietary fund types:

- Internal Service Funds – to account for the District's individual self-insurance programs, including medical, workers' compensation, and general liability.
- Enterprise Fund – Extended Day Program – to account for business-type activities for extended day care services which are provided by all of the District's elementary schools. This fund is intended to be self-supporting through customer charges.

### **C. Basis of Accounting**

Basis of accounting refers to a method by which revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources.

Government-wide financial statements are prepared using the economic resources method and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. 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 in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the current resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 45 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. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, other postemployment benefits, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Proprietary funds are prepared under the economic resource measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating. Operating revenues and expenses generally result from providing goods and services as a part of normal ongoing operations. The principal operating revenues for the District's internal service funds for self-insurance are health and workers' compensation benefits. The principal operational expenses are insurance claims, personnel, and other administrative costs attributed to the fund.

Enterprise fund operating revenues are charges for extended daycare services. Operating expenses include costs associated with providing daycare services, including salaries, employee benefits, and supplies. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Charter schools are reported as discretely presented component units and follow the same accounting model as the District's governmental activities.

The Foundation is accounted for as a not-for-profit corporation, organized for educational and charitable purposes as described in Section 501(c)(3) of the Internal Revenue Code and follows the standards issued by the Financial Accounting Standards Board. The Foundation allows the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

#### **D. Accounting Pronouncements**

The GASB issued Statement No. 87, *Leases* (GASB 87), effective for fiscal years beginning after June 15, 2021. The primary objective of this Statement is to require recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

GASB 87 will establish a single model of lease accounting based on the principle that leases are financings of the right to use an underlying asset. Refer to Note XX. for the impact of this statement on the District's financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period* (GASB 89), effective for fiscal years beginning after December 15, 2020. The primary objective of the Statement is to improve financial reporting information related to capital assets and the cost of borrowing during a reporting period for both governmental and business-type activities. GASB Statement No. 89 will have no impact on the District's financial statements.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, (GASB 91), effective for fiscal years beginning after December 15, 2021. The primary objective of the Statement is to clarify the existing definitions of conduit debt obligations, establish that conduit debt obligations are not liabilities of the issuer, establish standards for accounting and financial reporting of additional commitments extended by issuers, and to improve related note disclosures. GASB Statement No 91 is expected to have no impact on the District's financial statements.

The GASB issued Statement No. 92, *Omnibus 2020* in January 2020, effective for periods beginning after June 15, 2021, as originally established, however GASB Statement No. 95 allows governments to postpone implementation for one year. This Statement addresses a variety of topics to enhance comparability in accounting and financial reporting and improvement consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The District will address these changes in implementing the applicable statements.

The GASB issued Statement No. 93, *Replacement of Interbank Offered rates* in March 2020, effective for periods beginning after June 15, 2020, June 15, 2021, and December 31, 2021, depending on the paragraph, as originally established, however GASB Statement No. 95 allows governments to postpone implementation for one year. This Statement will address accounting and financial reporting issues and implications that result from the replacement of an interbank offered rates. GASB Statement No. 93 is expected to have no impact on the District's financial statements.

The GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* in March 2020, effective for periods beginning after June 15, 2022. This Statement addresses issues related to public-private and public-public partnership arrangements (PPPs). The statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The District is currently evaluating the impact of this statement on the District's financial statements.

The GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, effective immediately when issued in May 2020. The primary objective is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, or later. The effective dates or certain provisions contained in pronouncements were postponed by

either one year or 18 months. The District incorporated these postponement dates in the GASB stated above.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020, effective for periods beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The District is currently evaluating the impact of this Statement on the District's financial statements.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* in June 2020. This Statement provides guidance regarding the financial reporting of defined contribution pensions plans, defined contribution other postemployment benefit obligations (OPEB) plans, and other employee benefit plans. The Statement will also enhance (1) information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Paragraphs 4 and 5 of the Statement were effective immediately whereas the remaining requirements of this Statement are effective for periods beginning after June 15, 2021. GASB Statement No. 97 is expected to have no impact on the District's financial statements.

## **E. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## **F. Deposits and Investments**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits held in the name of the School Board of Brevard County are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The statement of cash flows considers cash and cash equivalents as amounts included in demand deposits, all highly liquid investments with an original maturity of 3 months or less, cash held by fiscal agents, and amounts held on deposit in money market accounts.

Investments include U.S. Government securities, collateralized repurchase agreements, money market mutual funds, corporate notes, and commercial paper which are carried at fair value based on quoted market prices or an amortized cost that is equally equivalent to fair value. All money market mutual funds are AAA rated by the various rating agencies. Rule 2a-7 of the Investment Company Act of 1940 comprises the rules governing money market funds and includes the Florida Public Assets for Liquidity Management (FL PALM) Investments authorized in Section 163.01, Florida Statutes. The District relies on policies developed by the FL PALM's Board of Trustees for managing interest and credit risk. Investments held at year end are disclosed in a subsequent note.

## G. Receivables and Payables

The District reports lending and borrowing arrangements that are outstanding as of June 30 of each fiscal year as “Due to/Due from other funds.” Residual balances outstanding between the governmental and business-type activities are reported in the government-wide statements. A summary of interfund payable and receivables is shown in a subsequent note.

## H. Prepaid Items and Inventories

Prepaid items are unexpired costs that cover more than one reporting period and represent expenses/expenditures to be consumed in future periods. These items are reported as current assets on the District’s Statement of Net Position in the Government-wide financial statements and will be expended systematically in future periods in which they are used or consumed.

Inventories consist of expendable supplies and commodities held for consumption in the course of District operations. The purchased food inventories are stated at cost, determined on the last invoice price, which approximates the first-in, first-out basis. Central warehouse and transportation inventories are stated at weighted-average cost. The United States Department of Agriculture non-processed surplus commodities in the District’s warehouse are stated at fair value at the time of donation to the District’s food service program while processed commodities are valued at fair market value plus processing costs. The costs of inventories are recorded as expenditures when used rather than when purchased.

## I. Capital Assets and Depreciation

Expenditures for capital assets, whether acquired or constructed, are reported in the fund that financed the cost of the asset. Capital assets are reported in the government-wide statement of net position but are not reported in the governmental fund financial statements.

All capital assets are capitalized at cost (or historical cost) and updated for additions and retirements during the year. The District follows a procedure of capitalizing fixed and moveable assets with a cost threshold greater than \$1,000 and a useful life in excess of 1 year. The District does not possess any infrastructure. Donated assets are recorded at acquisition value at the date of donation.

All reported capital assets, with the exception of land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Land	Not Depreciated
Construction in Progress	Not Depreciated
Buildings and Fixed Equipment	15 - 50 years
Improvements Other Than Buildings	15 years
Motor Vehicles	5 - 10 years
Furniture, Fixtures, and Equipment	5 - 10 years
Audio Visual Materials and Computer Software	5 years

## **J. 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 periods and will not be recognized as an outflow of resources in a future period. The District has three items that qualify for reporting in this category. They are deferred amounts on refunding reported in the government-wide statement of net position, deferred amounts on pension liabilities for Florida Retirement System (FRS) and Health Insurance Subsidy (HIS), and deferred amounts for OPEB. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred amount on pension results from the recognition for the District's proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to the pension plan. A deferred amount on OPEB results from differences between expected and actual experience and changes in assumptions that are deferred over a closed period equal to the average of expected remaining service lives of all employees in the OPEB Plan.

In addition to liabilities, the statement of net position and the 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 periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of deferred inflows in the statement of net position; one which arises from the FRS and HIS pensions, and the other type which arises for OPEB. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental funds balance sheet reports unavailable revenues which arise only under the modified accrual basis of accounting. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

## **K. Pensions and OPEB Liabilities**

In the government-wide statements, net pension liability represents the District's proportionate share of the combined net pension liability of the State-administered, multiple employer, cost-sharing, defined benefit plans. The plans are two separate defined benefits plans, the FRS Pension Plan and the retiree HIS Program. Changes in the net pension liability will be immediately recognized as pension expense on the statement of activities or reported as deferred outflows of resources and inflows of resources, depending on the nature of the change. For this purpose of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, the fiduciary net position as well as the additions to/deductions from fiduciary net position have been determined on the same basis as reported by the FRS Pension Plan and the HIS Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. The District's retirement plans, and related deferred outflows of resources and inflows of resources are described in a subsequent note.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the net OPEB liability to be measured as the portion of the actuarial present

value of projected benefit payments that are attributed to the past periods of employee service. Changes in the net OPEB liability will be immediately recognized as OPEB expense in the statement of activities or reported as deferred outflows of resources or inflows of resources, depending on the nature of the change. Projected benefits are based on the substantive plan provisions and include the benefits that are in force at the measurement date. For measuring the net OPEB liability, outflows of resources, inflows of resources and pension expense, assumptions used in the OPEB actuarial valuation were the same as those employed in the July 1, 2020, actuarial valuation of the FRS, Defined Benefit Pension Plan. There are currently no invested plan assets held in trust to finance the OPEB obligations. Information about other postemployment benefits is further described in a subsequent note.

#### **L. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the District will compensate the employee for the benefits through paid time off. Sick leave benefits are accrued as a liability using the vesting method.

The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees to whom it is probable that they will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability is derived from Board policy, negotiated agreements, and State law.

The entire compensated absences liability is reported on the government-wide financial statements. For the governmental fund financial statements, only the amount payable to employees who terminated their employment as of the end of the fiscal year is reported. The liability at year end includes salary related payments such as Social Security, Medicare, and Florida Retirement System contributions.

Changes in compensated absences liability for the current year are further described in a subsequent note.

#### **M. 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. Bond premiums and discounts are deferred and amortized over the life of the related debt. In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due and payable. Governmental fund types recognize debt premiums and discounts, and debt issuance costs, during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **N. 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.

## **O. Governmental Funds - Fund Balance Flow Assumptions**

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes a hierarchy for fund balance classifications and the constraints imposed on the use of those resources. The District does not have a written policy regarding the commitment or assignment of fund balances. Amounts included in either committed or assigned fund balance are encumbrances and/or resources that have been authorized by the School Board to be liquidated in a future period. When restricted, assigned, and unassigned funds are available for use, it is the District's procedure to use restricted funds first, then assigned followed by unassigned. Information regarding fund balance reporting is provided in a subsequent note.

## **P. State Revenue Sources**

Revenues from State sources for current operations are primarily derived from the Florida Education Finance Program administered by the Florida Department of Education (Department) 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 Department. The Department 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 the original reporting for a period of five months following the date first reported. Such amendments may impact funding allocations for subsequent years. The Department 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. State Board of Education rules require that revenues earmarked for certain programs can only be expended for the program for which the money is designated and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for those educational programs. The Department 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 unencumbered balance of categorical and earmarked educational program resources. A schedule of revenue from State sources for the current year is presented in a subsequent note.

## **Q. Half-Cent Sales Surtax**

On November 4, 2014, the citizens of Brevard County authorized a half-cent sales surtax to fund the capital needs of the District, under the authority of Section 212.055(6), Florida Statutes. The sales surtax was effective beginning January 2015 and continued through December 2020. In

November 2020, citizens renewed the sales surtax for another 6 years. Revenues will be used to fund critical needs related to security, technology, facility renovations, and remodeling projects.

## **R. District Property Taxes**

The School Board is authorized by State law to levy property taxes for District school operations, capital improvement, and debt service. Property taxes consist of ad valorem taxes on real and personal property within the District. Property values are determined by the Brevard County Property Appraiser, and property taxes are collected by the Brevard County Tax Collector.

The School 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 deemed available, which is generally within 45 days of the fiscal year end. Millages and taxes levied for the current year are presented in a subsequent note.

## **S. Educational Impact Fees**

The District receives educational impact fees subject to an ordinance adopted by the Brevard County Commission on August 10, 2004. The fees are collected by the County for new residential construction and are used for project-related expenditures that increase student capacity such as site acquisition, construction, design, site development, necessary off-site improvements, and equipment for education facilities. Expenditures may also include payments for outstanding principal and interest due to the financing of these construction related expenditures.

## **T. 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.

## II. CASH, CASH EQUIVALENTS, AND INVESTMENTS

### A. Deposits

Florida Statutes authorize the deposit of School Board funds in demand deposits with financial institutions that are approved as qualified public depositories, pursuant to Chapter 280, the *Florida Security for Public Deposits Act*. Under this act, all qualified public depositories are required to pledge eligible collateral and deposit such collateral with the State Treasurer to ensure against losses of public deposits. The District's bank balances of \$79,315,767 are deposited with qualified public depositories as of June 30, 2022. Cash held with a fiscal or service agent includes \$29,418,308 held with U.S. Bank for payments due to certificate of participation holders, \$6,145,681 held by the Office of Brevard County Florida on behalf of the School Board, \$13,005 held by the State Board of Education (SBE) on behalf of the School Board. The District has balances of \$60,512 in petty cash and change funds.

