

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2026-098
February 2026

**GULF COUNTY
DISTRICT SCHOOL BOARD**

For the Fiscal Year Ended
June 30, 2025



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2024-25 fiscal year, Jim Norton served as Superintendent of the Gulf County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Denny L. McGlon through 1-31-25 ^a	1
Brooke Wooten, Chair from 11-19-24, Vice Chair through 11-18-24	2
Matt Terry from 11-19-24	3
Cindy Belin through 11-18-24	3
Equillar Gainer from 11-19-24	4
Marvin Davis through 11-18-24	4
Ruby S. Knox, Vice Chair from 11-19-24, Chair through 11-18-24	5

^a Position vacant from 2-1-25.

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 Melissa F. Hall, CPA, and the audit was supervised by Shelly G. Curti, CPA.

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

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Education Stabilization Fund was audited as the major Federal program. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on the Education Stabilization Fund.

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

- Examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA
Auditor General

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gulf County District School Board, as of and for the fiscal year ended June 30, 2025, 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 report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Gulf County District School Board, as of June 30, 2025, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the school internal funds, which represent 47 percent, 0 percent, 47 percent, 28 percent, 28 percent, respectively, of the assets, liabilities, net position and fund balance, additions and revenues, and deductions and expenditures of the aggregate remaining fund information as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the school internal funds, is based solely on the report 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 (*Government Auditing Standards*). 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 February 13, 2026, 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
February 13, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Gulf County District School Board has prepared the following discussion and analysis to (a) assist the reader in focusing of significant financial issues; (b) provide an overview and analysis of the District's financial activities; (c) identify changes in the District's financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds.

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 2024-25 fiscal year are as follows:

- The District's net position increased by \$732,123.01, which represents a 5.5 percent increase over 2023-24 fiscal year.
- The General Fund (the primary operating fund) in the fund financial statements reflects revenue and other financing sources that exceed expenditures and other financing uses by \$1,019,216.48. This may be compared to last fiscal year's results in which General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$958,060.11.
- General revenues in the government-wide statements account for \$30,250,801.11 of total revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions account for \$1,511,377.22 of total revenues.
- The District has \$30,837,271.62 in expenses, including \$1,511,377.22 that are offset by program specific revenues. General revenues, primarily from ad valorem taxes and grants and contributions not restricted to specific programs, provided resources for the remaining programs.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

All of the District's activities and services are reported in the government-wide financial statements as governmental activities. The District's governmental activities include education programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and State revenues finance most of these activities. Additionally, all capital and debt financing activities are reported as governmental activities.

Fund Financial Statements

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

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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

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

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General and major Special Revenue – Federal Education Stabilization Fund.

Fiduciary Funds: Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own

programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

The District uses private-purpose trust funds to account for scholarship funds established by private donors and uses custodial funds to account for resources held for student activities and groups.

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This section is used to present condensed financial information from the government-wide statements that compares the current fiscal year to the prior fiscal year.

As noted earlier, net position over time may serve as a useful indicator of a government’s financial health. The following is a summary of the District’s net position as of June 30, 2025, compared to net position as of June 30, 2024:

Net Position, End of Year

	Governmental Activities	
	6-30-25	6-30-24
Current and Other Assets	\$ 9,522,106.21	\$ 8,144,923.01
Capital Assets	35,520,650.49	37,043,499.14
Total Assets	45,042,756.70	45,188,422.15
Deferred Outflows of Resources	5,006,271.00	4,999,931.00
Long-Term Liabilities	32,922,596.95	35,164,322.28
Other Liabilities	564,346.56	224,091.69
Total Liabilities	33,486,943.51	35,388,413.97
Deferred Inflows of Resources	2,508,922.00	1,478,900.00
Net Position:		
Net Investment in Capital Assets	21,323,042.26	21,790,474.77
Restricted	2,432,707.19	2,624,999.08
Unrestricted (Deficit)	(9,702,587.26)	(11,094,434.67)
Total Net Position	\$ 14,053,162.19	\$ 13,321,039.18

The largest portion of the District’s net position is investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment; improvements other than buildings; and motor vehicles), less any

related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position deficit of \$9,702,587.26 is primarily the result of reporting the employer's proportionate share of the defined benefit pension plans offered by the State of Florida. The District's portion of these pension plans for the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) pension liabilities was \$10,487,063 and \$5,265,012, respectively, at June 30, 2025.

Current and other assets increased primarily due to an increase in cash related to an increase in local property tax collections.

Capital assets decreased primarily due to depreciation expense.

Long-term liabilities decreased and deferred inflows of resources increased primarily due to the District recognizing its proportionate share of the Florida Retirement System's net pension liability and deferred inflows of resources.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2025, and June 30, 2024, are as follows:

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-25	6-30-24
Program Revenues:		
Charges for Services	\$ 393,159.94	\$ 297,873.43
Operating Grants and Contributions	998,138.70	1,015,561.40
Capital Grants and Contributions	120,078.58	2,618,458.56
General Revenues:		
Property Taxes, Levied for Operational Purposes	19,968,960.97	19,198,788.95
Property Taxes, Levied for Capital Projects	3,408,428.41	3,063,720.98
Grants and Contributions Not Restricted to Specific Programs	6,392,793.93	6,888,223.99
Unrestricted Investment Earnings	297,052.59	271,985.82
Miscellaneous	183,565.21	352,708.19
Total Revenues	31,762,178.33	33,707,321.32
Functions/Program Expenses:		
Instruction	14,138,604.70	15,938,449.25
Student Support Services	1,750,969.08	1,836,628.72
Instructional Media Services	177,779.41	349,705.97
Instruction and Curriculum Development Services	442,287.58	455,743.96
Instructional Staff Training Services	763,383.03	996,648.01
Instruction-Related Technology	249,475.08	115,416.18
Board	273,510.07	270,023.05
General Administration	1,340,044.61	1,225,440.22
School Administration	1,203,936.98	1,376,259.78
Facilities Acquisition and Construction	317,148.24	326,906.16
Fiscal Services	404,613.00	461,822.10
Food Services	1,359,536.15	1,496,919.12
Central Services	202,324.90	222,112.55
Student Transportation Services	1,385,502.03	1,509,772.06
Operation of Plant	2,475,114.89	2,307,277.65
Maintenance of Plant	1,333,499.46	1,600,603.00
Administrative Technology Services	121,510.83	115,621.92
Community Services	557,627.00	-
Unallocated Interest on Long-Term Debt	390,395.41	403,429.96
Unallocated Depreciation Expense	1,950,009.17	2,107,391.69
Loss on Disposal of Capital Assets	-	1,857,579.63
Total Functions/Program Expenses	30,837,271.62	34,973,750.98
Change in Net Position	924,906.71	(1,266,429.66)
Net Position - Beginning	13,321,039.18	14,587,468.84
Adjustment to Beginning Net Position (1)	(192,783.70)	-
Net Position - Beginning as Restated	13,128,255.48	14,587,468.84
Net Position - Ending	\$ 14,053,162.19	\$ 13,321,039.18

(1) Adjustment to beginning net position is due to the implementation of GASB Statement No. 101, which is a change in accounting principle that addresses accounting and financial reporting for compensated absences, as discussed in Note II.

Revenues from local sources for current operations are primarily received through property taxes. The increase in property taxes is related to the increase in the underlying property values within the county. This resulted in an increase of \$1,114,879.45 in general property tax revenues.

