

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2026-167
March 2026

**CALHOUN 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, Darryl Taylor Jr. served as Superintendent of the Calhoun County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Daniel E. Ryals III, Chair	1
Charles R. Howell, Vice Chair	2
Clifford A. Newsome	3
Kenneth F. Speights	4
Danny M. Hassig	5

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

The team leader was Tonya Williams, 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 Calhoun 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 Title I Program 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 Title I Program.

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

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

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 Calhoun 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 Calhoun County District School Board, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the school internal funds, which represent 12 percent, 0 percent, 14 percent, 16 percent, and 16 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 March 30, 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
March 30, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Calhoun County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2025. 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:

- In total, net position decreased \$613,197.65, or 0.7 percent from the 2023-24 fiscal year.
- General revenues total \$25,715,211.54, or 93.4 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$1,823,000.10, or 6.6 percent of all revenues, compared to \$1,779,980.80, or 6.4 percent, in the prior fiscal year.
- Governmental activities expenses total \$28,151,409.29 compared to \$28,416,245.21 in the prior fiscal year.
- General Fund State funding, which consists primarily of the Florida Education Finance Program (FEFP) and categorical and other earmarked educational programs revenues, decreased \$156,997.60 from the 2023-24 fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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 instruction, student support services, instructional support services, administrative support services, facility maintenance,

transportation, and food services. 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, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

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

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

Proprietary Fund: Proprietary funds may be established to account for activities in which a fee is charged for services. The internal service fund is the only proprietary fund maintained by the District. The internal service fund is used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses the internal service fund to account for the District's Employee Health Self-Insurance Program. Since these services predominately benefit governmental rather than business-type activities, the internal service fund has been included within governmental activities in the government-wide financial statements.

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

The District uses custodial funds to account for resources 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

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:

	Governmental	
	Activities	
	6-30-25	6-30-24
Current and Other Assets	\$ 25,491,265.09	\$ 26,126,657.50
Capital Assets	81,397,491.38	82,685,041.17
Total Assets	106,888,756.47	108,811,698.67
Deferred Outflows of Resources	5,932,464.00	5,634,537.00
Long-Term Liabilities	24,373,217.62	25,892,141.08
Other Liabilities	789,104.75	1,421,337.84
Total Liabilities	25,162,322.37	27,313,478.92
Deferred Inflows of Resources	6,356,914.00	5,217,575.00
Net Position:		
Net Investment in Capital Assets	78,797,022.27	79,491,381.12
Restricted	4,933,120.13	5,204,789.34
Unrestricted (Deficit)	(2,428,158.30)	(2,780,988.71)
Total Net Position	\$ 81,301,984.10	\$ 81,915,181.75

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

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was primarily the result of accruing \$14,361,476 in net pension liability.

Total assets decreased primarily due to the construction completion and depreciation of the new Blountstown Elementary School. Long-term liabilities decreased mainly due to the District recognizing its proportionate share of the decrease in the Florida Retirement System's net pension liability.

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	\$ 157,147.48	\$ 155,213.67
Operating Grants and Contributions	1,565,852.62	1,562,582.51
Capital Grants and Contributions	100,000.00	62,184.62
General Revenues:		
Property Taxes, Levied for Operational Purposes	2,598,475.18	2,340,404.98
Property Taxes, Levied for Capital Projects	1,048,614.19	927,600.28
Local Sales Taxes	730,501.18	704,775.93
Grants and Contributions Not Restricted to Specific Programs	20,315,533.21	20,957,955.38
Unrestricted Investment Earnings	753,981.16	829,555.58
Miscellaneous	268,106.62	200,285.26
Total Revenues	27,538,211.64	27,740,558.21
Functions/Program Expenses:		
Instruction	13,517,513.35	13,912,479.91
Student Support Services	917,758.44	925,216.55
Instructional Media Services	260,347.78	951,151.27
Instruction and Curriculum Development Services	804,720.43	444,761.73
Instructional Staff Training Services	171,835.08	115,050.19
Instruction-Related Technology	674,345.17	801,914.87
Board	426,075.54	467,068.37
General Administration	510,052.17	369,362.80
School Administration	1,311,283.06	1,383,432.53
Facilities Acquisition and Construction	340,650.45	825,180.14
Fiscal Services	372,011.93	467,774.39
Food Services	1,746,376.45	1,804,687.35
Central Services	52,829.60	50,309.06
Student Transportation Services	1,435,620.23	1,525,333.06
Operation of Plant	2,428,872.84	2,434,304.07
Maintenance of Plant	677,510.69	496,201.43
Administrative Technology Services	23,338.99	19,733.04
Community Services	6,246.73	-
Unallocated Interest on Long-Term Debt	-	78.00
Unallocated Depreciation Expense	2,474,020.36	1,422,206.45
Total Functions/Program Expenses	28,151,409.29	28,416,245.21
Change in Net Position	(613,197.65)	(675,687.00)
Net Position - Beginning	81,915,181.75	82,590,868.75
Net Position - Ending	\$ 81,301,984.10	\$ 81,915,181.75

The largest revenue source is the State of Florida (62.9 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP funding formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Grants and contributions not restricted to specific programs revenues decreased by \$642,422.17 or 3.1 percent primarily due to the expiration of Federal Education Stabilization Funds.