### B. Custodial Credit Risk

Section 218.415(18), Florida Statutes, requires every security purchased on behalf of Brevard School Board to be earmarked and:

- If registered with the issuer or its agents, the securities must be immediately placed for safekeeping with a third-party holder to protect the District's interest in the securities;
- If in book entry form, the security must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in Florida, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or
- If physically issued to the holder, but not registered with the issuer or its agents, the security must be immediately placed in safekeeping in a secured vault.

The District has \$29,418,308 held with U.S. Bank in First American Money Market Funds which is held for payment of principal and interest due to certificate holders on July 1, 2022. These funds are held with a fiscal agent under a trust agreement for certificates of participation.

### C. Foreign Currency Risk

The District investments are denominated in U.S. dollars and, therefore, there is no exposure to foreign currency risk.

### D. Interest Rate Risk

The District has established an investment policy, pursuant to Section 218.415, Florida Statutes. As means of limiting exposure to fair value losses resulting from increases in interest rates, the District's investment policy limits operating funds to maturities of 2 years or less. All other funds shall be managed to provide sufficient liquidity needs for the fund purpose, but in no event shall exceed five and one-half years. The average overall effective duration of the aggregated portfolios is limited to three years.

The District has \$2,931,181 invested in 13 notes that contain embedded options to call the entire security or a portion thereof prior to the original maturity date at the option of the issuer or, depending on market conditions, the issuer may decide to leave the security intact at stated interest rates until final maturity. The call dates of the callable notes range from August 10, 2022, to April 1, 2025.

As of June 30, 2022, The District had the following investments and maturities:

Investments	Totals	Maturities Less Than or Equal to:			Greater Than 2 Years
		6 Months	1 year	2 Years	
US Treasury Bills/Notes	\$ 57,585,860	\$ 28,653,928	\$19,710,670	\$ 5,458,190	\$ 3,763,072
Federal Agencies and Instrumentalities	7,539,808	496,521	1,106,146	5,150,778	786,363
Asset-Backed Securities	4,417,042	-	-	-	4,417,042
Corporate Notes	14,495,894	274,923	4,574,624	4,800,255	4,846,092
Money Market Funds	76,647,688	76,647,688	-	-	-
Commercial Paper	38,507,818	23,864,243	14,643,575	-	-
Municipal Bonds	694,395	223,637	268,419	160,515	41,824
Intergovernmental Investment Pool	63,096,708	63,096,708	-	-	-
<b>Total Investments</b>	<b>\$262,985,213</b>	<b>\$193,257,648</b>	<b>\$40,303,434</b>	<b>\$15,569,738</b>	<b>\$ 13,854,393</b>
<b>Total Cash, Cash Equivalents, and Investments</b>		<b>Totals</b>			
Total Investments	\$262,985,213				
Qualified Public Depositories	79,315,767				
Petty Cash and Change Funds	60,512				
Deposits with Fiscal/Service Agent	35,576,994				
<b>Total</b>	<b>\$377,938,486</b>				
Cash and Cash Equivalents - Statement of Net Position	\$219,120,673				
Deposits with Fiscal/Service Agent	35,576,994				
Investments - Statement of Net Position	123,240,819				
<b>Total</b>	<b>\$377,938,486</b>				

## E. Credit Risk

Section 218.415(17), Florida Statutes, limits investments that can be invested by the District, unless specifically authorized by District policy. Investments authorized by District policy are:

- Direct Obligations of U.S. Treasury;
- U.S. Federal Government Agency Securities;
- U.S. Government Sponsored Entities (GSE)/Federal Instrumentalities;
- Interest Bearing Time Deposits/Savings Accounts, including certificates of deposit;
- Repurchase Agreements fully collateralized at 103 percent of market value, by U.S. Treasuries, U.S. Government Agencies, and U.S. Government Sponsored Agencies/Federal Instrumentalities;
- Commercial paper rated A-1 by Standard and Poor's (S&P) or P-1 by Moody's;
- Corporate Notes/Securities issued or guaranteed by a domestic corporation, financial institution, nonprofit, or other entity rated A- by S&P or A3 by Moody's;
- State and/or Local Government taxable and/or tax-exempt securities (Municipals), rated SP-1/MIG-1, A-/A3 or equivalent;
- Registered Investment companies (money market funds) rates the highest fund rating by all NRSROs who rate the fund (AAAm or equivalent);
- Intergovernmental Investment Pools provided the fund has the highest fund quality and volatility rating category by all NRSROs who rate the fund (AAAm or equivalent);

- Florida Local Government Surplus Trust Funds (Florida PRIME) if the fund has the highest fund rating by all NRSROs who rate the fund (AAAm or equivalent); and,
- Asset-backed Securities rated A-1+/AAA by S&P or P-1/Aaa by Moody's.

## F. Concentration of Credit Risk

The District's investment policy specifies the maximum percentage of the portfolio composition per individual issuer and type of investment as listed below:

Type of Investment	Issuer Limits	Sector Maximum
Direct Obligations of U.S. Treasury	100%	100%
Intergovernmental Investment Pool	50%	75%
Registered Investment Companies	50%	75%
Federal Agency/GSA Securities	40%	75%
Federal Agency/GSE Securities MBS/CMO (1)	40%	25%
Florida PRIME (SBA)	25%	25%
Interest Bearing Time Deposits/Savings Accounts, including Certificates of Deposit	25%	50%
Repurchase Agreements	15%	25%
Asset-Back Securities	5%	25%
Commercial Paper	5%	50%
Corporate Notes	5%	50%
State and/or Local Government Taxable or Tax Exempt Securities	5%	25%

- (1) Issuer limit for Federal agency or government sponsored entity (GSE) and MBS/CMO combined wherein the District holds both types of investments from any one issuer. MBS = Mortgage Backed Securities; CMO = Collateralized Mortgage Obligation

On June 30, 2022, the District had total investments by issuer with credit ratings as outlined below:

Investment	Fair Value	Percent of Investment Balance	Credit Ratings	
			S & P	Moody's
<b>Asset-Backed Securities</b>				
Ally Bank Auto Finance ABS	\$ 183,531	0.07%	AAA	Aaa
American Express ABS	197,875	0.08%	(a)	Aaa
BMW ABS	151,945	0.06%	AAA	Aaa
Capital One ABS	781,491	0.30%	AAA	Aaa
CarMax Auto ABS	354,328	0.13%	AAA	Aaa
CNH Equipment ABS	244,760	0.09%	AAA	Aaa
Discover Card ABS	116,431	0.04%	AAA	Aaa
Ford Credit ABS	202,887	0.08%	AAA	(a)
GM Financial ABS	299,921	0.11%	AAA	Aaa
Harley Davidson ABS	273,113	0.10%	AAA	Aaa
Honda Auto Receivables ABS	330,939	0.13%	AAA	Aaa
Hyundai Auto ABS	384,990	0.15%	AAA	(a)
John Deere Owners ABS	130,317	0.05%	(a)	Aaa
Kubota Credit ABS	196,288	0.07%	(a)	Aaa
Mercedes Benz ABS	96,807	0.04%	AAA	(a)
Toyota Auto Receivables ABS	328,213	0.12%	AAA	Aaa
Toyota Lease Owners ABS	38,538	0.01%	(a)	Aaa
World Omni Auto ABS	104,668	0.04%	AAA	(a)

(Continued)

Investment (Continued)	Fair Value	Percent of Investment Balance	Credit Ratings	
			S & P	Moody's
<b>Commercial Paper</b>				
Bank of Montreal Chicago (a)	14,904,125	5.67%	A-1	P-1
Credit Agricole CIB NY	3,994,431	1.52%	A	Aa
JP Morgan Chase & Co	4,965,687	1.89%	A-1	P-1
Royal Bank of Canada NY (a)	14,643,575	5.57%	AA	Aa
<b>Corporate Notes</b>				
Amazon.com Inc.	398,128	0.15%	AA	A1
American Express Credit	170,265	0.06%	BBB+	A2
American Honda Finance	203,180	0.08%	A-	A3
Apple, Inc.	323,122	0.12%	AA+	Aaa
Bank of America	1,350,523	0.51%	A-	A2
Bank of New York Mellon Corp	423,427	0.16%	A	A1
BMW US Capital	125,581	0.05%	A	A2
Caterpillar Financial Services	1,033,460	0.39%	A	A2
Cintas Corp	64,780	0.02%	A-	A3
Citigroup Inc.	215,279	0.08%	BBB+	A3
Credit Suisse	1,154,648	0.44%	A	A1
Goldman Sachs	215,159	0.08%	BBB+	A2
Home Depot	19,623	0.01%	A	A2
John Deere, Inc.	265,945	0.10%	A	A2
JP Morgan Chase & Co	2,407,684	0.92%	A-	A2
Metropolitan Life	291,861	0.11%	AA-	Aa3
Morgan Stanley	165,424	0.06%	A-	A1
National Rural Utility Coop	96,880	0.04%	A-	A2
Nestle Holdings	283,152	0.11%	AA-	Aa3
New York Life	306,839	0.12%	AA+	Aaa
Northern Trust Co	274,923	0.10%	A+	A2
Pace Car Final Corp	213,839	0.08%	A+	A1
Pricoa Global Funding	305,230	0.12%	AA-	Aa3
Principal Life	135,446	0.05%	A+	A1
Roche Holdings	390,740	0.15%	AA	Aa3
State Street	172,899	0.07%	A	A1
Target Corp	100,291	0.04%	A	A2
Toyota Motors Credit Corp	1,148,164	0.43%	A+	A1
Truist Bank	1,937,686	0.74%	A	A2
United Health Group	95,183	0.03%	A+	A3
Wells Fargo Bank	206,533	0.08%	BBB+	A1
<b>Federal Agencies &amp; Instrumentalities</b>				
Fannie Mae (FNMA)	1,684,565	0.64%	AA+	Aaa
Federal Home Loan Bank (FHLB)	158,681	0.06%	AA+	Aaa
Freddie Mac (FHLMC)	5,696,562	2.17%	AA+	Aaa
<b>Intergovernmental Investment Pool</b>				
FL PALM	63,096,708	23.99%	AAAm	Aaa-mf
<b>Money Market Funds</b>				
Federated Government Obligations	76,647,688	29.15%	AAAm	Aaa-mf
<b>Municipal Bonds</b>				
Minnesota State	160,515	0.06%	AAA	Aa1
New York State Dorm Authority	41,824	0.02%	AA+	(a)
New York, NY	223,637	0.09%	AA	Aa2
University of CA	268,419	0.10%	AA	Aa2

(Continued)

<u>Investment (Continued)</u>	<u>Fair Value</u>	<u>Percent of Investment Balance</u>	<u>Credit Ratings</u>	
			<u>S &amp; P</u>	<u>Moody's</u>
<b>Obligation of United States Government</b>				
U.S. Treasury Bills/Notes	57,585,860	21.90%	AA+	Aaa
	<u>262,985,213</u>	<u>100.00%</u>		
<b>Cash Deposits:</b>				
Qualified Public Depository	79,315,767			
Petty Cash & Change Funds	60,512			
Fiscal Service/Agent (b)	<u>35,576,994</u>			
	<u>\$377,938,486</u>			

- (a) Not rated
- (b) Funds in Commercial Paper from Bank of Montreal Chicago and Royal Bank of Canada NY were within the policy limits of 5 percent per issuer at the time of purchase.
- (c) Cash with fiscal agents include \$6,145,681 held with Brevard County, Florida that is comingled with other funds in consolidated bank accounts, \$99,444,850 held with US Bank in First American Government Obligations, and \$19,973,458 held with US Bank in First American Treasury Obligations with a weighted average maturity of 23 and 14 days, respectively. Funds held in First American are at a stable NAV of \$1.00 per share, have a credit rating of AAAM and Aaamf by S&P and Moody's, and allow a maximum 7-day redemption of proceeds. These funds invest 100 percent of the total assets in securities that are a direct obligation of the U.S. Government and/or in securities that are backed by the full faith and credit the U.S. Government or collateralized repurchase agreements comprised of such obligations at all times and are not subject to liquidity fees or redemption gates. The participants own a share of the fund and not a share of the underlying assets in the fund; funds totaling \$13,005 held with the State Board of Education and managed by the State Board of Administration.