Capital grants and contributions decreased by \$2,498,379.98 as a result of a decrease in State funding for Athletic Venues.

Loss on disposal of capital assets decreased primarily due to the District disposing capital assets in the prior year as a result of implementing a new capitalization threshold of \$5,000.

Instruction expenses represent 46 percent of total governmental expenses in the 2024-25 fiscal year. Instruction expenses decreased by \$1,799,844.55 primarily due to a decrease in net pension expense.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

The total fund balances of governmental funds increased by \$1,037,131.14 during the fiscal year to \$8,957,759.65 at June 30, 2025. Of the total fund balance, \$4,578,482.09, or 51 percent, is unassigned fund balance, which is available for spending at the District's discretion; \$44,684.42 is nonspendable; \$2,388,022.77 is restricted; and \$1,946,570.37 is assigned.

Major Governmental Funds

The General Fund is the District's chief operating fund. The General Fund total fund balance increased by \$1,019,216.48 during the fiscal year primarily due to an increase in property tax revenue.

The Special Revenue – Federal Education Stabilization Fund has total revenues and expenditures of \$1,137,541.20 each and the funding was mainly used to mitigate the impact of COVID-19. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of \$990,435.78. The increase in total fund balance is due to the increase in property tax collections to be used for educational capital outlay needs and a decrease in capital outlay expenditures and transfers out.

The Capital Projects – Other Fund has a total fund balance of \$970,561.20. The decrease in total fund balance is due to a decrease of State funding restricted for Athletic Venues. Of the total fund balance, \$708,479 has been encumbered for the Port St. Joe High School Baseball Field House construction project.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Florida law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the 2024-25 fiscal year, the District amended its General Fund budget as needed to comply with Florida law and local District policies. Actual revenues were \$478,467.89 more than final budgeted amounts and actual expenditures were \$4,378,477.04 less than final budgeted amounts. The decrease in expenditures was primarily due to continued cost containment measures implemented by the District. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$4,984,909.11.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets decreased by \$1,522,848.65, due primarily to depreciation expense. Additional information on the District's capital assets can be found in Note III.C. to the financial statements.

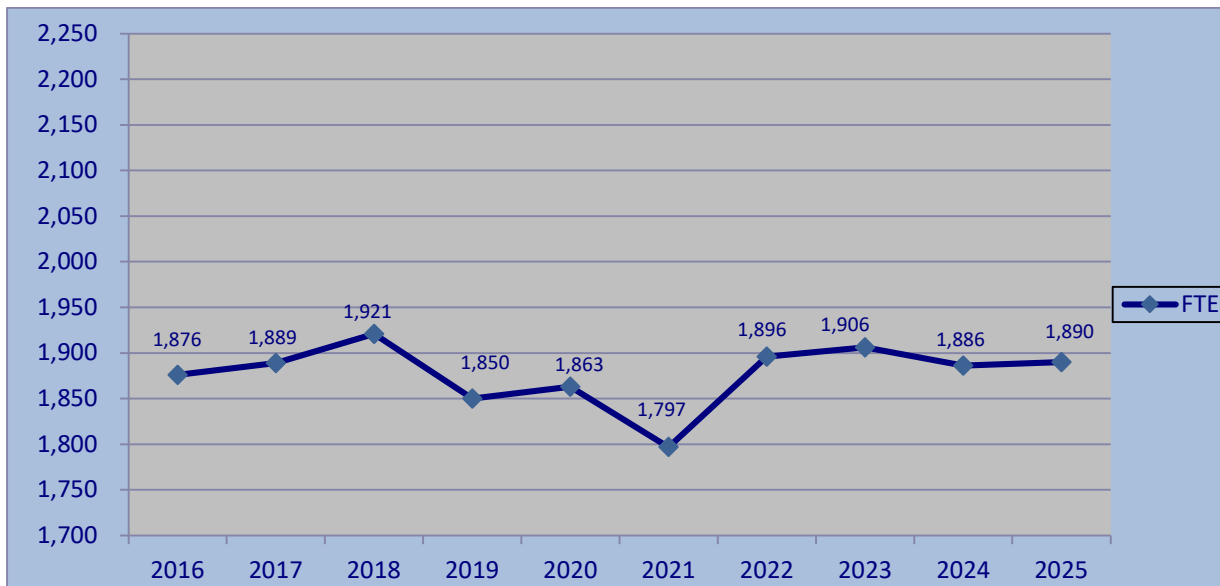
Long-Term Debt

The District has an installment-purchase agreement of \$14,197,608.23 at June 30, 2025. Additional information on the District's long-term debt can be found in Note III.I. to the financial statements.

OTHER MATTERS OF SIGNIFICANCE

Student Enrollment and Funding

Revenues from State sources for current operations are primarily from the FEFP administered by the Florida Department of Education (FDOE) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the FDOE. As shown in the following chart, the District experienced a slight increase in FTE during the 2024-2025 fiscal year.



REQUESTS FOR INFORMATION

This report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Gulf County District School Board's finances and to demonstrate compliance and accountability for its resources. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer, Gulf County District School Board, 150 Middle School Road, Port St. Joe, Florida 32456.

BASIC FINANCIAL STATEMENTS

Gulf County District School Board Statement of Net Position June 30, 2025

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 9,298,517.99
Accounts Receivable	6,811.02
Due from Other Agencies	172,092.78
Inventories	44,684.42
Capital Assets:	
Nondepreciable Capital Assets	1,074,820.47
Depreciable Capital Assets, Net	34,445,830.02
TOTAL ASSETS	45,042,756.70
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	4,912,627.00
OPEB	93,644.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,006,271.00
LIABILITIES	
Accrued Salaries and Benefits	143,600.00
Payroll Deductions and Withholdings	78,146.56
Construction Contracts Payable	342,100.00
Due to Other Agencies	500.00
Long-Term Liabilities:	
Portion Due Within 1 Year	1,887,046.43
Portion Due After 1 Year	31,035,550.52
TOTAL LIABILITIES	33,486,943.51
DEFERRED INFLOWS OF RESOURCES	
Pensions	1,983,375.00
OPEB	525,547.00
TOTAL DEFERRED INFLOWS OF RESOURCES	2,508,922.00
NET POSITION	
Net Investment in Capital Assets	21,323,042.26
Restricted for:	
Capital Projects	2,300,006.31
Food Service	132,700.88
Unrestricted	(9,702,587.26)
TOTAL NET POSITION	\$ 14,053,162.19

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

**Gulf County District School Board
Statement of Activities
For the Fiscal Year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 14,138,604.70	\$ 65,110.00	\$ -
Student Support Services	1,750,969.08	-	-
Instructional Media Services	177,779.41	-	-
Instruction and Curriculum Development Services	442,287.58	-	-
Instructional Staff Training Services	763,383.03	-	-
Instruction-Related Technology	249,475.08	-	-
Board	273,510.07	-	-
General Administration	1,340,044.61	-	-
School Administration	1,203,936.98	-	-
Facilities Acquisition and Construction	317,148.24	-	-
Fiscal Services	404,613.00	-	-
Food Services	1,359,536.15	310,499.69	998,138.70
Central Services	202,324.90	-	-
Student Transportation Services	1,385,502.03	17,550.25	-
Operation of Plant	2,475,114.89	-	-
Maintenance of Plant	1,333,499.46	-	-
Administrative Technology Services	121,510.83	-	-
Community Services	557,627.00	-	-
Unallocated Interest on Long-Term Debt	390,395.41	-	-
Unallocated Depreciation Expense*	1,950,009.17	-	-
Total Governmental Activities	\$ 30,837,271.62	\$ 393,159.94	\$ 998,138.70