Instruction expenses represent 48 percent of total governmental expenses in the 2024-25 fiscal year. Instruction expenses decreased by \$394,966.56, or 2.8 percent, in part, due to a decrease in the net pension expense.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

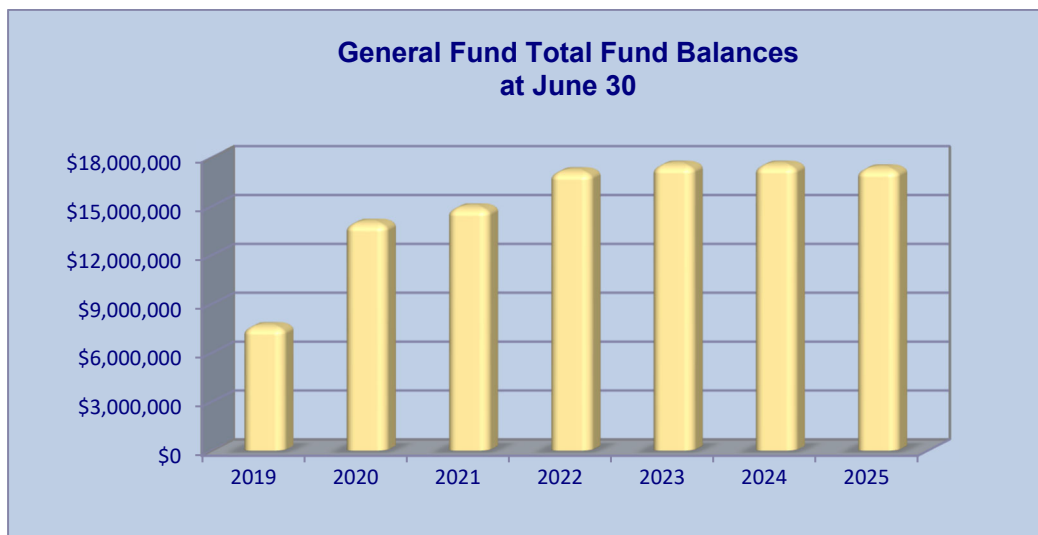
Governmental Funds

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 \$68,573.42 during the fiscal year to \$21,913,177.51 at June 30, 2025. Of the total fund balance, \$16,980,057.38, or 77.5 percent, is unassigned fund balance, which is available for spending at the District's discretion; \$103,826.24 is nonspendable; and \$4,829,293.89 is restricted.

Major Governmental Funds

General Fund. The fund balance decreased by \$227,222.33 during the current fiscal year. The following graph shows total fund balances of the General Fund from the 2018-19 fiscal year to the 2024-25 fiscal year:



Special Revenue – Other Fund. The Special Revenue – Other Fund has total revenues and expenditures of \$1,970,797.95 each. This fund is used to account for certain Federal grant program resources. Since Federal revenue is recognized to the extent that eligible expenditures have been incurred, this fund generally does not accumulate a fund balance.

Special Revenue – Federal Education Stabilization Fund. The Special Revenue – Federal Education Stabilization Fund has total revenues and expenditures of \$929,603.57 each. This fund is used to account for Federal funding provided as emergency relief to address the impact of COVID-19 on elementary and secondary schools. Since Federal revenue is recognized to the extent that eligible expenditures have been incurred, this fund generally does not accumulate a fund balance.

Capital Projects – Other Fund. The Capital Projects – Other Fund has a total fund balance of \$3,451,370.04 consisting of \$3,351,370.04 in the Sales Tax Fund and \$100,000 in the Educational Facilities Security Grant Fund. These funds are restricted for educational capital outlay needs, including new construction and renovation and remodeling projects.

Proprietary Funds

In the current fiscal year, net position decreased by \$71,732.74 to \$2,788,982.83 at June 30, 2025, due to an increase in claims expenses. This can be compared to the previous fiscal year in which net position increased by \$374,375.47.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budgets are prepared and amendments made according to Florida law. The most significant budgeted fund is the General Fund. During the 2024-25 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of \$479,570.70 and expenditures of \$401,112.29. Budget revisions occurred primarily from changes in estimated State funding levels and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

Actual expenditures were \$15,966,132.30 less than the final budgeted amounts due to unspent budgeted hurricane insurance proceeds as well as unspent instructional purchased services, materials and supplies, and capital outlay. The ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$15,821,921.26.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2025, is \$81,397,491.38 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

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

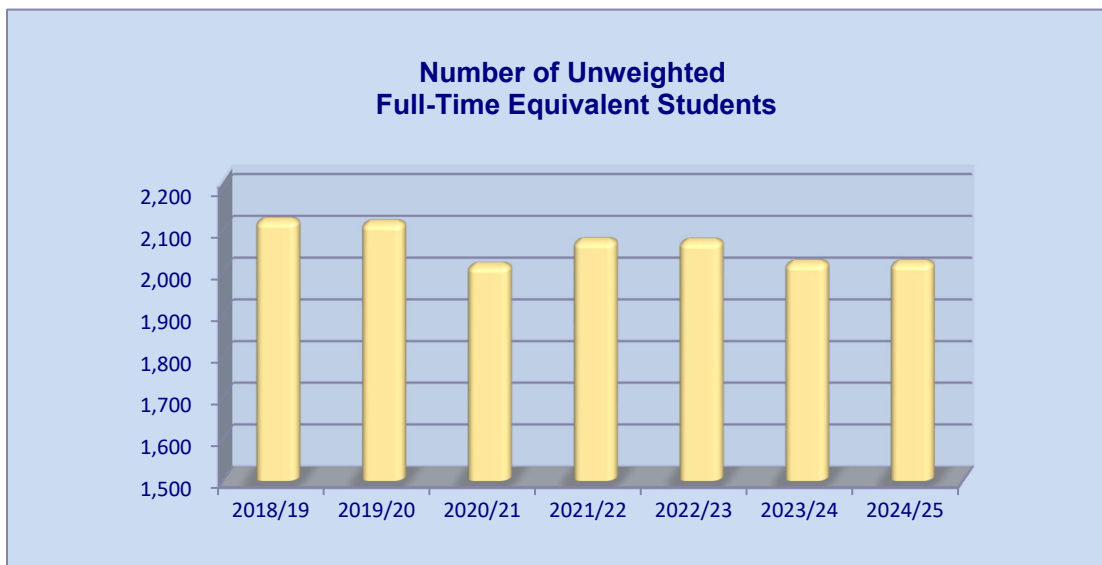
Long-Term Debt

At June 30, 2025, the District had total long-term debt outstanding of \$2,600,469.11, composed of Special PECO Advance Payable.