## G. Fair Value Measurement

In compliance with GASB Statement No. 72, *Fair Value Measurement and Application*, all assets meeting the definition of an investment should be reported using certain valuation techniques and categorized in a hierarchy with the following criteria:

### Hierarchy Levels:

- Level 1 Inputs – quoted prices in active markets for identical assets.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability. These inputs are derived from or corroborated by observable market data through correlation or by other means.
- Level 3 Inputs – unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

The District uses the market approach for fair value measurements using measurement techniques that include matrix pricing, municipal pricing tapes, institutional collateralized mortgage obligations (CMO) pricing, and institutional bond quotes obtained through third party independent pricing services such as IDSI.

As of June 30, 2022, the District has investments in the following levels:

<b>Investments by Fair Value Level</b>	<b>Fair Value</b>	<b>Hierarchy Level</b>	<b>Effective Duration</b>
Asset-Backed Securities	\$ 4,417,042	2	1.68
Commercial Paper	38,507,818	2	0.21
Corporate Notes	14,495,894	2	2.09
Federal Agencies & Instrumentalities	7,539,808	2	1.09
Municipal Bonds	694,395	2	1.59
U.S. Treasury Bills/Notes	57,585,860	2	1.69
<b>Total Investments by Fair Value Level</b>	<b>123,240,817</b>		
<b>Investments Reported at Amortized Cost</b>			
Intergovernmental Investment Pool	63,096,708		
Money Market Funds	76,647,688		
<b>Total Investments Reported at Amortized Cost</b>	<b>139,744,396</b>		
<b>Total Investments</b>	<b>\$ 262,985,213</b>		

In accordance with GASB 72, the investments reported at amortized cost are not assigned a level in the fair value hierarchy. As of June 30, the District had money market funds held in Federated Hermes Government Obligations and an intergovernmental investment pool held with the Florida Public Assets for Liquidity Management (FL PALM) reported at amortized cost.

Money Market funds held with the Federated Hermes Government Obligations maintain a constant net asset value (NAV) of \$1.00 per share on amortized cost. The fund allows a maximum 7-day redemption of proceeds, have no unfunded commitments, have a weighted average maturity of 16 days, and invest primarily in U.S. Treasury and Government Agency securities, repurchase agreements, collateralized by the U.S. Treasury and Government Agency securities. This fund will not institute liquidity fees or redemptions gates on the government money market funds. The fund complies with Rule 2a-7 definition of a government money market fund. The fund's investment objective is to pursue current income consistent with stability of principal and liquidity.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* addressing accounting and financial reporting for certain external investment pools and pool participants. A pool meets the criteria to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria. The specific criteria address:

- How the external investment pool transacts with participants
- Requirements for portfolio maturity, quality, diversification, and liquidity
- Calculation and requirements of a shadow price (amortized cost vs. market value)

FL PALM meets the above criteria and operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Rule 2a-7 allows funds to use amortized cost to maintain a constant NAV of \$1.00 per share. This fund has a weighted average maturity of 26 days, allows unlimited daily redemptions and investments with a 1-day minimum holding period, has no restrictions or fees to withdraw from the pool, and has no unfunded commitments. The fund's investment

objective is to earn a high rate of return while preserving principal, providing liquidity, and seeking a stable NAV of \$1.00.

FL PALM has investments in negotiable certificate of deposits, commercial paper, repurchase agreements, bank notes, Federal Agencies, U.S. Treasuries, corporate notes, money market mutual funds, and bank deposits. The investment advisor, on behalf of the fund, determines the net asset value of the shares at the close of each business day and monitors the difference between the amortized cost and market value on a monthly basis (shadow price). Trustees of the fund can suspend the right of withdrawal or postpone the date of payment if the Trustees determine there is an emergency that makes the sale of a portfolio's securities or determination of its net asset value not reasonably practical. All underlying securities in the fund have a credit rating of A-1 or better by S&P. The District owns a share of the pool and not a share of the underlying assets in the pool.

### III. DUE FROM OTHER AGENCIES

The schedule below represents amounts owed to the District from other State/Federal sources and other local sources. All amounts are expected to be collected in full.

<u>Funds/Source</u>	<u>Amount</u>
General Fund:	
FEMA - Hurricane Receivable	\$ 543,434
Unremitted Property Taxes - Current Year	121,116
Other - State	44,910
Other - Local	52,224
Special Revenue Funds:	
Contracted Programs	5,331,494
Federal Education Stabilization	13,334,668
Food Services	344,431
Capital Projects Funds:	
Local Discretionary Surtax Fund	11,849,575
Unremitted Property Taxes - Current Year	41,438
Capital Outlay & Debt Service	2,365,936
Capital Other	103,778
<b>Total Due From Other Agencies - Governmental Funds</b>	<b><u>\$34,133,004</u></b>

### IV. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the following table:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 36,311,529	\$ -	\$ (5,907)	\$ 36,305,622
Construction in Progress	55,165,532	26,361,804	(22,522,299)	59,005,037
Total Capital Assets Not Being Depreciated	<u>91,477,061</u>	<u>26,361,804</u>	<u>(22,528,206)</u>	<u>95,310,659</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	81,576,409	2,473,689	-	84,050,098
Buildings and Fixed Equipment	1,562,511,925	20,048,610	-	1,582,560,535
Furniture, Fixtures, and Equipment	84,450,013	6,688,605	(3,387,336)	87,751,282
Motor Vehicles	55,535,853	358,765	(4,840,924)	51,053,694
AV Materials and Computer Software	3,132,729	175,377	(258,383)	3,049,723
Total Capital Assets Being Depreciated	<u>1,787,206,929</u>	<u>29,745,046</u>	<u>(8,486,643)</u>	<u>1,808,465,332</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	(68,695,746)	(2,405,566)	-	(71,101,312)
Buildings and Fixed Equipment	(879,557,022)	(36,650,455)	-	(916,207,477)
Furniture, Fixtures, and Equipment	(70,485,459)	(6,701,660)	3,387,336	(73,799,783)
Motor Vehicles	(38,959,122)	(2,801,349)	4,840,924	(36,919,547)
AV Materials and Computer Software	(2,975,196)	(118,979)	258,383	(2,835,792)
Total Accumulated Depreciation	<u>(1,060,672,545)</u>	<u>(48,678,009)</u>	<u>8,486,643</u>	<u>(1,100,863,911)</u>
Total Capital Assets Being Depreciated, Net	<u>726,534,384</u>	<u>(18,932,963)</u>	<u>-</u>	<u>707,601,421</u>
Governmental Activities Capital Assets, Net	<u>\$ 818,011,445</u>	<u>\$ 7,428,841</u>	<u>\$ (22,528,206)</u>	<u>\$ 802,912,080</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
<b>GOVERNMENTAL ACTIVITIES</b>	
Student Transportation Services	\$ 2,009,751
Unallocated	46,668,258
Total Depreciation Expense – Governmental Activities	<u>\$ 48,678,009</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	\$ 154,670	\$ -	\$ -	\$ 154,670
Buildings and Fixed Equipment	48,268	-	-	48,268
Furniture, Fixtures, and Equipment	425,643	-	(11,665)	413,978
Motor Vehicles	13,881	-	-	13,881
AV Materials and Computer Software	11,174	-	-	11,174
Total Capital Assets Being Depreciated	<u>653,636</u>	<u>-</u>	<u>(11,665)</u>	<u>641,971</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	(123,497)	(6,432)	-	(129,929)
Buildings and Fixed Equipment	(36,726)	(296)	-	(37,022)
Furniture, Fixtures, and Equipment	(421,045)	(1,726)	11,665	(411,106)
Motor Vehicles	(13,881)	-	-	(13,881)
AV Materials and Computer Software	(11,174)	-	-	(11,174)
Total Accumulated Depreciation	<u>(606,323)</u>	<u>(8,454)</u>	<u>11,665</u>	<u>(603,112)</u>
Total Capital Assets, Net	<u>\$ 47,313</u>	<u>\$ (8,454)</u>	<u>\$ -</u>	<u>\$ 38,859</u>

## V. ACCRUED LIABILITIES

Accrued liabilities reported at June 30, 2022, were as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Liabilities:			
Accounts Payable	\$ 9,896,908	\$ 6,661	\$ 9,903,569
Contracts Payable	9,405,820	-	9,405,820
Retainage Payable	1,066,682	-	1,066,682
Accrued Salaries and Benefits	37,794,189	42,914	37,837,103
Total Accrued Liabilities	<u>\$ 58,163,599</u>	<u>\$ 49,575</u>	<u>\$ 58,213,174</u>

## VI. CERTIFICATES OF PARTICIPATION

Outstanding certificates of participation at June 30, 2022, are as follows:

<b>Series</b>	<b>Amount Outstanding</b>	<b>Interest Rates (Percent)</b>	<b>Lease Term Maturity</b>	<b>Original Amount</b>
2008A	\$ 56,000,000	5.05	2036	\$ 56,000,000
2013A	69,180,000	3.25 - 5.00	2030	91,320,000
2014	55,605,000	3.25 - 5.00	2030	62,310,000
2015B	9,295,000	5.00	2025	12,095,000
2015C	72,740,000	3.00 - 5.00	2032	88,600,000
2017A	52,425,000	3.00 - 5.00	2032	52,425,000
2017B	12,975,000	2.45	2026	29,960,000
Total Certificates of Participation	<u>\$ 328,220,000</u>			<u>\$ 392,710,000</u>

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

As a condition of the financing arrangements, the District has given ground leases on District property to the Corporation, with rental fees of \$1 per year. The initial terms of the leases end on the earlier of the maturity date or the date on which the certificates are paid in full; however, if lease obligations remain outstanding, the ground leases may be renewed for additional terms as specified in the arrangements. The properties covered by the ground leases are, together with 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 the end of the term, the District may be required to surrender the properties included under the ground lease agreements for the benefit of the securers of the certificates as specified by the arrangement. Payments to bondholders are payable semiannually on July 1 and January 1.

The table below provides the schedule of certificates under lease agreements and their related refunding series of certificates with the outstanding amounts:

<u>Original COP Series</u>	<u>Refunded to Series</u>	<u>Refunded to Series</u>	<u>Outstanding Amount</u>
2002	2007A	2017B	\$ 12,975,000
2004A	2013A		31,065,000
2006A	2013A		38,115,000
2006A	2014		55,605,000
2007B	2015B		9,295,000
2007B	2017A		52,425,000
2007C	2015C		72,740,000
2008A			56,000,000
			<u>\$ 328,220,000</u>

The District properties included in the ground leases under lease purchase arrangements include:

Series 2002 Certificates of Participation

Cambridge Elementary School Addition  
 Cocoa Beach Jr./Sr. High School Addition  
 Columbia Elementary School Addition  
 Discovery Elementary School Addition  
 Edgewood Jr. High School  
 Endeavour Elementary School Addition  
 Gardendale Elementary School Addition  
 Gemini Elementary School Addition  
 Indialantic Elementary School Addition  
 Jupiter Elementary School Addition  
 Lewis Carroll Elementary School Addition  
 Manatee Elementary School  
 McAuliffe Elementary School Addition  
 Mila Elementary School Addition  
 Mims Elementary School Addition  
 Palm Bay Elementary School Addition  
 Palm Bay High School Addition  
 Port Malabar Elementary School Addition  
 Quest Elementary School  
 Riverview Elementary School Addition  
 Tropical Elementary School Addition  
 Turner Elementary School Addition  
 University Park Elementary School Addition  
 West Shore Jr./Sr. High School Addition

Series 2004A Certificates of Participation

Rockledge High School Addition  
 Viera High School

Series 2006A Certificates of Participation

Astronaut High School  
 Cocoa Beach Jr./Sr. High School  
 Coquina Elementary School Addition  
 Imperial States Elementary School Addition  
 Johnson Middle School Addition  
 McNair Middle School Addition  
 Mims Elementary School Addition  
 Palm Bay High School  
 Stevenson Elementary School Addition  
 Sunrise Elementary School  
 Titusville High School  
 Viera High School Addition

Series 2007B Certificates of Participation

Astronaut High School  
 Cocoa Beach Jr./Sr. High School  
 Coquina Elementary School Addition  
 Imperial States Elementary School Addition  
 Johnson Middle School Addition  
 McNair Middle School Addition  
 Mims Elementary School Addition  
 Palm Bay High School  
 Stevenson Elementary School Addition  
 Titusville High School

Series 2007C Certificates of Participation

Bayside High School  
 Cocoa Stadium  
 Melbourne High School  
 Merritt Island High School  
 Rockledge High School  
 Satellite High School  
 West Shore Jr./Sr. High School

Series 2008A Certificates of Participation

Heritage High School

The following table provides a schedule of the District's future minimum lease payments under the lease agreements as of June 30, 2022, for all outstanding certificates of participation:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 37,625,263	\$ 22,140,000	\$ 15,485,263
2024	37,622,950	23,165,000	14,457,950
2025	37,621,300	24,240,000	13,381,300
2026	37,183,068	24,930,000	12,253,068
2027	37,542,375	26,450,000	11,092,375
2028-2032	187,698,987	151,295,000	36,403,987
2033-2036	63,242,205	56,000,000	7,242,205
Total Minimum Lease Payments	438,536,148	328,220,000	110,316,148
Add: Unamortized Premium	27,067,483	27,067,483	-
Total Certificates of Participation	<u>\$ 465,603,631</u>	<u>\$ 355,287,483</u>	<u>\$ 110,316,148</u>

### **Direct Borrowing and Direct Placements**

GASB Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowing and Direct Placements requires the District to disclose information about significant events related to direct placement borrowings, which includes events of default, consequences related to such events and significant subjective acceleration clauses. The District has two private or direct placement financings related to its governmental activities:

- The District entered into a direct financing for its 2008A Series certificates in March 2008. As of June 30, 2022, outstanding 2008A certificates total \$56,000,000. While the certificates were issued as a direct placement with the Purchaser, there were no special considerations provided, in the event of default. The certificates were issued under a Master Trust Agreement which provides for the certificates to be issued as special limited obligations of the School Board that evidence an undivided ownership interest in the basic lease payments, thereby providing no special considerations to the Purchaser of the 2008 series certificates.