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Adjustment to 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
Capital Grants and Contributions		Governmental Activities
\$	-	\$ (14,073,494.70)
	-	(1,750,969.08)
	-	(177,779.41)
	-	(442,287.58)
	-	(763,383.03)
	-	(249,475.08)
	-	(273,510.07)
	-	(1,340,044.61)
	-	(1,203,936.98)
	120,078.58	(197,069.66)
	-	(404,613.00)
	-	(50,897.76)
	-	(202,324.90)
	-	(1,367,951.78)
	-	(2,475,114.89)
	-	(1,333,499.46)
	-	(121,510.83)
	-	(557,627.00)
	-	(390,395.41)
	-	(1,950,009.17)
\$	120,078.58	(29,325,894.40)

19,968,960.97
3,408,428.41
6,392,793.93
297,052.59
183,565.21
30,250,801.11
924,906.71
13,321,039.18
(192,783.70)
13,128,255.48
\$ 14,053,162.19

**Gulf County District School Board
Balance Sheet – Governmental Funds
June 30, 2025**

	<u>General Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>	<u>Capital Projects - Local Capital Improvement Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,645,474.07	\$ -	\$ 990,435.78
Accounts Receivable	6,811.02	-	-
Due from Other Agencies	94,506.97	-	-
Due from Other Funds	6.96	-	-
Inventories	-	-	-
TOTAL ASSETS	<u>\$ 6,746,799.02</u>	<u>\$ 0.00</u>	<u>\$ 990,435.78</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	\$ 143,600.00	\$ -	\$ -
Payroll Deductions and Withholdings	78,146.56	-	-
Construction Contracts Payable	-	-	-
Due to Other Funds	-	-	-
Due to Other Agencies	-	-	-
Total Liabilities	<u>221,746.56</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Inventories	-	-	-
Restricted for:			
Capital Projects	-	-	990,435.78
Food Service	-	-	-
Total Restricted Fund Balance	<u>-</u>	<u>-</u>	<u>990,435.78</u>
Assigned for:			
Budget Shortfall	1,684,571.00	-	-
Textbooks	261,999.37	-	-
Total Assigned Fund Balance	<u>1,946,570.37</u>	<u>-</u>	<u>-</u>
Unassigned Fund Balance	<u>4,578,482.09</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>6,525,052.46</u>	<u>-</u>	<u>990,435.78</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,746,799.02</u>	<u>\$ 0.00</u>	<u>\$ 990,435.78</u>

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

Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,312,661.20	\$ 349,946.94	\$ 9,298,517.99
-	-	6,811.02
-	77,585.81	172,092.78
-	-	6.96
-	44,684.42	44,684.42
<u>\$ 1,312,661.20</u>	<u>\$ 472,217.17</u>	<u>\$ 9,522,113.17</u>
\$ -	\$ -	\$ 143,600.00
-	-	78,146.56
342,100.00	-	342,100.00
-	6.96	6.96
-	500.00	500.00
<u>342,100.00</u>	<u>506.96</u>	<u>564,353.52</u>
-	44,684.42	44,684.42
970,561.20	339,009.33	2,300,006.31
-	88,016.46	88,016.46
<u>970,561.20</u>	<u>427,025.79</u>	<u>2,388,022.77</u>
-	-	1,684,571.00
-	-	261,999.37
-	-	1,946,570.37
-	-	4,578,482.09
<u>970,561.20</u>	<u>471,710.21</u>	<u>8,957,759.65</u>
<u>\$ 1,312,661.20</u>	<u>\$ 472,217.17</u>	<u>\$ 9,522,113.17</u>

**Gulf County District School Board
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2025**

Total Fund Balances - Governmental Funds \$ 8,957,759.65

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. 35,520,650.49

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

Deferred Outflows Related to Pensions	\$ 4,912,627.00	
Deferred Outflows Related to OPEB	93,644.00	
Deferred Inflows Related to Pensions	(1,983,375.00)	
Deferred Inflows Related to OPEB	<u>(525,547.00)</u>	2,497,349.00

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

Installment-Purchase Payable	\$ (14,197,608.23)	
Compensated Absences Payable	(2,512,531.72)	
Net Pension Liability	(15,752,075.00)	
Total OPEB Liability	<u>(460,382.00)</u>	<u>(32,922,596.95)</u>

Net Position - Governmental Activities **\$ 14,053,162.19**

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

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**Gulf County District School Board
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2025**

	<u>General Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>	<u>Capital Projects - Local Capital Improvement Fund</u>
Revenues			
Intergovernmental:			
Federal Direct	\$ 62,131.09	\$ -	\$ -
Federal Through State and Local State	34,659.35 3,398,310.98	1,137,541.20 -	- -
Local:			
Property Taxes	19,968,960.97	-	3,408,428.41
Charges for Services	-	-	-
Miscellaneous	463,553.50	-	28,853.57
Total Local Revenues	<u>20,432,514.47</u>	<u>-</u>	<u>3,437,281.98</u>
Total Revenues	<u>23,927,615.89</u>	<u>1,137,541.20</u>	<u>3,437,281.98</u>
Expenditures			
Current - Education:			
Instruction	13,003,020.47	492,428.17	-
Student Support Services	1,388,876.21	-	-
Instructional Media Services	182,612.41	-	-
Instruction and Curriculum Development Services	236,428.72	-	-
Instructional Staff Training Services	567,883.28	57,002.81	-
Instruction-Related Technology	150,453.64	20,790.00	-
Board	274,904.07	-	-
General Administration	1,293,688.04	9,693.22	-
School Administration	1,215,283.98	-	-
Facilities Acquisition and Construction	-	-	236,304.83
Fiscal Services	412,433.00	-	-
Food Services	-	-	-
Central Services	205,637.90	-	-
Student Transportation Services	1,140,463.44	-	-
Operation of Plant	2,471,837.89	-	-
Maintenance of Plant	1,352,035.46	-	-
Administrative Technology Services	123,525.83	-	-
Community Services	-	557,627.00	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Other Capital Outlay	5,103.00	-	265,026.55
Debt Service:			
Principal	-	-	1,055,416.14
Interest and Fiscal Charges	51,283.68	-	339,111.73
Total Expenditures	<u>24,075,471.02</u>	<u>1,137,541.20</u>	<u>1,895,859.25</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(147,855.13)</u>	<u>-</u>	<u>1,541,422.73</u>
Other Financing Sources (Uses)			
Transfers In	1,239,359.91	-	-
Loss Recoveries	2,711.70	-	-
Transfers Out	(75,000.00)	-	(1,239,359.91)
Total Other Financing Sources (Uses)	<u>1,167,071.61</u>	<u>-</u>	<u>(1,239,359.91)</u>
Net Change in Fund Balances	<u>1,019,216.48</u>	<u>-</u>	<u>302,062.82</u>
Fund Balances, Beginning	5,505,835.98	-	-
Adjustment to Fund Balances	-	-	688,372.96
Fund Balances, Beginning, as Restated	<u>5,505,835.98</u>	<u>-</u>	<u>688,372.96</u>
Fund Balances, Ending	<u>\$ 6,525,052.46</u>	<u>\$ 0.00</u>	<u>\$ 990,435.78</u>