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

OTHER MATTERS OF SIGNIFICANCE

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 unweighted FTE fluctuated over the past 7 years. The decline in unweighted FTE between 2019-20 and 2021-22 is attributed to COVID-19. There is a 16.93 decrease in the 2024-25 FTE as compared to the prior year.



REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the Calhoun County District School Board's finances. Questions concerning information provided in the report or requests for additional financial information should be addressed to the Calhoun County District School Board, 17586 Main Street North, Blountstown, Florida 32424.

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BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 21,868,810.31
Due from Fiscal Agent	3,182,407.72
Due from Other Agencies	336,220.82
Inventories	103,826.24
Capital Assets:	
Nondepreciable Capital Assets	1,551,599.34
Depreciable Capital Assets, Net	79,845,892.04
TOTAL ASSETS	106,888,756.47
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	4,438,495.00
OPEB	1,493,969.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,932,464.00
LIABILITIES	
Payroll Deductions and Withholdings	378,395.53
Accounts Payable	253,152.49
Due to Other Agencies	590.00
Deposits Payable	7,878.73
Estimated Insurance Claims Payable	149,088.00
Long-Term Liabilities:	
Portion Due Within 1 Year	2,930,047.53
Portion Due After 1 Year	21,443,170.09
TOTAL LIABILITIES	25,162,322.37
DEFERRED INFLOWS OF RESOURCES	
Pensions	2,532,732.00
OPEB	3,824,182.00
TOTAL DEFERRED INFLOWS OF RESOURCES	6,356,914.00
NET POSITION	
Net Investment in Capital Assets	78,797,022.27
Restricted for:	
State Required Carryover Programs	117,263.08
Workforce Development	269,877.79
Capital Projects	4,372,274.22
Food Service	173,705.04
Unrestricted	(2,428,158.30)
TOTAL NET POSITION	\$ 81,301,984.10

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

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

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental Activities:			
Instruction	\$ 13,517,513.35	\$ 51,040.00	\$ -
Student Support Services	917,758.44	-	-
Instructional Media Services	260,347.78	-	-
Instruction and Curriculum Development Services	804,720.43	-	-
Instructional Staff Training Services	171,835.08	-	-
Instruction-Related Technology	674,345.17	-	-
Board	426,075.54	-	-
General Administration	510,052.17	-	-
School Administration	1,311,283.06	-	-
Facilities Acquisition and Construction	340,650.45	-	-
Fiscal Services	372,011.93	-	-
Food Services	1,746,376.45	106,107.48	1,565,852.62
Central Services	52,829.60	-	-
Student Transportation Services	1,435,620.23	-	-
Operation of Plant	2,428,872.84	-	-
Maintenance of Plant	677,510.69	-	-
Administrative Technology Services	23,338.99	-	-
Community Services	6,246.73	-	-
Unallocated Depreciation Expense*	2,474,020.36	-	-
Total Governmental Activities	\$ 28,151,409.29	\$ 157,147.48	\$ 1,565,852.62

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Local Sales Taxes

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

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	
\$ -	\$ (13,466,473.35)	
-	(917,758.44)	
-	(260,347.78)	
-	(804,720.43)	
-	(171,835.08)	
-	(674,345.17)	
-	(426,075.54)	
-	(510,052.17)	
-	(1,311,283.06)	
100,000.00	(240,650.45)	
-	(372,011.93)	
-	(74,416.35)	
-	(52,829.60)	
-	(1,435,620.23)	
-	(2,428,872.84)	
-	(677,510.69)	
-	(23,338.99)	
-	(6,246.73)	
-	(2,474,020.36)	
<u>\$ 100,000.00</u>	<u>(26,328,409.19)</u>	

2,598,475.18
1,048,614.19
730,501.18
20,315,533.21
753,981.16
268,106.62
<u>25,715,211.54</u>
(613,197.65)
<u>81,915,181.75</u>
<u>\$ 81,301,984.10</u>

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

	<u>General Fund</u>	<u>Special Revenue - Other Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 17,502,415.14	\$ 19,225.13	\$ -
Due from Other Funds	82,382.49	-	-
Due from Other Agencies	126,394.58	82,382.49	-
Inventories	-	-	-
TOTAL ASSETS	<u>\$ 17,711,192.21</u>	<u>\$ 101,607.62</u>	<u>\$ 0.00</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payroll Deductions and Withholdings	\$ 334,588.36	\$ 19,225.13	\$ -
Accounts Payable	8,815.60	-	-
Due to Other Funds	-	82,382.49	-
Due to Other Agencies	590.00	-	-
Deposits Payable	-	-	-
Total Liabilities	<u>343,993.96</u>	<u>101,607.62</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Inventories	-	-	-
Restricted for:			
State Required Carryover Programs	117,263.08	-	-
Workforce Development	269,877.79	-	-
Capital Projects	-	-	-
Food Service	-	-	-
Total Restricted Fund Balance	<u>387,140.87</u>	<u>-</u>	<u>-</u>
Unassigned Fund Balance	<u>16,980,057.38</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>17,367,198.25</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,711,192.21</u>	<u>\$ 101,607.62</u>	<u>\$ 0.00</u>

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

Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,351,370.04	\$ 995,800.00	\$ 21,868,810.31
-	-	82,382.49
100,000.00	27,443.75	336,220.82
-	103,826.24	103,826.24
<u>\$ 3,451,370.04</u>	<u>\$ 1,127,069.99</u>	<u>\$ 22,391,239.86</u>
\$ -	\$ 24,582.04	\$ 378,395.53
-	-	8,815.60
-	-	82,382.49
-	-	590.00
-	7,878.73	7,878.73
<u>-</u>	<u>32,460.77</u>	<u>478,062.35</u>
-	103,826.24	103,826.24
-	-	117,263.08
-	-	269,877.79
3,451,370.04	920,904.18	4,372,274.22
-	69,878.80	69,878.80
<u>3,451,370.04</u>	<u>990,782.98</u>	<u>4,829,293.89</u>
-	-	16,980,057.38
<u>3,451,370.04</u>	<u>1,094,609.22</u>	<u>21,913,177.51</u>
<u>\$ 3,451,370.04</u>	<u>\$ 1,127,069.99</u>	<u>\$ 22,391,239.86</u>