<u>Outstanding at Year End</u>	<u>Governmental Activities</u>		
	<u>Total</u>	<u>2008A Principal</u>	<u>Interest</u>
2023	\$ 2,828,000	\$ -	\$ 2,828,000
2024	2,828,000	-	2,828,000
2025	2,828,000	-	2,828,000
2026	2,828,000	-	2,828,000
2027	2,828,000	-	2,828,000
2028-2032	14,140,000	-	14,140,000
2033-2036	63,242,205	56,000,000	7,242,205
Subtotal	91,522,205	56,000,000	35,522,205
Add: Unamortized Premium	3,948,355	3,948,355	-
Total	<u>\$ 95,470,560</u>	<u>\$ 59,948,355</u>	<u>\$ 35,522,205</u>

- The District also entered into a direct financing for its 2017B series certificates in April 2017. As of June 30, 2022, outstanding 2017B certificates total \$12,975,000.

<u>Outstanding at Year End</u>	<b>Governmental Activities</b>		
	<b>Total</b>	<b>2017B Principal</b>	<b>Interest</b>
2023	\$ 3,442,888	\$ 3,125,000	\$ 317,888
2024	3,441,325	3,200,000	241,325
2025	3,447,925	3,285,000	162,925
2026	3,447,442	3,365,000	82,442
Total	<u>\$ 13,779,580</u>	<u>\$ 12,975,000</u>	<u>\$ 804,580</u>

Special considerations are provided to the Purchaser in the following events:

- While the 2017B certificates remain outstanding, and upon the occurrence and continuance of a credit event, the fixed rate shall be adjusted to the default rate until the credit event shall be remedied. The default is the greater of the Series 2017B Purchaser's prime rate plus 4 percent per annum, the Federal funds rate plus 5 percent annum, and 10 percent per annum.
- In the event that the District enters into any credit agreement, purchase agreement, liquidity agreement, or any other agreement or instrument relating to the Certificates, which permits another obligee to accelerate or demand such Certificates to be due prior to their scheduled maturity date, upon the occurrence of an event of default, then the 2017B Purchaser is entitled to such remedy.

## VII. STATE SCHOOL BONDS

State School Bonds are issued by the State Board of Education 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 pledged as security for these bonds. The State Board of Education and the State Board of Administration are responsible for administering the debt service requirements and all compliance regarding issuance and reporting.

The District receives annual financial data from the Florida Department of Education for recording the District's portion of the motor vehicle license revenues and related debt service and other expenditures. Total funding sources received in the current fiscal year are \$310,687, all of which relates to debt service.

Outstanding State Board of Education Bonds are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>	<u>Original Amount</u>
Series 2011-A	\$ 140,000	3.00	2023	\$ 5,375,000
Series 2014-A	263,000	3.00 - 5.00	2025	817,000
Series 2017-A	<u>196,000</u>	5.00	2026	<u>362,000</u>
Total Bonds Payable	<u>\$ 599,000</u>			<u>\$ 6,554,000</u>

The following table provides a schedule of the District's future minimum lease payments for State Board of Education Bonds:

<u>Outstanding at Year End</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 304,850	\$ 279,000	\$ 25,850
2024	163,700	149,000	14,700
2025	123,250	116,000	7,250
2026	57,750	55,000	2,750
Total Minimum Bond Payments	649,550	599,000	50,550
Add: Unamortized Premium	102,220	102,220	-
Total Bonds Payable	<u>\$ 751,770</u>	<u>\$ 701,220</u>	<u>\$ 50,550</u>

## VIII. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2022:

<u>Description</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Due In One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Certificates of Participation Payable	\$ 349,405,000	\$ -	\$ 21,185,000	\$ 328,220,000	\$22,140,000
Plus: Unamortized Net Premium	30,256,136	-	3,188,653	27,067,483	3,188,653
Net Certificate of Participation Payable	<u>379,661,136</u>	<u>-</u>	<u>24,373,653</u>	<u>355,287,483</u>	<u>25,328,653</u>
Bonds Payable	878,000	-	279,000	599,000	279,000
Plus: Unamortized Net Premium	164,430	-	62,210	102,220	60,667
Net Bonds Payable	<u>1,042,430</u>	<u>-</u>	<u>341,210</u>	<u>701,220</u>	<u>339,667</u>
Estimated Insurance Claims Payable	17,684,429	73,121,690	71,894,223	18,911,896	8,769,457
Compensated Absences Payable	45,215,955	26,785,766	30,822,714	41,179,007	3,868,448
Total OPEB Liability	16,946,793	4,351,904	3,997,580	17,301,117	2,053,584
Net Pension Liability	<u>470,699,579</u>	<u>105,709,017</u>	<u>385,550,423</u>	<u>190,858,173</u>	<u>645,337</u>
<b>Total Governmental Activities</b>	<u>\$ 931,250,322</u>	<u>\$ 209,968,377</u>	<u>\$ 516,979,803</u>	<u>\$ 624,238,896</u>	<u>\$ 41,005,146</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Compensated Absences Payable	\$ 210,816	\$ 184,834	\$ 192,392	\$ 203,258	\$ 22,218
Total OPEB Liability	175,206	43,958	40,380	178,784	20,743
Net Pension Liability	<u>4,479,017</u>	<u>1,067,768</u>	<u>3,894,449</u>	<u>1,652,336</u>	<u>6,519</u>
<b>Total Business-Type Activities</b>	<u>\$ 4,865,039</u>	<u>\$ 1,296,560</u>	<u>\$ 4,127,221</u>	<u>\$ 2,034,378</u>	<u>\$ 49,480</u>

For the governmental activities, compensated absences, pensions, and other postemployment benefits are generally liquidated with resources of the General Fund. The estimated insurance claims are liquidated with resources from internal service funds. Compensated absences, pensions, and other postemployment benefits for business-type activities are generally liquidated with resources from the enterprise fund.

## IX. ARBITRAGE PAYABLE

Certain long-term debt obligations are subject to Section 148 of the Internal Revenue Code. The code requires a rebate to the Federal Government for interest earned on tax exempt proceeds if the earnings exceed the interest cost on the related debt. Pursuant to the IRS regulations, the arbitrage liabilities have been calculated for outstanding Certificates of Participation, and the District's liability is zero as of June 30, 2022.

## X. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

<b>Funds</b>	<b>Interfund</b>	
	<b>Receivables</b>	<b>Payables</b>
Major:		
General	\$ 15,859,960	\$ -
Special Revenue:		
Federal Education Stabilization	-	9,559,637
Nonmajor Governmental		
Special Revenue:		
Contracted Programs	-	2,274,225
School Internal Funds	-	156,305
Internal Service Funds	-	3,869,793
<b>Total</b>	<b>\$ 15,859,960</b>	<b>\$ 15,859,960</b>

The interfund receivables/payables at June 30, 2022, are primarily due to the reclassification of cash balances in the District's Master Account in order to cover cash deficits in special revenue and internal service funds. The interfund receivables and payables represent the payments of expenditures paid by one fund for another fund and will be repaid within 12 months after year end.

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

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Major Funds:		
General	\$ 30,299,100	\$ 2,800,728
Debt Service - Other	37,687,798	-
Capital Projects - Local Capital Improvement	-	45,263,272
Capital Projects - Local Sales Surtax	-	6,317,047
Capital Projects - Impact Fees	-	9,394,458
Nonmajor Governmental	3,585,394	8,297,787
Internal Service Funds	2,800,000	-
Enterprise Fund	-	2,299,000
<b>Total</b>	<b>\$ 74,372,292</b>	<b>\$ 74,372,292</b>

The District transferred \$28,174,329 from the Capital Projects – Local Capital Improvement Fund and \$9,394,458 from Capital Projects – Impact Fees Fund and \$119,011 from Capital Projects - Other Capital Projects Fund to the Debt Service – Other Fund to pay principal and interest payments due on certificates of participation. Also, from Capital Projects – Local Capital Improvement Fund, \$5,938,943 was transferred to the General Fund for the property insurance and \$11,150,000 for maintenance costs. The District also transferred to the General Fund \$4,594,110 from Capital Projects – PECO Fund for charter schools, \$6,317,047 from Capital Projects – Local Sales Surtax Fund for charter school portions of sales surtax funds, and \$2,299,000 from the Enterprise Fund for administrative charges. Special Revenue – Food Service transferred \$3,584,666 to Capital Projects – Other Capital Projects Fund to fund additional renovation and maintenance of the District's kitchens. Other transfers to the Capital Projects – Other

Capital Projects Fund was \$728 from the General Fund. The District transferred \$2,800,000 from the General Fund to the Internal Service Fund: \$1,000,000 for health insurance, \$900,000 for workers' compensation, and \$900,000 for auto liability insurance funds.

## XI. SCHEDULE OF REVENUE SOURCES

The following is a schedule of the District's State and Federal revenue for the fiscal year ended June 30, 2022:

<u>State Revenue Sources</u>	<u>Amount</u>
Florida Education Finance Program (FEFP):	
Class Size Reduction	\$ 72,295,296
ESE Guaranteed Allocation	28,526,205
Supplemental Academic Instruction	19,879,285
Transportation	10,939,302
Instructional Materials	6,476,077
Safe Schools	4,533,590
Workforce Development Program	3,480,404
Reading Allocation	3,169,774
Teachers Classroom Supply Assistance	1,371,189
DJJ Supplemental Allocation	60,886
FEFP - All Other	172,413,872
Charter School Capital Outlay	4,594,110
Capital Outlay and Debt Service Withheld for SBE Bonds	2,717,987
Voluntary Prekindergarten Program	2,398,822
Food Service Supplement	332,919
Other:	
Motor Vehicle License Tax	303,353
Sales Tax Distribution	223,250
Miscellaneous	1,337,142
<b>Total</b>	<b><u>\$ 335,053,463</u></b>
<u>Federal Revenue Sources</u>	<u>Amount</u>
Contracted Programs:	
Special Education Cluster (IDEA)	\$ 20,012,683
Title I Grants to Local Educational Agencies	16,306,700
Head Start	5,374,307
Other	8,207,001
Federal Education Stabilization	63,233,305
Food Service Program	49,185,707
Other Federal Funds	1,200,555
<b>Total</b>	<b><u>\$ 163,520,258</u></b>

## XII. PROPERTY TAXES

The following table represents a summary of millages and taxes levied for the fiscal year ended June 30, 2022, based on the District's final Certification of School Taxable Value received from the Brevard County Property Appraiser:

<u>General Fund</u>	<u>Millages</u>	<u>Taxes Levied</u>
Nonvoted School Tax:		
Required Local Effort	3.602	\$ 187,063,745
Basic Discretionary Local Effort	0.748	38,846,108
<b><u>Capital Projects - Local Capital Improvement Fund</u></b>		
Nonvoted Tax:		
Local Capital Improvements	1.500	77,899,950
<b>Total</b>	<u>5.850</u>	<u>\$ 303,809,803</u>

### XIII. RETIREMENT PLANS

#### A. FRS – Defined Benefit Pension Plans

The District follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for reporting the employer’s proportionate share of the net pension liabilities for the FRS and HIS defined benefit pension plans.