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

<u>Capital Projects - Other Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 62,131.09
-	2,746,630.01	3,918,830.56
42,695.58	89,245.81	3,530,252.37
-	-	23,377,389.38
-	310,499.69	310,499.69
65,540.69	2,618.59	560,566.35
<u>65,540.69</u>	<u>313,118.28</u>	<u>24,248,455.42</u>
<u>108,236.27</u>	<u>3,148,994.10</u>	<u>31,759,669.44</u>
-	865,794.95	14,361,243.59
-	386,853.87	1,775,730.08
-	-	182,612.41
-	210,403.86	446,832.58
-	149,997.94	774,884.03
-	79,846.44	251,090.08
-	-	274,904.07
-	48,678.35	1,352,059.61
-	12,840.00	1,228,123.98
42,695.58	12,182.50	291,182.91
-	-	412,433.00
-	1,359,536.15	1,359,536.15
-	-	205,637.90
-	735.90	1,141,199.34
-	5,000.00	2,476,837.89
-	-	1,352,035.46
-	-	123,525.83
-	-	557,627.00
441,812.99	-	441,812.99
-	-	270,129.55
-	-	1,055,416.14
-	-	390,395.41
<u>484,508.57</u>	<u>3,131,869.96</u>	<u>30,725,250.00</u>
<u>(376,272.30)</u>	<u>17,124.14</u>	<u>1,034,419.44</u>
-	75,000.00	1,314,359.91
-	-	2,711.70
-	-	(1,314,359.91)
-	75,000.00	2,711.70
<u>(376,272.30)</u>	<u>92,124.14</u>	<u>1,037,131.14</u>
1,346,833.50	1,067,959.03	7,920,628.51
-	(688,372.96)	-
<u>1,346,833.50</u>	<u>379,586.07</u>	<u>7,920,628.51</u>
<u>\$ 970,561.20</u>	<u>\$ 471,710.21</u>	<u>\$ 8,957,759.65</u>

Gulf 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, 2025

Net Change in Fund Balances - Governmental Funds \$ 1,037,131.14

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current fiscal year. (1,522,848.65)

Repayment of long-term debt is an expenditure in the governmental funds; whereas, in the statement of net position it reduces long-term debt. 1,055,416.14

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. 181,812.89

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

Decrease in Total OPEB Liability	\$ 154,695.00	
Increase in Deferred Outflows of Resources - OPEB	20,286.00	
Increase in Deferred Inflows of Resources - OPEB	<u>(73,366.00)</u>	101,615.00

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

FRS Pension Contribution	\$ 1,652,870.00	
HIS Pension Contribution	296,379.00	
FRS Pension Expense	(1,647,800.00)	
HIS Pension Expense	<u>(229,466.00)</u>	71,983.00

Governmental funds recognize revenues when they are measurable and available to pay liabilities in the current period. However, in the statement of activities, revenue is recognized as soon as it is earned regardless of availability. This is the effect of the timing difference between the two methods of revenue recognition. (202.81)

Change in Net Position - Governmental Activities **\$ 924,906.71**

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

**Gulf County District School Board
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2025**

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 97,353.90	\$ 509,684.00
NET POSITION		
Restricted for Scholarships	97,353.90	-
Restricted for Student Groups	-	509,684.00
TOTAL NET POSITION	\$ 97,353.90	\$ 509,684.00

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

**Gulf County District School Board
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Fiscal Year Ended June 30, 2025**

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Gifts	\$ 5,400.00	\$ -
Student Group Collections	-	1,238,651.00
Interest	380.67	-
Total Additions	<u>5,780.67</u>	<u>1,238,651.00</u>
DEDUCTIONS		
Scholarship Payments	6,500.00	-
Student Group Disbursements	-	1,215,157.00
Total Deductions	<u>6,500.00</u>	<u>1,215,157.00</u>
Change in Net Position	(719.33)	23,494.00
Net Position - Beginning	<u>98,073.23</u>	<u>486,190.00</u>
Net Position - Ending	<u>\$ 97,353.90</u>	<u>\$ 509,684.00</u>

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Gulf County School District (District). All fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

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

B. Reporting Entity

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

Criteria for determining if other entities are potential component units that should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any legally separate entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading. Based on these criteria, no component units are included within the District's reporting entity.

C. Basis of Presentation: Government-Wide Financial Statements

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

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

D. Basis of Presentation: Fund Financial Statements

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Federal Education Stabilization Fund – to account for certain Federal grant fundings provided through the State as emergency relief to schools districts to address the impact of COVID-19 on elementary and secondary schools.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, and motor vehicle purchases.
- Capital Projects – Other Fund – to account for the financial resources provided by the State for educational capital outlay needs, including Educational Facilities and Athletic Venues.

Additionally, the District reports the following fiduciary fund types:

- Private-Purpose Trust Funds – to account for resources of the Herman R. Dean Scholarship Fund, Marilyn Witten Scholarship Fund, James Lamar Faison Scholarship Fund, Marion “Coach” Craig Memorial Scholarship Fund, Margaret K. Biggs Scholarship Fund, Paul and Marlene Sewell Scholarship Fund, and the Lila Gunter Scholarship Fund.
- Custodial Funds – to account for resources of the school internal funds, which are used to administer moneys collected at several schools in connection with school, student athletic, class, and club activities.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at fiscal year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, transfers between the funds included in governmental activities are eliminated in the preparation of the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses

are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 30 days of year end). Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 3 months or less from the date of acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME.

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

2. Investments

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

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

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

3. Inventories

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

4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation. Land and some buildings acquired or constructed prior to July 1, 1984, are stated at estimated historical cost using price levels at the time of acquisition and, as a result, all of the stated land values and \$1,365,298 of stated building values as based on these estimates.

Buildings and fixed equipment are depreciated using the straight-line method, with all other assets being depreciated using the composite method, over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	15 - 35 years
Buildings and Fixed Equipment	10 - 50 years
Furniture, Fixtures, and Equipment	5 - 15 years
Motor Vehicles	5 - 10 years

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

5. Pensions

In the government-wide statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the

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

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

6. Long-Term Liabilities

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

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

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

7. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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 items that qualify for reporting in this category. The deferred inflows of resources related to pensions and OPEB are discussed in subsequent notes.

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances at June 30, 2025.

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

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

2. State Revenue Sources

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

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

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

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

3. District Property Taxes

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

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

The Board adopted the 2024 tax levy on September 5, 2024. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

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

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

4. Voted Additional Millage

In March 2021, the voters of Gulf County approved a one mill ad valorem tax increase in the County for 4 years, effective July 1, 2021, to pay for essential operating expenses in accordance with Section 1011.71(9), Florida Statutes.

5. Federal Revenue Sources

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

6. Compensated Absences

A compensated absence leave (e.g., employee vacation leave and sick leave) for which employees may receive one or more: (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits. In the government-wide financial statements, compensated absences are estimated and accrued as liabilities to the extent that it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

II. ACCOUNTING CHANGES

A. Change in Accounting Principle

The District implemented GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences and requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has

been used but not yet paid in cash or settled through noncash means. At implementation on July 1, 2024, the beginning balance of the compensated absences liability was increased by \$192,783.70, which resulted in a decrease to the beginning net position by the same amount as shown in the table below.