**Calhoun 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 \$ 21,913,177.51

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. 81,397,491.38

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 2,788,982.83

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	\$	4,438,495.00	
Deferred Outflows Related to OPEB		1,493,969.00	
Deferred Inflows Related to Pensions		(2,532,732.00)	
Deferred Inflows Related to OPEB		<u>(3,824,182.00)</u>	(424,450.00)

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:

Compensated Absences Payable	\$	(1,727,430.51)	
Special Public Education Capital Outlay Advance Payable		(2,600,469.11)	
Total OPEB Liability		(5,683,842.00)	
Net Pension Liability		<u>(14,361,476.00)</u>	<u>(24,373,217.62)</u>

Net Position - Governmental Activities \$ 81,301,984.10

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

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Calhoun 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 - Other Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>
Revenues			
Intergovernmental:			
Federal Through State and Local State	\$ 212,702.57	\$ 1,970,797.95	\$ 929,603.57
Local:	17,202,429.12	-	-
Property Taxes	2,598,475.18	-	-
Local Sales Taxes	-	-	-
Charges for Services	-	-	-
Miscellaneous	983,547.79	-	-
Total Local Revenues	<u>3,582,022.97</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>20,997,154.66</u>	<u>1,970,797.95</u>	<u>929,603.57</u>
Expenditures			
Current - Education:			
Instruction	12,096,665.72	1,144,264.01	608,844.86
Student Support Services	829,709.11	114,206.89	-
Instructional Media Services	268,654.89	-	-
Instruction and Curriculum Development Services	318,354.24	516,345.64	-
Instructional Staff Training Services	112,035.54	64,608.08	-
Instruction-Related Technology Board	695,399.74	-	-
General Administration	433,346.60	-	-
School Administration	395,873.16	71,753.87	54,222.31
Facilities Acquisition and Construction	1,356,602.10	409.79	-
Fiscal Services	100,771.52	-	-
Food Services	385,784.93	-	-
Central Services	9,682.17	-	-
Student Transportation Services	49,469.88	3,554.78	-
Operation of Plant	1,179,620.46	55,654.89	-
Maintenance of Plant	2,453,703.55	-	-
Administrative Technology Services	673,934.92	-	10,153.59
Community Services	23,338.99	-	-
Fixed Capital Outlay:	6,511.16	-	-
Facilities Acquisition and Construction	-	-	219,303.96
Other Capital Outlay	107,960.31	-	37,078.85
Total Expenditures	<u>21,497,418.99</u>	<u>1,970,797.95</u>	<u>929,603.57</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(500,264.33)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers In	273,042.00	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>273,042.00</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(227,222.33)</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning	17,594,420.58	-	-
Adjustment to Fund Balance	-	-	-
Fund Balances, Beginning, as Restated	<u>17,594,420.58</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 17,367,198.25</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

<u>Capital Projects - Other Fund</u>	<u>Capital Projects - Public Education Capital Outlay Fund (Former Major Fund)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 1,545,584.62	\$ 4,658,688.71
100,000.00	-	20,268.00	17,322,697.12
-	-	1,048,614.19	3,647,089.37
730,501.18	-	-	730,501.18
-	-	106,107.48	106,107.48
10,380.65	-	54,378.34	1,048,306.78
<u>740,881.83</u>	<u>-</u>	<u>1,209,100.01</u>	<u>5,532,004.81</u>
<u>840,881.83</u>	<u>-</u>	<u>2,774,952.63</u>	<u>27,513,390.64</u>
-	-	-	13,849,774.59
-	-	-	943,916.00
-	-	-	268,654.89
-	-	-	834,699.88
-	-	-	176,643.62
-	-	-	695,399.74
-	-	-	433,346.60
-	-	-	521,849.34
-	-	-	1,357,011.89
228,402.37	-	15,620.29	344,794.18
-	-	-	385,784.93
-	-	1,764,191.22	1,773,873.39
-	-	-	53,024.66
-	-	-	1,235,275.35
-	-	-	2,453,703.55
-	-	-	684,088.51
-	-	-	23,338.99
-	-	-	6,511.16
61,227.93	-	781,543.46	1,062,075.35
-	-	196,011.44	341,050.60
<u>289,630.30</u>	<u>-</u>	<u>2,757,366.41</u>	<u>27,444,817.22</u>
<u>551,251.53</u>	<u>-</u>	<u>17,586.22</u>	<u>68,573.42</u>
1,352,926.43	-	-	1,625,968.43
-	-	(1,625,968.43)	(1,625,968.43)
<u>1,352,926.43</u>	<u>-</u>	<u>(1,625,968.43)</u>	<u>-</u>
<u>1,904,177.96</u>	<u>-</u>	<u>(1,608,382.21)</u>	<u>68,573.42</u>
-	2,130,382.88	2,119,800.63	21,844,604.09
1,547,192.08	(2,130,382.88)	583,190.80	-
<u>1,547,192.08</u>	<u>-</u>	<u>2,702,991.43</u>	<u>21,844,604.09</u>
<u>\$ 3,451,370.04</u>	<u>\$ 0.00</u>	<u>\$ 1,094,609.22</u>	<u>\$ 21,913,177.51</u>

Calhoun 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 \$ 68,573.42

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. (1,274,647.31)

The loss on the disposal of capital assets during the current fiscal year is reported in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the fiscal year purchased. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the disposed assets. (12,902.48)