##### **General Information Regarding the Florida Retirement System (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 Health Insurance Subsidy (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 share of collective pension expense for fiscal year 2022 was \$8,099,717 with \$164,601 attributed to the FRS Plan and \$7,935,116 attributed to the HIS plan.

## **FRS Pension Plan**

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

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

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

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

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

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
<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>	3.00
<b>Senior Management Service</b>	2.00

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 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
FRS, Senior Management Service	3.00	29.01
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 \$34,345,604 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 \$63,006,193 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 0.83409229 percent, which was an increase of 0.043898283 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized a Plan pension expense of \$164,601. 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	\$ 10,799,362	\$ -
Change of Assumptions	43,111,958	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	219,812,769
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	11,371,157	4,798,106
District FRS Contributions Subsequent to the Measurement Date	34,345,604	-
<b>Total</b>	<u>\$ 99,628,081</u>	<u>\$ 224,610,875</u>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$34,345,604, 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	\$ (28,709,188)
2024	(33,081,234)
2025	(43,785,523)
2026	(55,795,750)
2027	2,043,297
<b>Total</b>	<u>\$ (159,328,398)</u>

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>	<u>100%</u>			
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	\$ 281,767,915	\$ 63,006,193	\$ (119,854,079)

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.

Payables to the Pension Plan. At June 30, 2022, the District reported a payable of \$5,203,256 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2022.

### **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 \$6,157,273 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 \$129,504,316 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 1.055755753 percent, which was a decrease of 0.031047177 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 \$7,935,116. 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	\$ 4,333,541	\$ 54,242
Change of Assumptions	10,176,140	5,335,907
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	135,005	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	704,996	6,325,398
District HIS Contributions Subsequent to the Measurement Date	6,157,273	-
<b>Total</b>	<b>\$ 21,506,955</b>	<b>\$ 11,715,547</b>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$6,157,273, 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	\$ 1,402,620
2024	(688,150)
2025	440,289
2026	1,277,400
2027	1,079,988
Thereafter	121,988
<b>Total</b>	<b>\$ 3,634,135</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:

	<b>1% Decrease (1.16%)</b>	<b>Current Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
District's Proportionate Share of the Net Pension Liability	\$ 149,719,534	\$ 129,504,316	\$ 112,942,466

**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.

**Payables to the Pension Plan.** At June 30, 2022, the District reported a payable of \$670,484 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2022.

**Aggregate Pension Expense.** The aggregate amounts of net pension liabilities for deferred outflows of resources, deferred inflows of resources, and pension expense for the District's defined benefit plan is summarized in the chart below.

<b>Description</b>	<b>Pension Plan</b>	<b>HIS Plan</b>	<b>Total</b>
Ending Net Pension Liability	\$ 63,006,193	\$ 129,504,316	\$ 192,510,509
Deferred Outflows	99,628,081	21,506,955	121,135,036
Deferred Inflows	224,610,875	11,715,547	236,326,422
Pension Expense	164,601	7,935,116	8,099,717

## **B. 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
FRS, Senior Management Service	7.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 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 \$9,634,533 for the fiscal year ended June 30, 2022.

Payables to the Investment Plan. At June 30, 2022, the District reported a payable of \$1,844,828 for employer and employee contributions to the Investment Plan required for the fiscal year ended June 30, 2022.

#### **XIV. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, establishes the standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenses/expenditures for postemployment benefits.

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District, pursuant to Section 112.0801, Florida Statutes. Eligible retirees may choose the Brevard School Board’s medical plan that is available to active employees until Medicare eligible. Dependents of retirees may be covered at the retiree’s option. Prescription drug coverage is extended to retirees and their dependents who are covered on the medical plan. Retirees and their dependents are also eligible to participate in the employer-sponsored vision and dental plans; however, these benefits are fully insured and purchased by the employee/retiree and not considered a postemployment benefit. Retiring employees have an option of participating in the employer-sponsored group life policy; however, the cost is not subsidized by the employer and is not considered a postemployment benefit.

The OPEB Plan does not issue a stand-alone report and is not included in the report of another entity. There are no assets that are accumulated in a trust that meets the criteria in paragraph 4 of the Statement. The following chart contains a summary of participants covered by the Plan as of June 30, 2021.

Inactive Employees or Beneficiaries Currently Receiving Benefits	220
Active Employees	<u>5,936</u>
Total	<u>6,156</u>

Total OPEB Liability. The District’s total OPEB liability of \$17,479,901 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	2.25 percent
Salary Increases	3.4 – 8.2 percent, average, including inflation
Discount Rate	1.92 percent
Healthcare Cost Trend Rates	Trend starting at 6 percent and gradually decreasing to an ultimate trend rate of 3.75 percent

The actuarial cost method is the Individual Entry Age Normal Cost Method with an increasing normal cost pattern consistent with the salary increase assumptions listed in the above table and used in the July 1, 2020, actuarial valuation of the Florida Retirement System.

The discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The municipal bond rate

is 1.92 percent (based on weekly rate closest to but no later than the measurement date of the Fidelity's "20-Year Municipal GO AA index"). The discount rate was 2.45 percent as of the beginning of the measurement year.

Mortality rates are the same as used in the July 1, 2020, actuarial valuation of the Florida Retirement System for Regular Class members (separately for K-12 instructional and non-K-12 instructional), and Senior Management Service Class members. These rates were taken from adjusted Pub-2010 mortality tables published by SOA with generational mortality improvements using scale MP-2018. Adjustments to reference tables are based on the results of a statewide experience study covering the period 2013 through 2018.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2021	\$ 17,121,999
Changes for the year:	
Service Cost	911,985
Interest	415,665
Differences Between Expected and Actual Experience	3,068,212
Changes of Assumptions or Other Inputs	(1,901,863)
Benefit Payments	<u>(2,136,097)</u>
Net Changes	<u>357,902</u>
Balance at June 30, 2022	<u>\$ 17,479,901</u>

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

- The discount rate was changed from 2.45 percent as of the beginning of the measurement period to 1.92 percent as of June 30, 2021.
- The medical claims cost and premiums were updated based on actual premium information provided for the valuation.
- The long-term trend rates of healthcare cost increases were lowered from 3.99 percent to 3.75 percent.

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 (0.92 percent) or 1 percentage point higher (2.92 percent) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(0.92%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(1.92%)</u>	<u>1%</u> <u>Increase</u> <u>(2.92%)</u>
Total OPEB Liability	\$ 18,262,177	\$ 17,479,901	\$ 16,676,686

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower

(5 percent decreasing to 2.75 percent) or 1 percentage point higher (7 percent decreasing to 4.75 percent).

	<b>1% Decrease (5% decreasing to 2.75%)</b>	<b>Healthcare Cost Trend Rate Assumption (6% decreasing to 3.75%)</b>	<b>1% Increase (7% decreasing to 4.75%)</b>
Total OPEB Liability	\$ 16,045,514	\$ 17,479,901	\$ 19,138,549

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 \$ 1,360,236. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 3,925,187	\$ -
Changes of Assumptions or Other Inputs	465,639	3,613,652
Benefits Paid Subsequent to the Measurement Date	2,074,327	-
<b>Total</b>	<b>\$ 6,465,153</b>	<b>\$ 3,613,652</b>

The deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date, totaling \$2,074,327, 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	\$ 32,586
2024	32,586
2025	32,586
2026	32,586
2027	32,586
Thereafter	614,244
<b>Total</b>	<b>\$ 777,174</b>

## XV. COMMITMENTS

The District uses encumbrances accounting for recording purchase order commitments for goods and services and has recorded \$45,319,313 in encumbrances for major funds (General \$2,456,161, Local Capital Improvement \$15,115,458, Local Sales Surtax \$25,715,326, Impact Fees \$2,022,465, and Debt Service – Other \$9,903) and \$6,603,157 in nonmajor funds at June 30, 2022. The District has also recorded the following major construction contract commitments as of June 30, 2022, which may include encumbrances:

<b>Project</b>	<b>Balance Committed</b>
Anderson ES - Structured Cabling	\$ 1,512,485
Astronaut HS - Track Renewal	956,465
Bayside HS - Structural Walkway Renewal	167,130
Central MS - Elevator	158,547
Central Transportation - Facility Renewal	224,154
Cocoa Beach JSHS - Baseball Field & Track	199,963
Cocoa Beach JSHS - Baseball Field & Track	1,080,897
Cocoa Beach JSHS - Roof Renewal	112,401
Cocoa JSHS - Track Resurfacing	158,982
Columbia ES - Electrical Renewal	170,035
Coquina ES - Sanitary Sewer System and Electrical Renewal	453,616
Creel ES - Electrical Renewal	182,769
DeLaura MS - Science Lab Renovations	163,133
Discovery ES - Electrical Renewal	230,747
District School Security	161,226
District-wide - Canopies to Portable Classroom	5,121,031
Eau Gallie HS - Central Energy Plant	451,914
Eau Gallie HS - Locker Room Modifications	243,741
Eau Gallie HS - Track Renewal	130,190
Educational Services Facility - Electrical/HVAC/Building Envelope/Security	3,311,635
Enterprise ES - Pavilions and Raceway Refurbishment	138,958
Gardendale ALC - Electrical Renewal	1,638,323
Golfview ES - Electrical Renewal	576,511
Heritage HS- Mini-Split Relocation HVAC	130,417
Hoover MS - Gymnasium Acoustical Tile Renewal	156,411
Imperial Estates ES - Cooler/Freezer Replacement	100,989
Intercom Renewal (Multiple Sites)	200,438
Jackson MS - Science Lab Renovations	205,316
Johnson MS - Roof Renewal	170,863
Jupiter ES - Electrical Renewal	255,059
Kennedy MS - Electrical Renewal	445,528
Kennedy MS - Science Lab	221,766
Lockmar ES - Facility Renewal	103,161
Madison MS - Science Lab	333,947
McAuliffe ES - Electrical Renewal	229,639
McAuliffe ES - Intercom Renewal	139,165
McNair MS - Electrical Renewal	782,380
Merritt Island HS - Cafeteria Renovation	852,659
Merritt Island HS - Track Renewal	617,968
Mila ES - Facility Renewal	205,436
Mims ES - New Cafetorium Building	6,961,889
Modern Classroom Educational Technology Infrastructure Upgrades	497,081
Palm Bay HS - Elevator	323,377
Palm Bay HS - Fire Academy Lab	341,760
Palm Bay HS - JROTC Indoor Range	316,580
Plant Operations - Building Envelope Renewal	154,303
Port Malabar ES - Intercom Renewal	132,606

(Continued)

<b>Project (Continued)</b>	<b>Balance Committed</b>
Riviera ES - Intercom Renewal	120,892
Riviera ES - Electrical Renewal	262,051
Riviera ES - Structural Pavilion Renewal	273,528
Rockledge HS - Track Renewal	126,500
Roosevelt ES - Gym HVAC	356,530
Satellite HS - Cafeteria Renovations	878,138
Saturn ES - Classroom Renovations	166,851
Stone MS - Electrical Renewal	257,491
Suntree - Pavilions and Raceway	148,196
Suntree ES - Electrical Renewal	270,834
Surfside ES - Classroom AHU Replacement	296,491
Transportation - Vehicle Lift Replacement	243,068
Turner ES - Electrical Renewal	374,345
University Park ES - Electrical Renewal	804,684
Viera HS - Track Renewal	488,009
West Shore JSHS - HVAC Phase II	424,838
<b>Total Commitments</b>	<b>\$ 36,916,037</b>

## **XVI. RISK MANAGEMENT PROGRAMS**

The District is exposed to various casualty risks including workers' compensation related injuries to employees and volunteers, State tort claims (auto and general liability exposures), and allegations of wrongful or intentional acts that result in claims of negligence typically handled in the State court system, but on occasion depending on how the claim is plead may be handled in Federal court jurisdictions. The District utilizes a third-party administrator to adjust or handle all of these claims. In addition to the self-insured portion of these casualty claims, the District procures insurance with high deductibles and/or retentions to reduce the effect of excessive losses for all of these exposures through commercial insurance companies. A list of these exposures and how they are treated can be found below. In the last 3 years, no claim has exceeded the self-insured retention limits as stated in State statute and though no claim exceeded the self-insured limit the District further protects itself by purchasing insurance to protect the District in the event of this type of loss exposure.