B. Changes within the Financial Reporting Entity

Change from Nonmajor to Major Fund. The Capital Projects – Local Capital Improvement Fund meets the quantitative requirements for reporting as a major fund in the current fiscal year whereas it did not meet those requirements in the previous fiscal year. The effect of this change to or within the financial reporting entity is shown in the table below.

	Reporting Units Affected by Restatements of Beginning Balances		
	Funds		Government-wide
	Capital Projects - Local Capital Improvement	Nonmajor Governmental	Governmental Activities
Beginning Balances, as previously reported	\$ -	\$ 1,067,959.03	\$ 13,321,039.18
Change in accounting principle (GASB 101)	-	-	(192,783.70)
Change from nonmajor to major fund	688,372.96	(688,372.96)	-
Beginning Balances, as restated	<u>\$ 688,372.96</u>	<u>\$ 379,586.07</u>	<u>\$ 13,128,255.48</u>

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

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

B. Investments

The District's investments at June 30, 2025, are reported as follows:

Investments	Maturities	Fair Value
SBA:		
Florida PRIME (1)	47 Days	<u>\$ 8,443,860.95</u>

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

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

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.” As of June 30, 2025, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

Credit Risk

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

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

C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 508,786.47	\$ -	\$ -	\$ 508,786.47
Land Improvements	124,222.00	-	-	124,222.00
Construction in Progress	55,037.00	441,812.00	55,037.00	441,812.00
Total Capital Assets Not Being Depreciated	688,045.47	441,812.00	55,037.00	1,074,820.47
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	4,850,987.79	13,865.00	-	4,864,852.79
Buildings and Fixed Equipment	49,256,594.96	15,207.66	-	49,271,802.62
Furniture, Fixtures, and Equipment	1,550,097.34	82,001.05	-	1,632,098.39
Motor Vehicles	3,849,767.71	188,128.50	-	4,037,896.21
Total Capital Assets Being Depreciated	59,507,447.80	299,202.21	-	59,806,650.01
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	1,056,381.59	163,168.07	-	1,219,549.66
Buildings and Fixed Equipment	19,464,771.13	1,693,230.85	-	21,158,001.98
Furniture, Fixtures, and Equipment	684,137.57	93,610.25	-	777,747.82
Motor Vehicles	1,946,703.84	258,816.69	-	2,205,520.53
Total Accumulated Depreciation	23,151,994.13	2,208,825.86	-	25,360,819.99
Total Capital Assets Being Depreciated, Net	36,355,453.67	(1,909,623.65)	-	34,445,830.02
Governmental Activities Capital Assets, Net	\$ 37,043,499.14	\$ (1,467,811.65)	\$ 55,037.00	\$ 35,520,650.49

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	\$ 258,816.69
Unallocated	1,950,009.17
Total Depreciation Expense – Governmental Activities	<u>\$ 2,208,825.86</u>

D. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

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

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

The District's FRS and HIS pension expense totaled \$1,877,266 for the fiscal year ended June 30, 2025.

FRS Pension Plan

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

- *Regular* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers* – Members who hold specified elective offices in local government.

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

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is

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

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

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 2024-25 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	13.63
FRS, Elected County Officers	3.00	58.68
DROP – Applicable to Members from All of the Above Classes	0.00	21.13
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 2 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 \$1,652,870 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the District reported a liability of \$10,487,063 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportionate share of the net pension liability was based on the District's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the District's proportionate share was 0.027109069 percent, which was a decrease of 0.000988557 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized a Plan pension expense of \$1,647,800. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,059,475	\$ -
Change of Assumptions	1,437,348	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	697,024
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	258,305	578,808
District FRS Contributions Subsequent to the Measurement Date	1,652,870	-
Total	\$ 4,407,998	\$ 1,275,832

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$1,652,870, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. 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>
2026	\$ (194,834)
2027	1,692,313
2028	(17,421)
2029	(78,017)
2030	77,255
Total	\$ 1,479,296

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.50 percent, average, including inflation
Investment Rate of Return	6.70 percent, net of pension plan investment expense, including inflation

Salary increases were changed from 3.25 percent in the previous valuation to 3.50 percent.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which the mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

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%	3.3%	3.3%	1.1%
Fixed Income	29.0%	5.7%	5.6%	3.9%
Global Equity	45.0%	8.6%	7.0%	18.2%
Real Estate	12.0%	8.1%	6.8%	16.6%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.6%	6.2%	8.7%
Total	100%			
Assumed inflation - Mean			2.4%	1.5%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.7 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2024 valuation was unchanged from the previous valuation.

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 6.7 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 (5.7 percent) or 1 percentage point higher (7.7 percent) than the current rate:

	1% Decrease (5.7%)	Current Discount Rate (6.7%)	1% Increase (7.7%)
District's Proportionate Share of the Net Pension Liability	\$ 18,446,376	\$ 10,487,063	\$ 3,819,450

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 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, 2025, the contribution rate was 2 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 \$296,379 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the District reported a net pension liability of \$5,265,012 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, 2024, and

the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportionate share of the net pension liability was based on the District's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the District's proportionate share was 0.035097792 percent, which was a decrease of 0.000155198 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized the HIS Plan pension expense of \$229,466. 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	\$ 50,837	\$ 10,110
Change of Assumptions	93,178	623,310
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	-	1,904
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	64,235	72,219
District HIS Contributions Subsequent to the Measurement Date	296,379	-
Total	<u>\$ 504,629</u>	<u>\$ 707,543</u>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$296,379 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. 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>
2026	\$ (68,476)
2027	(90,322)
2028	(149,823)
2029	(113,388)
2030	(60,811)
Thereafter	(16,473)
Total	<u>\$ (499,293)</u>

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.50 percent, average, including inflation
Municipal Bond Rate	3.93 percent

Salary increases were changed from 3.25 percent in the previous valuation to 3.50 percent.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which the 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 3.93 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.65 percent to 3.93 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 3.93 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 (2.93 percent) or 1 percentage point higher (4.93 percent) than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
District's Proportionate Share of the Net Pension Liability	\$ 5,993,539	\$ 5,265,012	\$ 4,660,216

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

2. FRS – Defined Contribution Pension Plan

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

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

by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2024-25 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	11.30
FRS, Elected County Officers	16.34

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2025, 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 \$602,256.50 for the fiscal year ended June 30, 2025.

E. Other Postemployment Benefit Obligations

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

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

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

Employees Covered by Benefit Terms. At June 30, 2024, the actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	2
Active Employees	<u>244</u>
Total	<u>246</u>

Total OPEB Liability. The District’s total OPEB liability of \$460,382 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024.

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	2.50 percent
Salary Increases	3.65 percent to 6.35 percent, including inflation
Discount Rate	3.93 percent
Healthcare Cost Trend Rates	Starting at 6.69 percent for 2025, (based on scheduled premium increase), followed by 6.5 percent for 2026, and then gradually decreasing according to the Getzen Model at an ultimate trend rate of 4 percent starting in 2050.
Aging Factors	Based on the 2013 SOA Study “Health Care Costs – From Birth to Death.”
Expenses	Administrative expenses are included in the per capita health costs.

For the plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation municipal bonds with an average AA rating as of the measurement date. For the purpose of the OPEB Plan valuation, the municipal bond rate was 3.93 percent based on the daily rate of Bond Buyer “20 Bond GO Index” closest to but not later than the measurement date.

Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2024, actuarial valuation of the FRS Defined Benefit Pension Plan. These demographic assumptions were developed by FRS from an actuarial experience study, and therefore are

appropriate for use in the OPEB Plan actuarial valuation. These include assumed rates of future termination, mortality, disability, and retirement. In addition, salary increase assumptions (for development of the pattern of the normal cost increases) were the same as those used in the July 1, 2024, actuarial valuation of the FRS Defined Benefit Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment Plan are the same as for similarly situated participants of the FRS Defined Benefit Pension Plan.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2024	\$ 615,077
Changes for the year:	
Service Cost	19,528
Interest	23,781
Differences Between Expected and Actual Experience	(219,925)
Changes of Assumptions or Other Inputs	58,931
Benefit Payments	<u>(37,010)</u>
Net Changes	<u>(154,695)</u>
Balance at June 30, 2025	<u>\$ 460,382</u>

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

- The discount rate was changed from 3.86 percent at the beginning of the measurement period to 3.93 percent as of June 30, 2024.
- The medical claims costs and premiums were updated based on actual premium information provided for this valuation.
- The healthcare cost trend assumption was revised to reflect the current expectations for the year beginning January 1, 2025, and resulting updates to the long-term healthcare cost trends.
- The mortality, withdrawal, disability, salary increases, retirement, and DROP entry rates were updated to align with the FRS July 1, 2024 actuarial valuations, which were based on the results of a statewide experience study covering the period 2018 through 2023.
- The acceptance rate for life insurance is no longer applicable.

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 (2.93 percent) or 1 percentage point higher (4.93 percent) than the current rate:

	<u>1% Decrease (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Total OPEB Liability	\$ 500,630	\$ 460,382	\$ 424,180

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 or 1 percentage point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend		
	<u>1% Decrease</u>	<u>Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 407,083	\$ 460,382	\$ 524,966

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2025, the District recognized a negative OPEB expense of \$88,201. At June 30, 2025, 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	\$ -	\$ 267,293
Changes of Assumptions or Other Inputs	80,230	258,254
Benefits Paid Subsequent to the Measurement Date	13,414	-
Total	<u>\$ 93,644</u>	<u>\$ 525,547</u>

The deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date, totaling \$13,414, will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2026. 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>
2026	\$ (104,968)
2027	(106,282)
2028	(78,432)
2029	(36,655)
2030	(41,450)
Thereafter	(77,530)
Total	<u>\$ (445,317)</u>

F. Construction and Other Significant Commitments

Construction Contracts. The following is a schedule of major construction contract commitments at June 30, 2025:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Port St. Joe High School Baseball Field House	<u>\$1,050,579.00</u>	<u>\$ 342,100.00</u>	<u>\$ 708,479.00</u>

Encumbrances. Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next fiscal year's appropriations are likewise encumbered. At June 30, 2025, the Capital Projects – Other Fund had encumbrances of \$708,479.

G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Gulf County District School Board is a member of the Panhandle Area Educational Consortium - Risk Management Consortium (Consortium) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, sabotage and terrorism, cyber liability, employee dishonesty, equipment breakdown, and other coverage deemed necessary by the members of the Consortium. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for the Consortium is composed of superintendents of all participating districts. The Washington County District School Board serves as fiscal agent for the Consortium.

Health and hospitalization coverage for District for District employees is being provided through purchased commercial insurance.

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

H. Changes in Short-Term Debt

The following is a schedule of changes in short-term debt:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Tax Anticipation Note	\$ -	\$ 5,000,000	\$ 5,000,000	\$ -

Proceeds from the tax anticipation note were used as working capital reserves in the General Fund until tax revenues were received in November 2024.

I. Long-Term Liabilities

1. Installment-Purchase Payable

In March 2020, the District entered in Phase 1 of an energy savings installment-purchase agreement (direct placement) for the acquisition of energy services and equipment. In the event of a default, the lessor may terminate the lease, demand all unpaid rental payments, and/or request the District to convey any or all of the equipment to the lessor so the equipment can be leased or sold. The proceeds will be applied to the unpaid obligations. Events of default include failure to pay within 10 days or failure to maintain insurance, failure to observe and perform any covenant, condition, or agreement for a period of 30 days after written notice specifying such failure and requesting it be remedied, false statements or misrepresentations pursuant to the lease, any default occurring under any other agreement for borrowing money, lease financing, or otherwise receiving credit under which there is outstanding and aggregate amount of \$100,000;

appointment of a receiver, trustee, custodian, or liquidator of all or a substantial part of the assets of the District. The total installment-purchase payable at June 30, 2025, is as follows:

<u>Installment-Purchase Payable</u>	<u>Amount Outstanding</u>	<u>Interest Rate (Percent)</u>	<u>Maturity To</u>
Major HVAC Renovations	\$ 14,197,608.23	2.223	2036

The payment will be made from the District's local capital improvement funds.

Annual requirement to amortize the installment-purchase payable outstanding as of June 30, 2025:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,406,186.87	\$ 1,090,574.04	\$ 315,612.83
2027	1,418,230.87	1,126,861.50	291,369.37
2028	1,430,638.87	1,164,319.63	266,319.24
2029	1,443,417.87	1,202,981.46	240,436.41
2030	1,456,577.87	1,242,883.74	213,694.13
2031-2035	7,494,571.39	6,859,298.61	635,272.78
2036	1,544,271.87	1,510,689.25	33,582.62
Total	\$ 16,193,895.61	\$ 14,197,608.23	\$ 1,996,287.38

2. Changes in Long-Term Liabilities

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

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
GOVERNMENTAL ACTIVITIES					
Installment-Purchase Payable,					
Direct Placement	\$ 15,253,024.37	\$ -	\$ 1,055,416.14	\$ 14,197,608.23	\$ 1,090,574.04
Compensated Absences Payable (1)	2,694,344.61	-	181,812.89	2,512,531.72	764,733.39
Net Pension Liability	16,794,660.00	5,233,241.00	6,275,826.00	15,752,075.00	18,325.00
Total OPEB Liability	615,077.00	102,240.00	256,935.00	460,382.00	13,414.00
Total Governmental Activities	\$ 35,357,105.98	\$ 5,335,481.00	\$ 7,769,990.03	\$ 32,922,596.95	\$ 1,887,046.43

(1) Compensated absences payable beginning balance has been restated for the implementation of GASB Statement No. 101, as described in Note II. The change in compensated absences payable is presented as a net change.

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

J. Fund Balance Reporting

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

- **Nonspendable Fund Balance.** Nonspendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash.

- **Restricted Fund Balance.** Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance.
- **Unassigned Fund Balance.** The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

K. Interfund Receivables and Payables

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 6.96	\$ -
Nonmajor Governmental	-	6.96
Total	\$ 6.96	\$ 6.96

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

L. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2024-25 fiscal year:

Source	Amount
Categorical Educational Program - Class Size Reduction	\$ 1,812,356.00
Florida Education Finance Program	737,578.00
State Sales Tax Distribution	230,000.00
Voluntary Prekindergarten Program	95,816.56
Workforce Development Program	91,222.00
Adults with Disabilities	22,312.50
Food Service Supplement	11,660.00
Miscellaneous	529,307.31
Total	\$ 3,530,252.37

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

2. Property Taxes

The following is a summary of millages and taxes levied on the 2024 tax roll for the 2024-25 fiscal year:

General Fund	Millages	Taxes Levied
Nonvoted School Tax:		
Required Local Effort	2.854	\$ 12,780,047.20
Basic Discretionary Local Effort	0.748	3,349,500.81
Voted School Tax:		
Additional Operating	1.000	4,477,942.26
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	0.786	3,519,662.61
Total	5.388	\$ 24,127,152.88

M. Interfund Transfers

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 1,239,359.91	\$ 75,000.00
Capital Projects:		
Local Capital Improvement	-	1,239,359.91
Nonmajor Governmental	75,000.00	-
Total	\$ 1,314,359.91	\$ 1,314,359.91

Transfers to the General Fund were for reimbursement of maintenance expenditures, property casualty insurance, and classroom equipment. Transfers to the nonmajor governmental funds were provided to supplement food service operations.