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current fiscal year. (201,722.54)

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	\$ 76,822.00	
Increase in Deferred Outflows of Resources - OPEB	334,297.00	
Decrease in Deferred Inflows of Resources - OPEB	39,126.00	450,245.00

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	\$ 1,467,589.00	
HIS Pension Contribution	266,657.00	
FRS Pension Expense	(1,240,776.00)	
HIS Pension Expense	(64,481.00)	428,989.00

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The change in net position of the internal service fund is reported with governmental activities. (71,732.74)

Change in Net Position - Governmental Activities **\$ (613,197.65)**

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

**Calhoun County District School Board
Statement of Net Position – Proprietary Fund
June 30, 2025**

	Internal Service Fund
ASSETS	
Current Assets:	
Due from Fiscal Agent	\$ 3,182,407.72
LIABILITIES	
Current Liabilities:	
Accounts Payable	244,336.89
Estimated Insurance Claims Payable	149,088.00
Total Current Liabilities	393,424.89
NET POSITION	
Unrestricted	\$ 2,788,982.83

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

**Calhoun County District School Board
Statement of Revenues, Expenses, and Changes in Fund
Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2025**

	Internal Service Fund
OPERATING REVENUES	
Premiums	\$ 2,659,250.43
OPERATING EXPENSES	
Purchased Services	27,333.47
Insurance Claims	2,124,700.88
Excess Insurance Premiums	657,571.31
Service Agent Fees	69,957.32
Total Operating Expenses	2,879,562.98
Operating Loss	(220,312.55)
NONOPERATING REVENUES	
Investment Income	148,579.81
Change in Net Position	(71,732.74)
Total Net Position - Beginning	2,860,715.57
Total Net Position - Ending	\$ 2,788,982.83

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

**Calhoun County District School Board
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2025**

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Board Funds and Participants	\$ 2,881,766.17
Cash Payments to Suppliers for Goods and Services	(713,807.98)
Cash Payments for Insurance Claims	(2,148,356.88)
Cash Payments for Premiums and Other Fees	(168,181.12)
	<u>(148,579.81)</u>
Net Cash Used by Operating Activities	(148,579.81)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	148,579.81
	<u>148,579.81</u>
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents, Beginning	-
	<u>-</u>
Cash and Cash Equivalents, Ending	\$ 0.00
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	\$ (220,312.55)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Due from Other Funds	222,515.74
Due from Fiscal Agent	(168,181.12)
Accounts Payable	41,054.12
Estimated Insurance Claims Payable	(23,656.00)
	<u>71,732.74</u>
Total Adjustments	71,732.74
Net Cash Used by Operating Activities	\$ (148,579.81)

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

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

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>609,033</u>
NET POSITION	
Restricted for Student Groups	\$ <u>609,033</u>

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

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

	Custodial Funds
ADDITIONS	
Contributions:	
Student Group Collections	\$ 1,098,163
DEDUCTIONS	
Student Group Disbursements	1,092,853
Change in Net Position	5,310
Net Position - Beginning	603,723
Net Position - Ending	\$ 609,033

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 Calhoun 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 Calhoun 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 Calhoun 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 and the internal service fund. Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

D. Basis of Presentation: Fund Financial Statements

The fund financial statements provide information about the District's funds, including the proprietary and fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise 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 – Other Fund – to account for certain Federal grant program resources.
- Special Revenue – Federal Education Stabilization Fund – to account for certain Federal grant program resources provided as emergency relief to address the impact of COVID-19 on elementary and secondary schools.
- Capital Projects – Other Fund – to account for financial resources generated by sales tax revenues and the Educational Facilities Security Grant to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.

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

- Internal Service Fund – to account for the District's Employee Health Self-Insurance Program.
- 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. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 45 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. 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 45 days of year end). Property taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal 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 are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

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

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 \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	8 - 40 years
Buildings and Fixed Equipment	10 - 50 years
Furniture, Fixtures, and Equipment	3 - 15 years
Motor Vehicles	5 - 10 years
Audio Visual Materials and Computer Software	3 - 5 years

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

5. Pensions

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

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

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

6. Long-Term Liabilities

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

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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 and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Consequently, it is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

9. Fund Balance Flow Assumptions

The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the

governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances at June 30, 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 resolution authorized the Director of Finance to assign fund balance. The Board may 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 under the Educational Facilities Security Grant. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE.

Pursuant to Section 1013.64, Florida Statutes, the District received special allocations in the 2021-2022, 2022-2023, and 2023-24 fiscal years for specific construction needs through the Public Education Capital Outlay and Debt Service Trust Fund - Special Facility Construction Account. As a condition for receiving these funds, other construction funding must be pledged for the project, including the capital outlay millage levied pursuant to Section 1011.71(2), Florida Statutes, for the total amount of 3 fiscal years' maximum millage. Collections of the pledged revenues that are subsequently paid to the State will be reported as debt service expenditures in the governmental funds and reduce the liability in the statement of net position.

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

The Board adopted the 2024 tax levy on September 10, 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 Calhoun County Tax Collector at fiscal year end but not yet remitted to the District.

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

4. Capital Outlay Surtax

In August 2018, the voters of Calhoun County approved the renewal of a one-half cent school capital outlay surtax on sales in the County for 10 years, effective January 1, 2019, to pay construction costs of certain school facilities and related costs in accordance with Section 212.055(6), 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 is 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.

7. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and

delivering goods in connection with the proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s internal service fund are charges for employee health insurance premiums. Operating expenses include insurance claims, excess coverage premiums, service agent fees, and other purchased services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. ACCOUNTING CHANGES

A. Changes within the Financial Reporting Entity.

Change from Major to Nonmajor Fund. The Capital Projects – Public Education Capital Outlay Fund met the quantitative requirements for reporting as a major fund in the previous fiscal year. The fund did not meet those requirements for reporting as a major fund in the current fiscal year and as such is reported as a nonmajor fund. The effect of this change to or within the financial reporting entity is shown in the table below.