In addition to casualty-loss exposure, the District provides employees and their dependents with health insurance through one self-insurance program that includes prescription drug benefits all of which are administered through a single third-party administrator. Under both casualty and healthcare programs, claims are presented to the service agents for processing and payment. The third-party administrator sends the District a monthly invoice to reimburse them for the claims paid during each month of the year as well as to cover their fees charged for providing this service on the District's behalf.

Workers' Compensation: Work related injuries to officers, employees, and official school volunteers' liability claims.

- The first \$1,250,000 of each workers' compensation claim is paid via the Districts self-insurance trust funds. These claims are administered through a third-party administrator, Sedgwick CMS.
- All workers' compensation claims with values in excess of \$1,250,000 are paid via an excess workers' compensation policy purchased through a commercial insurance carrier (Safety National

Casualty Co.). Excess workers' compensation claims remain under the control and of Sedgwick CMS as they handle the claim to its conclusion. For claims whose payments exceed \$1,250,000, Sedgwick CMS will communicate with Safety National Casualty Co. and they request reimbursement of dollars paid in excess. The excess dollars are received by Sedgwick CMS from Safety National Casualty Co. These dollars are then used to offset costs for the continuing excess claim and other claims that incur cost during the month received thereby reducing the reimbursement the District would incur otherwise.

General Liability and Automobile Liability Claims

- The first \$200,000 of any single incident, single individual, or \$300,000 for multiple claims that arise from a single incident are paid via the District's self-insured trust funds. These claims are capped at the above stated figures by State law specifically Section 768.28, Florida Statutes, better known as the State's doctrine of Sovereign Immunity. All of these claims are administered through a third-party administrator, Sedgwick CMS.
- Section 768.28, Florida Statutes, provides for payments in excess of the above stated figures if the Legislature approves a claims bill allowing for such payment. The District also purchases a commercial insurance policy to pay a maximum of \$2,000,000 if any claim should exceed the deductible of \$500,000. The insurance carrier is Safety National Casualty Co.

Errors and Omissions Liability Claims

- The first \$250,000 of each wrongful act is self-insured via the District's self-insured trust funds. Though these claims are not adjusted by Sedgwick CMS this third-party administrator pays the fees associated with claim investigation, legal representation, and claim settlement/payout.
- For claims in excess of \$250,000, the District purchases a commercial insurance policy that will pay up to an annual aggregate of \$2,000,000. The insurance carrier is Safety Specialty Insurance Company.

Self-Insured Health Claims

- The District offers a self-insurance plan covering certain health and prescription drug benefits and utilizes several choices of providers under the plan. Benefits are offered to active employees and their dependents as well as retirees. Under these plans, a portion of the benefits offered is paid by the District and a portion is paid by employees through payroll deduction. Retirees are required to pay the full premium amount for plan coverage at the blended employee premium rate.
- The liability for workers' compensation is \$11,935,069, general liability is \$1,495,504, automobile liability is \$632,023, and medical claims is \$4,849,300 for a total amount of \$18,911,896. The liability amounts were determined based on claims adjusters' evaluation of individual claims and management's evaluation, along with actuarial calculations with respect to the probable number and nature of claims arising from losses that have been incurred but have not been reported.

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

<u>Fiscal Year</u>	<u>Balance July 1</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance June 30</u>
2020-21	\$ 19,442,325	\$ 79,074,780	\$ (80,832,676)	\$ 17,684,429
2021-22	17,684,429	73,121,690	(71,894,223)	18,911,896

Commercially Purchased Insurance

The District is also exposed to various risks that could result in severe financial loss or losses that due to the minimal cost are better treated with commercial insurance. These exposures are related to property

loss, boiler and machinery related losses, employee crime/theft, and under and above ground fuel storage tanks.

#### Property Insurance

- Losses related to fire, earthquake, non-named storms, theft/vandalism, etc., are subject to a deductible of \$100,000 and will pay a maximum loss of \$100,000,000 for any one incident.
- Losses related to named windstorms and flood damage are subject to 2 percent per building replacement value as a deductible. The windstorm deductible is further limited to a maximum loss per storm of \$10,000,000 before insurance pays for the remaining amount of the loss subject to the maximum loss limit for a named windstorm. To trigger insurance coverage the minimum loss deductible of \$500,000 must be met. The policy will pay a maximum of \$85,000,000 toward the District's Named Storm losses.

#### Boiler and Machinery

- Losses related to boiler or machinery failure are subject to a deductible of \$25,000 and will pay up to \$100,000,000 in equipment breakdown and property damage.

#### Employee Theft/Crime

- Losses related to cash theft or mishandling of assets are subject to a \$25,000 deductible and will reimburse the District up to \$2,500,000 in the event of a loss.

#### Under and Above Ground Storage Tanks

- Losses related to diesel and gasoline fuel spills are subject to a varying deductible depending on tank location and will reimburse the District up to \$1,000,000 toward expenses related to the clean-up and recovery.

#### Terrorism Property and General Liability

- Losses of Property and General Liability losses related to an act of terrorism. Property limit of liability is \$50,000,000 per occurrence and in the annual aggregate with a \$10,000 deductible. General limit of liability is \$50,000,000 per occurrence annual aggregate with a \$50,000 deductible.

#### Cyber Liability

- Any act including force or violence, or the threat thereof directed against the District's computer system with a network extortion, standard cyber incident \$1,000,000 maximum single limit, \$1,000,000 maximum policy aggregate limit, subject to a deductible of \$250,000. Coverage is included for third party and first party events such as multimedia liability, security and privacy liability, PCI DDS liability, privacy regulatory defense and penalties, breach event costs, post breach remediation costs, BrandGuard coverage, and system failure, as more specifically detailed in the policy.

#### Student Accident

- Losses if accidental death and dismemberment as well as catastrophic losses sustained by students of the District. Accidental Death & Dismemberment benefit is 365 days from time-period of loss. Catastrophic losses \$100,000 lump sum payment after first 6 months, \$40,000 for 10 years annual payment. Maximum accident medical expense, 10 years after the date of the covered accident, maximum benefit period \$5,000,000 with \$25,000 deductible 2 years from the date of the covered accident deductible incurred period.

During the fiscal year ended June 30, 2022, the District did not experience any significant reductions in insurance coverage nor did any claim settlement as noted in any area above exceed the insurance coverage purchased in each of the last 3 fiscal years.

## XVII. INTERNAL SERVICE FUNDS

The following is a summary of financial information reported in the internal service funds for the fiscal year ended June 30, 2022:

	<u>Total</u>	<u>Medical Insurance</u>	<u>Workers' Compensation</u>	<u>General/Auto Liability</u>
Total Assets	\$ 38,155,168	\$ 19,639,784	\$ 16,335,825	\$ 2,179,559
Liabilities and Net Position:				
Accounts Payable	\$ 548,938	\$ 55,799	\$ 454,893	\$ 38,246
Due to Budgetary Funds	3,869,793	-	3,869,793	-
Estimated Insurance Claims Payable	18,911,896	4,849,300	11,935,069	2,127,527
Total Net Liabilities	<u>23,330,627</u>	<u>4,905,099</u>	<u>16,259,755</u>	<u>2,165,773</u>
Net Position:				
Investment in Capital Assets	1,201,265	1,201,265	-	-
Unrestricted Net Position	13,623,276	13,533,420	76,070	13,786
Total Net Position	<u>14,824,541</u>	<u>14,734,685</u>	<u>76,070</u>	<u>13,786</u>
Total Liabilities and Net Position	<u>\$ 38,155,168</u>	<u>\$ 19,639,784</u>	<u>\$ 16,335,825</u>	<u>\$ 2,179,559</u>
Revenues:				
Premium Contributions	\$ 75,486,967	\$ 70,783,995	\$ 3,802,972	\$ 900,000
Investment Earnings	128,751	59,353	69,398	-
Investment Decrease in Fair Market Value	(1,115,860)	(507,306)	(608,554)	-
Other	672	606	66	-
Total Revenues	74,500,530	70,336,648	3,263,882	900,000
Total Expenses	(75,484,579)	(67,629,461)	(6,381,544)	(1,473,574)
Transfers In	2,800,000	1,000,000	900,000	900,000
Change in Net Position	<u>\$ 1,815,951</u>	<u>\$ 3,707,187</u>	<u>\$ (2,217,662)</u>	<u>\$ 326,426</u>

## XVIII. FUND BALANCE REPORTING

In addition to the nonspendable fund balances, GASB 54 has provided a hierarchy of *spendable* fund balances, based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislature. District restricted fund balances include carryforward revenues resulting from Federal, State, and local laws or contract provisions that would constrain or restrict the use of these funds.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority. The School Board is the highest level of decision-making authority. Fund balances can only be committed by the adoption of a resolution. Likewise, committed fund balances can only be increased or decreased by action (the adoption of another resolution) of the School Board.

- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose. District assigned fund balances are constrained for specific purposes, either by the School Board or the Superintendent.
- **Unassigned:** fund balances of the General Fund that are not constrained for any particular purpose. The General Fund is the only fund that reports a positive unassigned fund balance. Other governmental funds may not report positive unassigned fund balances; however, if other governmental funds other than the General Fund, should incur expenditures that exceed the amounts classified as restricted, committed, or assigned, the fund may report a negative unassigned fund balance in the governmental fund.

The District has classified its fund balance with the following hierarchy:

**Nonspendable:** The District has a total of \$7,962,814 classified as nonspendable which consists of \$2,562,947 for inventories and \$5,399,867 for prepaid items.

**Spendable:** The District has classified the spendable fund balances as *Restricted, Committed, Assigned, and Unassigned* and considers each to have been spent when expenditures are incurred. The District does not have a policy regarding either committed or assigned fund balances. When assigned and unassigned balances are available for use, assigned resources will be used first and the unassigned resources will be used as needed.

- **Restricted for Capital Projects, State Categoricals, Debt Service, and Food Services:** Florida Statutes require that certain revenues be specifically designated for the purposes of capital and debt service requirements, certain designated State categorical spending and other earmarked spending programs, and food services. These funds have been included in the restricted category of fund balance. The restricted fund balances for capital projects, State categoricals, debt service, and food services total \$211,120,654, \$10,693,597, \$13,008, and \$22,782,658, respectively.
- **Committed to Funding Priorities:** The District has set aside no funds for funding priorities in fiscal year 2022.
- **Assigned for School Operations, School Internal Funds, and Capital Projects:** For fiscal year 2022, the assigned fund balance is \$25,561,600, of which \$2,266,369 is for school operations, \$3,249,752 is for encumbrances, \$5,742,558 is for carryforward, \$2,700,000 is for the health insurance trust fund, \$9,180,438 is for school internal funds, and \$2,422,483 is for capital projects not restricted for a particular purpose.
- **Unassigned:** The unassigned fund balance for the General Fund is \$19,880,369, which represents the contingency reserves.

The following is a schedule of fund balances at June 30, 2022:

	General Fund	Debt Service - Other Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Local Sales Surtax Fund	Capital Projects - Impact Fees Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>							
<b>Nonspendable:</b>							
Inventories	\$ 675,904	\$ -	\$ -	\$ -	\$ -	\$ 1,887,043	\$ 2,562,947
Prepaid Items	5,399,867	-	-	-	-	-	5,399,867
<b>Restricted:</b>							
State Required Carryover	10,693,597	-	-	-	-	-	10,693,597
Food Service	-	-	-	-	-	22,782,658	22,782,658
Debt Service	-	3	-	-	-	13,005	13,008
Capital Projects	-	-	41,530,972	105,845,617	53,841,442	9,902,623	211,120,654
<b>Assigned:</b>							
School Operations	2,266,369	-	-	-	-	-	2,266,369
Encumbrances	3,249,752	-	-	-	-	-	3,249,752
Carryforwards	5,742,558	-	-	-	-	-	5,742,558
Health Insurance Trust Fund	2,700,000	-	-	-	-	-	2,700,000
School Internal Funds	-	-	-	-	-	9,180,438	9,180,438
Capital Projects	-	-	-	-	-	2,422,483	2,422,483
<b>Unassigned</b>							
School Board Contingencies	19,880,369	-	-	-	-	-	19,880,369
<b>Total Fund Balances</b>	<b>\$ 50,608,416</b>	<b>\$ 3</b>	<b>\$ 41,530,972</b>	<b>\$ 105,845,617</b>	<b>\$ 53,841,442</b>	<b>\$ 46,188,250</b>	<b>\$ 298,014,700</b>

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The District has inventory and prepaid items that are considered nonspendable. The District has no nonspendable funds related to endowment.