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule General and Major Special Revenue Funds For the Fiscal Year Ended June 30, 2025

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 65,000.00	\$ 65,000.00	\$ 62,131.09	\$ (2,868.91)
Federal Through State and Local State	35,000.00	35,000.00	34,659.35	(340.65)
	3,335,576.00	3,215,571.00	3,398,310.98	182,739.98
Local:				
Property Taxes	19,823,626.00	19,823,627.00	19,968,960.97	145,333.97
Miscellaneous	292,250.00	309,950.00	463,553.50	153,603.50
Total Local Revenues	<u>20,115,876.00</u>	<u>20,133,577.00</u>	<u>20,432,514.47</u>	<u>298,937.47</u>
Total Revenues	<u>23,551,452.00</u>	<u>23,449,148.00</u>	<u>23,927,615.89</u>	<u>478,467.89</u>
Expenditures				
Current - Education:				
Instruction	14,773,851.36	14,533,728.76	13,003,020.47	1,530,708.29
Student Support Services	1,505,193.10	1,580,780.00	1,388,876.21	191,903.79
Instructional Media Services	232,941.00	234,394.00	182,612.41	51,781.59
Instruction and Curriculum Development Services	313,965.00	313,968.00	236,428.72	77,539.28
Instructional Staff Training Services	472,048.00	616,862.00	567,883.28	48,978.72
Instruction-Related Technology Board	116,191.00	151,817.60	150,453.64	1,363.96
Board	298,138.00	311,448.00	274,904.07	36,543.93
General Administration	1,291,958.00	1,371,919.00	1,293,688.04	78,230.96
School Administration	1,276,944.00	1,299,671.00	1,215,283.98	84,387.02
Fiscal Services	397,150.00	417,706.00	412,433.00	5,273.00
Food Services	-	-	-	-
Central Services	205,671.00	207,964.00	205,637.90	2,326.10
Student Transportation Services	1,060,303.00	1,485,926.00	1,140,463.44	345,462.56
Operation of Plant	2,705,549.00	2,708,934.00	2,471,837.89	237,096.11
Maintenance of Plant	3,039,227.70	3,031,427.70	1,352,035.46	1,679,392.24
Administrative Technology Services	136,691.00	129,799.00	123,525.83	6,273.17
Community Services	-	-	-	-
Fixed Capital Outlay:				
Other Capital Outlay	-	5,103.00	5,103.00	-
Debt Service:				
Interest and Fiscal Charges	52,500.00	52,500.00	51,283.68	1,216.32
Total Expenditures	<u>27,878,321.16</u>	<u>28,453,948.06</u>	<u>24,075,471.02</u>	<u>4,378,477.04</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,326,869.16)</u>	<u>(5,004,800.06)</u>	<u>(147,855.13)</u>	<u>4,856,944.93</u>
Other Financing Sources (Uses)				
Transfers In	1,339,107.43	1,339,107.43	1,239,359.91	(99,747.52)
Loss Recoveries	-	-	2,711.70	2,711.70
Transfers Out	(300,000.00)	(300,000.00)	(75,000.00)	225,000.00
Total Other Financing Sources (Uses)	<u>1,039,107.43</u>	<u>1,039,107.43</u>	<u>1,167,071.61</u>	<u>127,964.18</u>
Net Change in Fund Balances	<u>(3,287,761.73)</u>	<u>(3,965,692.63)</u>	<u>1,019,216.48</u>	<u>4,984,909.11</u>
Fund Balances, Beginning	5,505,835.98	5,505,835.98	5,505,835.98	-
Fund Balances, Ending	<u>\$ 2,218,074.25</u>	<u>\$ 1,540,143.35</u>	<u>\$ 6,525,052.46</u>	<u>\$ 4,984,909.11</u>

Special Revenue - Federal Education Stabilization Fund

Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ -	\$ -	\$ -	\$ -
1,307,320.48	1,307,320.48	1,137,541.20	(169,779.28)
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,307,320.48</u>	<u>1,307,320.48</u>	<u>1,137,541.20</u>	<u>(169,779.28)</u>
980,303.27	598,402.95	492,428.17	105,974.78
12,098.10	-	-	-
-	-	-	-
-	-	-	-
131,119.39	65,951.86	57,002.81	8,949.05
-	20,790.00	20,790.00	-
-	-	-	-
142,901.18	27,221.13	9,693.22	17,527.91
-	-	-	-
-	-	-	-
2,794.47	2,794.47	-	2,794.47
-	-	-	-
38,104.07	34,533.07	-	34,533.07
-	-	-	-
-	-	-	-
-	557,627.00	557,627.00	-
-	-	-	-
-	-	-	-
<u>1,307,320.48</u>	<u>1,307,320.48</u>	<u>1,137,541.20</u>	<u>169,779.28</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability					
Service Cost	\$ 19,528	\$ 19,438	\$ 33,541	\$ 28,608	\$ 42,743
Interest	23,781	22,899	16,032	18,595	39,602
Differences Between Expected and Actual Experience	(219,925)	-	(43,793)	-	(114,849)
Changes of Assumptions or Other Inputs	58,931	(10,171)	(174,211)	49,110	(414,317)
Benefit Payments	<u>(37,010)</u>	<u>(36,462)</u>	<u>(27,318)</u>	<u>(23,099)</u>	<u>(67,528)</u>
Net Change in Total OPEB Liability	<u>(154,695)</u>	<u>(4,296)</u>	<u>(195,749)</u>	<u>73,214</u>	<u>(514,349)</u>
Total OPEB Liability - Beginning	<u>615,077</u>	<u>619,373</u>	<u>815,122</u>	<u>741,908</u>	<u>1,256,257</u>
Total OPEB Liability - Ending	<u>\$ 460,382</u>	<u>\$ 615,077</u>	<u>\$ 619,373</u>	<u>\$ 815,122</u>	<u>\$ 741,908</u>
Covered-Employee Payroll	\$ 12,488,619	\$ 12,513,517	\$ 12,149,046	\$ 12,202,088	\$ 11,846,687
Total OPEB Liability as a Percentage of Covered-Employee Payroll	3.69%	4.92%	5.10%	6.68%	6.26%
	<u>2020</u>	<u>2019</u>	<u>2018</u>		
Total OPEB Liability					
Service Cost	\$ 37,050	\$ 53,554	\$ 58,739		
Interest	44,501	55,803	48,194		
Differences Between Expected and Actual Experience	-	16,336	-		
Changes of Assumptions or Other Inputs	17,112	(378,529)	(119,114)		
Benefit Payments	<u>(69,334)</u>	<u>(68,367)</u>	<u>(62,864)</u>		
Net Change in Total OPEB Liability	<u>29,329</u>	<u>(321,203)</u>	<u>(75,045)</u>		
Total OPEB Liability - Beginning	<u>1,226,928</u>	<u>1,548,131</u>	<u>1,623,176</u>		
Total OPEB Liability - Ending	<u>\$ 1,256,257</u>	<u>\$ 1,226,928</u>	<u>\$ 1,548,131</u>		
Covered-Employee Payroll	\$ 10,495,472	\$ 10,189,779	\$ 9,139,993		
Total OPEB Liability as a Percentage of Covered-Employee Payroll	11.97%	12.04%	16.94%		