Change from Nonmajor to Major Fund. The Capital Projects – Other 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		
	Capital Projects - Public Education Capital Outlay	Capital Projects - Other	Nonmajor Governmental
Beginning Balances, as previously reported	\$ 2,130,382.88	\$ -	\$ 2,119,800.63
Change from major to nonmajor fund	(2,130,382.88)	-	2,130,382.88
Change from nonmajor to major fund	-	1,547,192.08	(1,547,192.08)
Beginning Balances, as restated	<u>\$ -</u>	<u>\$ 1,547,192.08</u>	<u>\$ 2,702,991.43</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:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA:		
Florida PRIME (1)	47 Days	<u>\$ 15,609,031.95</u>

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District 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 does not further limit its investment choices.

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:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 1,551,599.34	\$ -	\$ -	\$ 1,551,599.34
Construction in Progress	33,363,774.59	-	33,363,774.59	-
Total Capital Assets Not Being Depreciated	<u>34,915,373.93</u>	<u>-</u>	<u>33,363,774.59</u>	<u>1,551,599.34</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	6,691,619.99	3,046,848.12	-	9,738,468.11
Buildings and Fixed Equipment	57,147,700.03	31,379,001.82	-	88,526,701.85
Furniture, Fixtures, and Equipment	4,510,191.24	145,039.16	96,783.90	4,558,446.50
Motor Vehicles	3,382,562.70	185,175.00	7,625.00	3,560,112.70
Audio Visual Materials and Computer Software	984,666.91	10,836.44	-	995,503.35
Total Capital Assets Being Depreciated	<u>72,716,740.87</u>	<u>34,766,900.54</u>	<u>104,408.90</u>	<u>107,379,232.51</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	2,658,426.93	367,273.36	-	3,025,700.29
Buildings and Fixed Equipment	17,099,511.10	1,692,593.90	-	18,792,105.00
Furniture, Fixtures, and Equipment	2,152,962.89	392,617.18	83,881.42	2,461,698.65
Motor Vehicles	2,063,353.58	203,752.90	7,625.00	2,259,481.48
Audio Visual Materials and Computer Software	972,819.13	21,535.92	-	994,355.05
Total Accumulated Depreciation	<u>24,947,073.63</u>	<u>2,677,773.26</u>	<u>91,506.42</u>	<u>27,533,340.47</u>
Total Capital Assets Being Depreciated, Net	<u>47,769,667.24</u>	<u>32,089,127.28</u>	<u>12,902.48</u>	<u>79,845,892.04</u>
Governmental Activities Capital Assets, Net	<u>\$ 82,685,041.17</u>	<u>\$ 32,089,127.28</u>	<u>\$ 33,376,677.07</u>	<u>\$ 81,397,491.38</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	\$ 203,752.90
Unallocated	<u>2,474,020.36</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 2,677,773.26</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 \$1,305,257 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 \$1,467,589 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 \$9,745,079 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 0.025191039 percent, which was a decrease of 0.002032633 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 \$1,240,776. 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	\$ 984,513	\$ -
Change of Assumptions	1,335,652	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	647,709
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	215,246	866,798
District FRS Contributions Subsequent to the Measurement Date	1,467,589	-
Total	\$ 4,003,000	\$ 1,514,507

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$1,467,589, 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	\$ (337,167)
2027	1,509,358
2028	(66,538)
2029	(136,457)
2030	51,708
Total	\$ 1,020,904

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	\$ 17,141,252	\$ 9,745,079	\$ 3,549,215

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 \$266,657 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 \$4,616,397 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 0.030773979 percent, which was a decrease of 0.001701429 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 \$64,481. 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	\$ 44,574	\$ 8,862
Change of Assumptions	81,699	546,522
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	-	1,670
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	42,565	461,171
District HIS Contributions Subsequent to the Measurement Date	266,657	-
Total	<u>\$ 435,495</u>	<u>\$ 1,018,225</u>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$266,657, 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	\$ (190,650)
2027	(193,793)
2028	(190,068)
2029	(149,156)
2030	(98,880)
Thereafter	(26,840)
Total	\$ (849,387)

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:

	<u>1% Decrease (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 5,255,175	\$ 4,616,397	\$ 4,186,109

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 \$393,703.10 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. Pursuant to Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in the District's self-insured health and hospitalization plan for medical and prescription drug coverage. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The 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 and prescription drug benefits for retirees and their dependents. In addition to the implicit subsidy described above, the District also provides a lifetime subsidy of \$50 per month for certain retirees who participated in the insurance program to help pay the stated premium for single health coverage. All District employees may become eligible for these benefits if they reach normal retirement age and have their last 10 years of service with the District. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	31
Active Employees	<u>153</u>
Total	<u><u>184</u></u>

Total OPEB Liability. The District's total OPEB liability of \$5,683,842 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 – 6.35 percent, average, including inflation
Discount Rate	3.93 percent
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend rate starting at 7 percent and gradually decreasing to an ultimate trend rate of 4 percent 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 plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the OPEB Plan actuarial valuation, the municipal bond rate of 3.86 percent was based on the daily rate of the 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	\$ 5,760,664
Changes for the year:	
Service Cost	147,697
Interest	221,116
Differences Between Expected and Actual Experience	(776,787)
Changes of Assumptions or Other Inputs	691,069
Benefit Payments	(359,917)
Net Changes	<u>(76,822)</u>
Balance at June 30, 2025	<u>\$ 5,683,842</u>

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

- 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 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 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.