The District has set aside “contingency reserves” per Board Policy 6120, to help sustain the financial stability of the District during times of emergency spending for items such as disaster recovery and revenue shortfalls that could potentially occur after the current year’s budget adoption. Policy 6120 requires at least 3 percent of the current year’s annual estimated General Fund revenues to be reserved for contingency purposes. In the event these reserves are needed, a majority vote of the Board is required before using these funds and the Superintendent is required to provide a financial plan to the Board to restore the funds to the minimum 3 percent amount, along with a timeline for restoration. The contingency funds of \$19,880,369 make up the entirety of the unassigned General Fund balance and equates to 3.56 percent of fiscal year 2022 total General Fund revenues.

## XIX. LITIGATION

The School Board is a defendant in a number of lawsuits as of June 30, 2022. It is the opinion of the District’s management, after giving consideration to the District’s related insurance coverage, as well as the Florida statutory limitations on governmental liability on uninsured risks, that the amount of losses resulting from litigation, which exceeded the above-mentioned, would not be material to the financial position of the District.

## XX. LEASES

The District entered into a contract agreement in March 2020 with a company for the Fiber Wide Area Network. The construction portion of the contract was anticipated to take 18 months to complete, and

construction was substantially completed in July 2022. The connectivity service portion of the agreement starts after the construction and is for 10 years with two 5-year options to renew. The District will be accounting for this right to use agreement as a lease under GASB Statement No. 87 starting in fiscal year ending June 30, 2023. The base monthly payment is \$25,000 over the life of the agreement.

**XXI. COMPONENT UNITS – PRIOR PERIOD ADJUSTMENTS**

The following component units of the District reported an adjustment to beginning net position for governmental activities and are restated in the District’s financial statements for the fiscal year ended June 30, 2022.

**Palm Bay Academy, Inc.** – The beginning net position deficit balance of (\$2,789,038) as previously reported, has been increased by \$201,434 to a restated beginning net position of (\$2,587,604) on the statement of activities to reflect the correction of payroll expense for accruals not being reversed in prior years.

**Pineapple Cove Classical Academy, Inc.** – The beginning net position deficit balance of (\$3,643,034), as previously reported, has been increased by \$604,840 to a restated beginning net position of (\$3,038,194) on the statement of activities, made to record the depreciation expense of \$638,679 offset by the amortization of bond discount of (\$33,839).

**Pineapple Cove Classical Academy at West Melbourne, Inc.** – The beginning net position deficit balance of (\$1,780,897), as previously reported, has been increased by \$259,004 to a restated beginning net position of (\$1,521,893) on the statement of activities due to capitalizable construction interest in the prior year.

**Brevard Schools Foundation, Inc.** – The beginning net position deficit balance of \$5,829,775, as previously reported, has been increased by \$1,230,779 to a restated beginning net position of \$7,060,554 on the statement of activities due to prepaid tuition scholarships being understated.

A summary of the restated net positions follows:

<u>Description</u>	<u>Palm Bay Academy, Inc.</u>	<u>Pineapple Cove Classical Academy, Inc.</u>	<u>Pineapple Cove Classical Academy at West Melbourne, Inc.</u>	<u>Brevard Schools Foundation, Inc.</u>
Beginning Net Position July 1, 2021	\$ (2,789,038)	\$ (3,643,034)	\$ (1,780,897)	\$ 5,829,775
Restatement	201,434	604,840	259,004	1,230,779
Restated Net Position July 1, 2021	<u>\$ (2,587,604)</u>	<u>\$ (3,038,194)</u>	<u>\$ (1,521,893)</u>	<u>\$ 7,060,554</u>

**XXII. SUBSEQUENT EVENTS**

On December 16, 2022, The School Board of Brevard County, as Lessee, pursuant to a Master Educational Series 2022 Facility Lease Purchase Agreement with Brevard County School Board Leasing Corp., as Lessor, obtained financing through Certificates of Participation, Series 2022; with a Line of Credit not to exceed \$30,100,000. At December 16, 2022, an amount of \$120,930 was drawn to cover the costs of issuance. In order to maintain tax exempt status, the balance of the Line of Credit will not dip below \$50,000. There is an interest charge on the outstanding balance and an “unused fee” on the

unused balance. In March 2023, The School Board of Brevard County may renegotiate the “not to exceed” value to a lesser value based on the estimated value of the cost to finance a middle school. It is not expected that the School Board of Brevard County will access this line of credit until the 2023-24 fiscal year, when current funds available for the project will be diminished.

# 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:				
Federal Direct	\$ 694,794	\$ 694,794	\$ 617,654	\$ (77,140)
Other Federal Grants	1,889,592	1,889,592	582,901	(1,306,691)
Total Federal Revenue	<u>2,584,386</u>	<u>2,584,386</u>	<u>1,200,555</u>	<u>(1,383,831)</u>
State:				
Florida Education Finance Program	247,241,992	247,351,593	247,370,180	18,587
Workforce Development	3,478,404	3,478,404	3,480,404	2,000
Categorical Programs	74,390,936	74,835,164	74,694,118	(141,046)
Other	463,731	741,962	873,631	131,669
Total State Revenues	<u>325,575,063</u>	<u>326,407,123</u>	<u>326,418,333</u>	<u>11,210</u>
Local:				
Ad Valorem Taxes	216,085,948	216,085,948	218,505,036	2,419,088
Investment Income (Loss)	278,893	278,894	275,424	(3,470)
Other	10,485,957	14,188,657	11,804,451	(2,384,206)
Total Local Revenues	<u>226,850,798</u>	<u>230,553,499</u>	<u>230,584,911</u>	<u>31,412</u>
<b>Total Revenues</b>	<u>555,010,247</u>	<u>559,545,008</u>	<u>558,203,799</u>	<u>(1,341,209)</u>
<b>Expenditures</b>				
Current - Education:				
Instruction	381,625,591	399,178,175	392,005,046	7,173,129
Student Support Services	20,970,225	21,905,222	22,092,585	(187,363)
Instructional Media Services	6,330,167	6,555,026	6,634,020	(78,994)
Instruction and Curriculum Development Services	14,855,263	15,649,696	15,182,439	467,257
Instructional Staff Training Services	1,825,789	2,779,761	1,894,608	885,153
Instruction-Related Technology	8,531,436	7,290,957	6,635,047	655,910
Board	1,243,136	1,283,441	1,243,647	39,794
General Administration	1,249,995	1,373,936	1,382,741	(8,805)
School Administration	38,773,567	39,195,279	39,951,573	(756,294)
Facilities Acquisition and Construction	9,500,616	9,752,786	11,945,592	(2,192,806)
Fiscal Services	3,485,546	3,498,564	3,406,962	91,602
Food Services	108,190	126,427	108,172	18,255
Central Services	6,143,518	7,551,293	7,285,634	265,659
Student Transportation Services	17,966,272	18,013,587	15,924,808	2,088,779
Operation of Plant	55,656,178	57,156,474	54,772,338	2,384,136
Maintenance of Plant	14,623,911	17,049,826	16,130,874	918,952
Administrative Technology Services	4,488,949	4,473,672	4,518,745	(45,073)
Community Services	170,240	823,003	630,160	192,843
Fixed Capital Outlay:				
Facilities Acquisition and Construction	446,222	1,928,435	77,868	1,850,567
Other Capital Outlay	683,710	2,044,122	887,516	1,156,606
<b>Total Expenditures</b>	<u>588,678,521</u>	<u>617,629,682</u>	<u>602,710,375</u>	<u>14,919,307</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(33,668,274)</u>	<u>(58,084,674)</u>	<u>(44,506,576)</u>	<u>13,578,098</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	27,171,605	28,021,605	30,299,100	2,277,495
Transfers Out	-	(2,800,728)	(2,800,728)	-
Loss Recoveries	-	-	6,240	6,240
<b>Total Other Financing Sources (Uses)</b>	<u>27,171,605</u>	<u>25,220,877</u>	<u>27,504,612</u>	<u>2,283,735</u>
<b>Net Change in Fund Balances</b>	<u>(6,496,669)</u>	<u>(32,863,797)</u>	<u>(17,001,964)</u>	<u>15,861,833</u>
Fund Balances, Beginning	65,674,494	67,610,380	67,610,380	-
<b>Fund Balances, Ending</b>	<u>\$ 59,177,825</u>	<u>\$ 34,746,583</u>	<u>\$ 50,608,416</u>	<u>\$ 15,861,833</u>

**Special Revenue - Federal Education Stabilization Fund**

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -
65,894,181	63,233,305	63,233,305	-
65,894,181	63,233,305	63,233,305	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
65,894,181	63,233,305	63,233,305	-
36,628,696	29,159,012	29,159,012	-
3,870,450	2,025,463	2,025,463	-
-	161,079	161,079	-
1,008,302	2,769,518	2,769,518	-
4,095,493	202,086	202,086	-
4,761,970	8,100,425	8,100,425	-
29,250	1,613	1,613	-
2,482,659	2,680,277	2,680,277	-
2,768,377	2,552,115	2,552,115	-
-	30,840	30,840	-
215,591	334,329	334,329	-
-	-	-	-
4,619,890	8,184,422	8,184,422	-
1,157,856	1,097,587	1,097,587	-
2,518,666	4,540,878	4,540,878	-
-	385,819	385,819	-
586,892	278,469	278,469	-
220,000	162,389	162,389	-
-	-	-	-
55,698	566,984	566,984	-
65,019,790	63,233,305	63,233,305	-
874,391	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
874,391	-	-	-
(874,391)	-	-	-
\$ -	\$ -	\$ -	\$ -

**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	\$ 911,985	\$ 801,266	\$ 841,493	\$ 811,938	\$ 854,258
Interest	415,665	533,219	646,869	647,616	561,206
Differences Between Expected and Actual Experience	3,068,212	-	1,567,375	-	-
Changes of Assumptions or Other Inputs	(1,901,863)	562,647	(2,015,353)	(66,791)	(734,540)
Benefit Payments	<u>(2,136,097)</u>	<u>(2,019,239)</u>	<u>(1,648,178)</u>	<u>(1,840,799)</u>	<u>(1,492,251)</u>
<b>Net Change in Total OPEB Liability</b>	<u>357,902</u>	<u>(122,107)</u>	<u>(607,794)</u>	<u>(448,036)</u>	<u>(811,327)</u>
Total OPEB Liability - Beginning	<u>17,121,999</u>	<u>17,244,106</u>	<u>17,851,900</u>	<u>18,299,936</u>	<u>19,111,263</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 17,479,901</u>	<u>\$ 17,121,999</u>	<u>\$ 17,244,106</u>	<u>\$ 17,851,900</u>	<u>\$ 18,299,936</u>
Covered-Employee Payroll	\$ 294,740,470	\$ 308,270,311	\$ 282,824,077	\$ 275,258,394	\$ 273,228,712
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	5.93%	5.55%	6.10%	6.49%	6.70%

**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	0.889368881%	\$ 153,099,968	\$ 342,183,393	44.74%	88.54%
2014	0.876490442%	53,295,762	334,805,743	15.92%	96.09%
2015	0.873903029%	112,876,297	342,344,742	32.97%	92.00%
2016	0.849038350%	214,382,850	358,930,491	59.73%	84.88%
2017	0.830993172%	245,802,205	360,321,185	68.22%	83.89%
2018	0.820142493%	247,031,172	363,166,019	68.02%	84.26%
2019	0.789852551%	272,014,222	362,793,286	74.98%	82.61%
2020	0.790194007%	342,481,728	377,336,293	90.76%	78.85%
2021	0.834092290%	63,006,193	373,836,319	16.85%	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	\$ 19,133,147	\$ (19,133,147)	\$ -	\$ 334,805,743	5.71%
2015	21,306,498	(21,306,498)	-	342,344,742	6.22%
2016	20,705,154	(20,705,154)	-	358,930,491	5.77%
2017	21,632,798	(21,632,798)	-	360,321,185	6.00%
2018	23,373,402	(23,373,402)	-	363,166,019	6.44%
2019	24,491,128	(24,491,128)	-	362,793,286	6.75%
2020	26,254,645	(26,254,645)	-	377,336,293	6.96%
2021	31,775,313	(31,775,313)	-	373,836,319	8.50%
2022	34,345,604	(34,345,604)	-	371,002,550	9.26%