**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
2015	0.028782672%	\$ 3,717,668	\$ 9,989,487	37.22%	92.00%
2016	0.027891758%	7,042,691	10,259,555	68.65%	84.88%
2017	0.028269260%	8,361,857	10,923,326	76.55%	83.89%
2018	0.028343881%	8,537,324	11,215,173	76.12%	84.26%
2019	0.027855017%	9,592,880	11,568,586	82.92%	82.61%
2020	0.026948605%	11,679,923	11,972,934	97.55%	78.85%
2021	0.029719539%	2,244,973	12,720,027	17.65%	96.40%
2022	0.029627527%	11,023,821	12,991,444	84.85%	82.89%
2023	0.028097626%	11,196,015	13,966,372	80.16%	82.38%
2024	0.027109069%	10,487,063	14,853,805	70.60%	83.70%

(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
2016	\$ 680,904	\$ (680,904)	\$ -	\$ 10,259,555	6.64%
2017	736,429	(736,429)	-	10,923,326	6.74%
2018	812,417	(812,417)	-	11,215,173	7.24%
2019	873,301	(873,301)	-	11,568,586	7.55%
2020	921,297	(921,297)	-	11,972,934	7.69%
2021	1,141,580	(1,141,580)	-	12,720,027	8.97%
2022	1,284,573	(1,284,573)	-	12,991,444	9.89%
2023	1,393,858	(1,393,858)	-	13,966,372	9.98%
2024	1,640,845	(1,640,845)	-	14,853,805	11.05%
2025	1,652,870	(1,652,870)	-	14,829,309	11.15%

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

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

Fiscal Year Ending June 30	District's Proportion of the HIS Net Pension Liability	District's Proportionate Share of the HIS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.032971100%	\$ 3,358,046	\$ 9,989,487	33.62%	0.50%
2016	0.033205550%	3,869,968	10,259,555	37.72%	0.97%
2017	0.034236747%	3,660,750	10,923,326	33.51%	1.64%
2018	0.034333329%	3,633,877	11,215,173	32.40%	2.15%
2019	0.034587810%	3,870,030	11,568,586	33.45%	2.63%
2020	0.034500050%	4,212,400	11,972,934	35.18%	3.00%
2021	0.035930057%	4,407,362	12,720,027	34.65%	3.56%
2022	0.035648788%	3,775,776	12,991,444	29.06%	4.81%
2023	0.035252990%	5,598,645	13,966,372	40.09%	4.12%
2024	0.035097792%	5,265,012	14,853,805	35.45%	4.80%

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

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

Fiscal Year Ending June 30	Contractually Required HIS Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	District's Covered Payroll	HIS Contributions as a Percentage of Covered Payroll
2016	\$ 170,349	\$ (170,349)	\$ -	\$ 10,259,555	1.66%
2017	181,328	(181,328)	-	10,923,326	1.66%
2018	186,712	(186,712)	-	11,215,173	1.66%
2019	192,038	(192,038)	-	11,568,586	1.66%
2020	198,750	(198,750)	-	11,972,934	1.66%
2021	211,152	(211,152)	-	12,720,027	1.66%
2022	215,658	(215,658)	-	12,991,444	1.66%
2023	231,842	(231,842)	-	13,966,372	1.66%
2024	297,076	(297,076)	-	14,853,805	2.00%
2025	296,379	(296,379)	-	14,829,309	2.00%

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

1. Budgetary Basis of Accounting

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

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

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

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

Changes of Assumptions. In 2025, the discount rate was changed from 3.86 percent to 3.93 percent; the medical claims costs and premiums were updated based on actual premium information provided for this valuation; the healthcare cost trend assumption was revised to reflect the current expectations for the year beginning October 1, 2024, and resulting updates to the long-term healthcare cost trends; the mortality, withdrawal, disability, salary increases, retirement, and DROP entry rates were updated to align with the FRS July 1, 2024, actuarial valuations, which were based on the results of a statewide experience study covering the period 2018 through 2023; and the acceptance rate for life insurance was no longer applicable.

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

Changes of Assumptions. In 2024, salary increases including inflation increased from 3.25 percent to 3.5 percent and the mortality assumptions were updated.

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

Changes of Assumptions. In 2024, the municipal bond rate used to determine total pension liability was increased from 3.65 percent to 3.93 percent and the demographic and coverage election assumptions were updated.

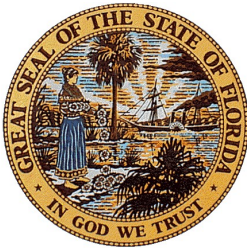
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Gulf County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Total Expenditures
Clustered			
Child Nutrition Cluster			
United States Department of Agriculture:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	25002	\$ 266,012.65
National School Lunch Program	10.555	25001, 25003	700,476.17
Fresh Fruit and Vegetable Program	10.582	25004	19,989.88
Total Child Nutrition Cluster			986,478.70
Special Education Cluster			
United States Department of Education:			
Florida Department of Education:			
Special Education - Grants to States	84.027	263	518,698.66
Special Education - Preschool Grants	84.173	267	32,770.94
Total Special Education Cluster			551,469.60
Not Clustered			
United States Department of Defense			
Navy Junior Reserve Officers Training Corps	12.UNK	N/A	62,131.09
United States Department of Education			
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212, 226	719,186.86
Career and Technical Education - Basic Grants to States	84.048	161	87,532.00
Rural Education	84.358	110	82,227.53
Supporting Effective Instruction State Grants	84.367	224	103,922.10
Student Support and Academic Enrichment Program	84.424	241	58,381.03
Education Stabilization Fund - American Rescue Plan			
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425U	121	1,137,541.20
Total United States Department of Education			2,188,790.72
United States Department of Health and Human Services			
Florida Department of Education:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	502	157,432.19
Total Expenditures of Federal Awards			\$ 3,946,302.30

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 Gulf County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2025. 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 or changes in net position 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 \$48,520.20 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.



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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gulf County District School Board as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 13, 2026, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

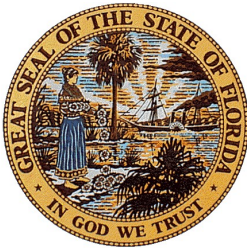
Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
February 13, 2026



Sherrill F. Norman, CPA
Auditor General

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Gulf 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 the District's major Federal program for the fiscal year ended June 30, 2025. The District's major Federal program is 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 its major Federal program for the fiscal year ended June 30, 2025.

Basis for Opinion on the 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 the

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the 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
February 13, 2026

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 program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major Federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major Federal program:	
Assistance Listing Number: 84.425	Name of Federal Program or Cluster: Education Stabilization Fund
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The District did not have prior audit findings required to be reported under Title 2, Section 200.511, Code of Federal Regulations.