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:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	\$ 6,544,057	\$ 5,683,842	\$ 4,981,258

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6 percent decreasing to 3 percent) or 1 percentage point higher (8 percent decreasing to 5 percent) than the current healthcare cost trend rates:

	1% Decrease (6% decreasing to 3%)	Healthcare Cost Trend Rates (7% decreasing to 4%)	1% Increase (8% decreasing to 5%)
Total OPEB Liability	\$ 4,908,818	\$ 5,683,842	\$ 6,675,554

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 \$249,189. 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	\$ -	\$ 1,663,682
Changes of Assumptions or Other Inputs	1,292,913	2,160,500
Benefits Paid Subsequent to the Measurement Date	201,056	-
Total	\$ 1,493,969	\$ 3,824,182

The deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date, totaling \$201,056, 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	\$ (506,814)
2027	(506,814)
2028	(353,955)
2029	(240,068)
2030	(279,053)
Thereafter	<u>(644,565)</u>
Total	<u>\$ (2,531,269)</u>

F. 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 Calhoun 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, data privacy 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.

The District also participates in an employee group health insurance program administered through the Consortium. Premiums charged to the districts are based on each individual district’s claims experience, and the program operates as an individually-funded plan by each participating district with shared administrative costs and a pooling of plan assets for working capital.

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

A liability in the amount of \$149,088 was actuarially determined to cover estimated incurred, but not reported, District health insurance claims payable at June 30, 2025. The actuarial basis used for estimating the liability for unpaid claims of the District’s health plan was a combination of the development method and the claims projection method. Under the development method, the historical claim data was recorded by incurred period and paid period. The resulting loss development pattern (as claims mature) was used to estimate the future development of existing claims as of the valuation (accounting) date on June 30, 2025. The claim projection method used historical claim experience to estimate the ultimate level of incurred claims in a specific incurral month. This incurred claim estimated was utilized to estimate a claims reserve. The claims development method was used to estimate the incurred but unpaid claims liability for all incurral months prior to May 2025. The claim

projection method was used to estimate the level of incurred but unpaid claims for the incurrel months of May 2025 to June 2025. However, to be conservative a 10 percent increase to the incurred but not paid (IBNP) reserve amount has been added to provide a margin of experience less favorable than expected. The paid claims data has not been adjusted for any excess recoveries, which would otherwise tend to overstate the IBNP reserves. In this instance, the effect is not significant and adds a slight amount of conservatism.

Because of the relatively short payment pattern of the claims, there was not discounting for present value other than that inherent in the claims data.

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

<u>Fiscal Year</u>	<u>Beginning-of-Fiscal-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2023-24	\$ 110,506.00	\$ 1,701,311.63	\$ (1,639,073.63)	\$ 172,744.00
2024-25	172,744.00	2,124,700.88	(2,148,356.88)	149,088.00

G. Long-Term Liabilities

1. Special Public Education Capital Outlay Advance Payable

The liability at June 30, 2025, of \$2,600,469.11 represents the amount of the Public Education Capital Outlay Special Facilities allocation expected to be replaced by other District capital outlay sources that are committed under Section 1013.64, Florida Statutes, for funding specific construction needs. The liability is expected to be retired by the close of the 2025-26 fiscal year.

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					
Compensated Absences Payable (1)	\$ 1,525,707.97	\$ 201,722.54	\$ -	\$ 1,727,430.51	\$ 112,454.83
Special PECO Advance Payable	2,600,469.11	-	-	2,600,469.11	2,600,469.11
Total OPEB Liability	5,760,664.00	1,059,882.00	1,136,704.00	5,683,842.00	201,056.00
Net Pension Liability	16,005,300.00	4,968,376.00	6,612,200.00	14,361,476.00	16,067.59
Total Governmental Activities	\$25,892,141.08	\$6,229,980.54	\$7,748,904.00	\$24,373,217.62	\$2,930,047.53

(1) 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.

H. 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.

I. Interfund Receivables and Payables

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major:		
General	\$ 82,382.49	\$ -
Special Revenue:		
Other	-	82,382.49
Total	\$ 82,382.49	\$ 82,382.49

The amounts due to the General Fund from the Special Revenue – Other Fund are for temporary advances to cover the cost of Federal grants expenditures paid on behalf of these funds. The balances are expected to be repaid within 1 year.

J. 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:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 14,587,145.00
Categorical Educational Program - Class Size Reduction	1,901,398.00
Voluntary Prekindergarten Program	111,173.99
Educational Facilities Security Grant	100,000.00
School Recognition	91,808.00
Food Service Supplement	20,268.00
Mobile Home License Tax	8,006.84
Miscellaneous	502,897.29
Total	\$ 17,322,697.12

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:

	<u>Millages</u>	<u>Taxes Levied</u>
<u>General Fund</u>		
Nonvoted School Tax:		
Required Local Effort	2.959	\$ 2,130,953.25
Basic Discretionary Local Effort	0.748	538,679.63
<u>Capital Projects - Local Capital Improvement Fund</u>		
Nonvoted Tax:		
Local Capital Improvements	<u>1.500</u>	<u>1,080,239.90</u>
Total	<u>5.207</u>	<u>\$3,749,872.78</u>

K. Interfund Transfers

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major:		
General	\$ 273,042.00	\$ -
Capital Projects - Other	1,352,926.43	-
Nonmajor Governmental	<u>-</u>	<u>1,625,968.43</u>
Total	<u>\$ 1,625,968.43</u>	<u>\$ 1,625,968.43</u>

Transfers from the nonmajor governmental funds to the General Fund primarily represent local capital improvement money to pay for property insurance premiums and maintenance salaries. The transfer into the Capital Projects – Other Fund was related to repaying expenditures related to the construction of the new Blountstown Elementary School.