(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)**

<b>Fiscal Year Ending June 30</b>	<b>District's Proportion of the HIS Net Pension Liability</b>	<b>District's Proportionate Share of the HIS Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2013	1.177649683%	\$ 102,529,889	\$ 342,183,393	29.96%	1.78%
2014	1.126860263%	105,364,184	334,805,743	31.47%	0.99%
2015	1.128125564%	115,051,062	342,344,742	33.61%	0.50%
2016	1.161730818%	135,394,914	358,930,491	37.72%	0.97%
2017	1.129495875%	120,770,910	360,321,185	33.52%	1.64%
2018	1.111687614%	117,662,267	363,166,019	32.40%	2.15%
2019	1.084522471%	121,347,212	362,793,286	33.45%	2.63%
2020	1.086802930%	132,696,868	377,336,293	35.17%	3.00%
2021	1.055755753%	129,504,316	373,836,319	34.64%	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)**

<b>Fiscal Year Ending June 30</b>	<b>Contractually Required HIS Contribution</b>	<b>HIS Contributions in Relation to the Contractually Required Contribution</b>	<b>HIS Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>HIS Contributions as a Percentage of Covered Payroll</b>
2014	\$ 3,860,244	\$ (3,860,244)	\$ -	\$ 334,805,743	1.15%
2015	4,312,398	(4,312,398)	-	342,344,742	1.26%
2016	5,954,611	(5,954,611)	-	358,930,491	1.66%
2017	5,977,618	(5,977,618)	-	360,321,185	1.66%
2018	6,028,710	(6,028,710)	-	363,166,019	1.66%
2019	6,022,248	(6,022,248)	-	362,793,286	1.66%
2020	6,262,736	(6,262,736)	-	377,336,293	1.66%
2021	6,205,741	(6,205,741)	-	373,836,319	1.66%
2022	6,157,273	(6,157,273)	-	371,002,550	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 year's appropriations.

## 2. Excess of Expenditures Over Appropriations in the General Fund

For the fiscal year ended June 30, 2022, expenditures exceeded appropriations by function for the General Fund as follows:

Fund/Activity	Expenditures		
	Budget	Actual	Variance
General:			
Current - Education:			
Student Support Services	\$ 21,905,222	\$ 22,092,585	\$ (187,363)
Instructional Media Services	6,555,026	6,634,020	(78,994)
General Administration	1,373,936	1,382,741	(8,805)
School Administration	39,195,279	39,951,573	(756,294)
Facilities Acquisition and Construction	9,752,786	11,945,592	(2,192,806)
Administrative Technology Services	4,473,672	4,518,745	(45,073)

The District will implement new procedures, including a detailed year-end review of the budget-to-actual expenditures, to detect and prevent budgetary overexpenditures going forward.

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

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. For the 2021-22 fiscal year, changes to assumptions are discussed below:

- The discount rate was changed from 2.45 percent as of the beginning of the measurement period to 1.92 percent as of June 30, 2021.
- The medical claims cost and premiums were updated based on actual premium information provided for the valuation.

- The long-term trend rates of healthcare cost increases were lowered from 3.99 percent to 3.75 percent.

#### **4. 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.

#### **5. 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.

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# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## Brevard 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	Amounts 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:				
School Breakfast Program	10.553	21002, 22002	\$ -	\$ 8,467,003
National School Lunch Program	10.555	21001, 22001, 22003	-	33,429,785
Fresh Fruit and Vegetable Program	10.582	21004, 22004	-	195,500
Summer Food Service Program for Children	10.559	22006, 22007	-	1,124,527
<b>Total Child Nutrition Cluster</b>			-	43,216,815
<b>Special Education Cluster</b>				
United States Department of Education:				
Florida Department of Education:				
Special Education - Grants to States	84.027	263	103,090	18,770,337
COVID-19 Special Education - Grants to States	COVID-19, 84.027	263	-	164,912
<b>Total Special Education - Grants to States</b>	84.027		103,090	18,935,249
Florida Department of Education:				
Special Education - Preschool Grants	84.173	267	-	892,374
COVID-19 Special Education - Preschool Grants	COVID-19, 84.173	267	-	10,758
<b>Total Special Education - Preschool Grants</b>	84.173		-	903,132
<b>Total Special Education Cluster</b>			103,090	19,838,381
<b>Head Start Cluster</b>				
United States Department of Health and Human Services:				
Head Start	93.600	N/A	-	5,193,454
COVID-19 Head Start	COVID-19, 93.600	N/A	-	180,853
<b>Total Head Start Cluster</b>			-	5,374,307
<b>Not Clustered</b>				
<b>United States Department of Agriculture</b>				
Florida Department of Health:				
Child and Adult Care Food Program	10.558	A-4383, S-4279	-	5,963,078
Florida Department of Agriculture and Consumer Services:				
Pandemic EBT Administrative Costs	COVID-19, 10.649	21015	-	5,814
<b>Total United States Department of Agriculture</b>			-	5,968,892
<b>United States Department of Defense</b>				
Army Junior Reserve Officers Training Corps	12.UNK	N/A	-	533,149
Air Force Junior Reserve Officers Training Corps	12.UNK	N/A	-	280,419
Navy Junior Reserve Officers Training Corps	12.UNK	N/A	-	164,732
Marine Junior Reserve Officers Training Corps	12.UNK	N/A	-	78,480
<b>Total United States Department of Defense</b>			-	1,056,780
<b>United States Department of Treasury</b>				
Brevard County Board of County Commissioners:				
COVID-19 Coronavirus Relief Fund	COVID-19, 21.019	N/A	-	939,476
<b>United States Department of Education</b>				
Impact Aid	84.041	N/A	-	617,654
Education Stabilization Fund:				
Putnam County District School Board:				
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124	-	16,129
Florida Department of Education:				
Governor's Emergency Education Relief Fund	COVID-19, 84.425C	123	-	161,446
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124	4,219,483	50,984,191
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425U	121	133,030	11,910,498
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund - Homeless Children & Youth Fund	COVID-19, 84.425W	122	-	1,500
<b>Total Education Stabilization Fund</b>	84.425		4,352,513	63,073,764
Florida Department of Education:				

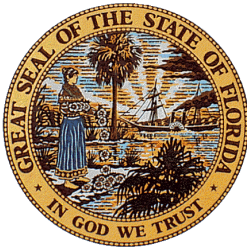
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**Brevard County District School Board  
Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Amounts Passed Through to Subrecipients	Total Expenditures
<b>Clustered (Continued)</b>				
<b>United States Department of Education (Continued)</b>				
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	\$ -	\$ 719,845
Title I Grants to Local Educational Agencies	84.010	212, 223	1,912,808	16,306,700
Career and Technical Education - Basic Grants to States	84.048	161	-	878,921
Education for Homeless Children and Youth	84.196	127	-	88,155
Charter Schools	84.282	298	221	221
COVID-19 Charter Schools	COVID-19, 84.282	298	480	480
Total Charter Schools	84.282		<u>701</u>	<u>701</u>
Twenty-First Century Community Learning Centers	84.287	244	-	1,698,770
English Language Acquisition State Grants	84.365	102	450	349,971
Supporting Effective Instruction State Grants	84.367	224	97,982	2,190,477
Student Support and Academic Enrichment Program	84.424	241	79,538	1,573,353
Florida Gulf Coast University:				
Special Education - State Personnel Development	84.323	ORGS-22023-BPS-003	-	14,909
<b>Total United States Department of Education</b>			<u>6,443,992</u>	<u>87,513,220</u>
<b>United States Department of Homeland Security</b>				
Florida Division of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1,083	-	109,854
<b>Total Expenditures of Federal Awards</b>			<u>\$ 6,547,082</u>	<u>\$ 164,017,725</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 award activity of the Brevard 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 \$3,933,715 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Head Start. Expenditures are for grant number 04CH010481.05, 04HE000527-01.
- (6) Disaster Grants – Public Assistance (Presidentially Declared Disaster). The District incurred \$109,854 in expenditures for the Disaster Grants – Public Assistance (Presidentially Declared Disaster) grants in the 2017-2018 and 2018-2019 fiscal years.



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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Brevard 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 March 24, 2023, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of 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*.

We identified a certain additional matter finding which is described as Finding No. AM 2022-001 on page 92.

### **District's Response to Finding**

The District's response to the additional matter finding identified in our audit is included as the District Response on page 92 in Finding AM 2022-001. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

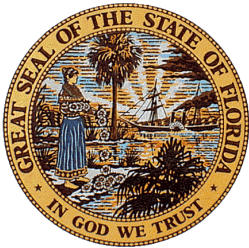
### **Purpose of this Report**

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
March 24, 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 Brevard 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.

### ***Other Matter – Federal Expenditures Not Included in the Compliance Audit***

The District's basic financial statements include the operations of Imagine Schools at West Melbourne, Emma Jewell Charter Academy, Imagine School at West Melbourne, Odyssey Charter School, Pinecrest Academy, and Viera Charter School (Charter Schools) as part of the reported aggregate discretely presented component units on the accompanying basic financial statements. The Charter Schools expended Federal awards which are not included in the District's **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** during the fiscal year ended June 30, 2022. Our compliance audit, described in the ***Opinion on Each Major Federal Program*** section of our report, did not include the operations of these Charter Schools because, pursuant to Section 218.39(1)(e), Florida Statutes, the Charter Schools engaged other auditors to perform an audit in accordance with the Uniform Guidance.

### ***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  
March 24, 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(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

### **Federal Awards**

Internal control over major Federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major Federal programs:	
Assistance Listing Numbers:	Name of Federal Program or Cluster:
10.558	Child and Adult Care Food Program
84.010	Title I Grants to Local Educational Agencies
84.425	Education Stabilization Fund
Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
Auditee qualified as low risk auditee?	Yes

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters are reported.

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters are reported.

# **ADDITIONAL MATTER**

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## **BUDGETARY CONTROLS**

<b>Finding Number</b>	<b>AM 2022-001</b>
<b>Opinion Units</b>	Major Fund: General Fund
<b>Financial Statements Account Titles</b>	Not Applicable
<b>Fund Names</b>	General Fund
<b>Adjustment Amounts</b>	Not Applicable
<b>Statistically Valid Sample</b>	Not Applicable
<b>Prior Year Finding</b>	Not Applicable
<b>Finding</b>	District procedures did not always limit expenditures to budgeted amounts, contrary to State law, State Board of Education (SBE) rules, and Board policies.
<b>Criteria</b>	<p>Section 1011.05, Florida Statutes, provides that the official budget shall not be altered, amended, or exceeded except as authorized. In addition, SBE Rule 6A-1.007(2), Florida Administrative Code, provides that no expenditure shall be authorized or obligation incurred that is in excess of budgetary appropriation and requires that the Board approve amendments to the budget whenever the function amounts are changed from the original budget. Also, pursuant to Section 1011.06(2), Florida Statutes, Board Policy 6233 allows end-of-year expenditures to exceed budgeted amounts provided the Board approves the expenditures and amends the budget no later than September 10th following the fiscal year end.</p> <p>The process for adopting and amending the budget provides the District a mechanism to plan a level of expenditures to meet obligations and remain within available financial resources.</p>
<b>Condition</b>	District records show that expenditures were not always limited to budgeted amounts. As of June 30, 2022, General Fund expenditures exceeded the budgeted amounts in six functional categories by \$8,805 to \$2,192,806, or a total of \$3,269,335, and the Board did not amend the budget by September 10th to authorize the over-expended amounts.
<b>Cause</b>	District personnel indicated that, due to oversights, certain budget amounts were not increased during preparation of the budget schedule for the 2021-22 fiscal year annual financial report. In addition, separate budget amendments to cover the over-expended amounts were not presented to the Board for approval.
<b>Effect</b>	The District assigned and unassigned fund balance for the General Fund totaled \$33,839,048; however, without properly monitoring and amending the budget to meet changing financial circumstances, the District's ability to meet future financial obligations could be hindered.
<b>Recommendation</b>	District personnel should enhance budgetary procedures by closely monitoring financial activities to ensure that expenditures are limited to budgeted amounts as required by State law, SBE rules, and Board policies.
<b>District Response</b>	We concur with this finding. After reviewing this finding we determined that the overages occurred during our year end close out process. We will take the necessary steps to ensure a thorough review at year end and submit the final budget amendment, so that no function amounts are overspent as of September 10th.

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

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There were no prior financial statement or Federal award 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.