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 Through State and Local	\$ 275,000.00	\$ 275,000.00	\$ 212,702.57	\$ (62,297.43)
State	17,166,572.00	17,646,142.70	17,202,429.12	(443,713.58)
Local:				
Property Taxes	2,567,265.00	2,567,265.00	2,598,475.18	31,210.18
Miscellaneous	536,000.00	536,000.00	983,547.79	447,547.79
Total Local Revenues	3,103,265.00	3,103,265.00	3,582,022.97	478,757.97
Total Revenues	20,544,837.00	21,024,407.70	20,997,154.66	(27,253.04)
Expenditures				
Current - Education:				
Instruction	13,793,462.00	13,740,860.49	12,096,665.72	1,644,194.77
Student Support Services	978,905.00	1,027,441.43	829,709.11	197,732.32
Instructional Media Services	455,000.00	361,551.06	268,654.89	92,896.17
Instruction and Curriculum Development Services	518,495.00	444,136.24	318,354.24	125,782.00
Instructional Staff Training Services	40,270.00	131,830.00	112,035.54	19,794.46
Instruction-Related Technology	1,201,194.00	1,232,508.23	695,399.74	537,108.49
Board	590,970.00	590,970.00	433,346.60	157,623.40
General Administration	378,400.00	428,784.87	395,873.16	32,911.71
School Administration	1,335,985.00	1,415,773.94	1,356,602.10	59,171.84
Facilities Acquisition and Construction	9,714,285.00	9,575,017.18	100,771.52	9,474,245.66
Fiscal Services	552,750.00	551,375.75	385,784.93	165,590.82
Food Services	21,545.00	22,599.20	9,682.17	12,917.03
Central Services	43,505.00	53,070.56	49,469.88	3,600.68
Student Transportation Services	1,528,709.00	1,552,091.26	1,179,620.46	372,470.80
Operation of Plant	3,102,901.00	3,244,704.59	2,453,703.55	791,001.04
Maintenance of Plant	2,781,063.00	2,951,361.18	673,934.92	2,277,426.26
Administrative Technology Services	25,000.00	25,000.00	23,338.99	1,661.01
Community Services	-	6,515.00	6,511.16	3.84
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	-	-	-
Other Capital Outlay	-	107,960.31	107,960.31	-
Total Expenditures	37,062,439.00	37,463,551.29	21,497,418.99	15,966,132.30
Excess (Deficiency) of Revenues Over Expenditures	(16,517,602.00)	(16,439,143.59)	(500,264.33)	15,938,879.26
Other Financing Sources (Uses)				
Transfers In	565,000.00	565,000.00	273,042.00	(291,958.00)
Transfers Out	(175,000.00)	(175,000.00)	-	175,000.00
Total Other Financing Sources (Uses)	390,000.00	390,000.00	273,042.00	(116,958.00)
Net Change in Fund Balances	(16,127,602.00)	(16,049,143.59)	(227,222.33)	15,821,921.26
Fund Balances, Beginning	17,594,420.58	17,594,420.58	17,594,420.58	-
Fund Balances, Ending	\$ 1,466,818.58	\$ 1,545,276.99	\$ 17,367,198.25	\$ 15,821,921.26

Special Revenue - Other Fund				Special Revenue - Federal Education Stabilization Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 753,207.34	\$ 2,596,113.07	\$ 1,970,797.95	\$ (625,315.12)	\$ 3,794,680.77	\$ 3,794,680.77	\$ 929,603.57	\$ (2,865,077.20)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
753,207.34	2,596,113.07	1,970,797.95	(625,315.12)	3,794,680.77	3,794,680.77	929,603.57	(2,865,077.20)
600,518.62	1,658,201.51	1,144,264.01	513,937.50	767,556.73	802,590.16	608,844.86	193,745.30
22,761.06	143,027.00	114,206.89	28,820.11	17.50	-	-	-
-	-	-	-	-	-	-	-
24,003.70	524,778.04	516,345.64	8,432.40	161.00	-	-	-
81,625.44	120,258.76	64,608.08	55,650.68	36,875.42	2,117.42	-	2,117.42
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,533.55	73,354.76	71,753.87	1,600.89	58,544.78	56,055.68	54,222.31	1,833.37
2,500.00	2,500.00	409.79	2,090.21	-	-	-	-
1,000.00	-	-	-	2,886,462.84	2,667,158.88	-	2,667,158.88
-	-	-	-	-	-	-	-
-	-	-	-	6,929.00	-	-	-
2,636.90	7,337.00	3,554.78	3,782.22	-	-	-	-
12,628.07	66,656.00	55,654.89	11,001.11	29,226.69	222.23	-	222.23
-	-	-	-	-	-	-	-
-	-	-	-	8,906.81	10,153.59	10,153.59	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	219,303.96	219,303.96	-
-	-	-	-	-	37,078.85	37,078.85	-
753,207.34	2,596,113.07	1,970,797.95	625,315.12	3,794,680.77	3,794,680.77	929,603.57	2,865,077.20
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability					
Service Cost	\$ 147,697	\$ 148,731	\$ 252,799	\$ 210,019	\$ 228,068
Interest	221,116	215,591	157,405	182,956	263,114
Differences Between Expected and Actual Experience	(776,787)	-	(718,506)	-	(79,883)
Changes of Assumptions or Other Inputs	691,069	(132,809)	(1,607,116)	628,497	(1,010,539)
Benefit Payments	<u>(359,917)</u>	<u>(329,398)</u>	<u>(342,805)</u>	<u>(324,586)</u>	<u>(318,012)</u>
Net Change in Total OPEB Liability	<u>(76,822)</u>	<u>(97,885)</u>	<u>(2,258,223)</u>	<u>696,886</u>	<u>(917,252)</u>
Total OPEB Liability - Beginning	<u>5,760,664</u>	<u>5,858,549</u>	<u>8,116,772</u>	<u>7,419,886</u>	<u>8,337,138</u>
Total OPEB Liability - Ending	<u>\$ 5,683,842</u>	<u>\$ 5,760,664</u>	<u>\$ 5,858,549</u>	<u>\$ 8,116,772</u>	<u>\$ 7,419,886</u>
Covered-Employee Payroll	\$ 7,285,951	\$ 7,627,328	\$ 7,627,328	\$ 7,194,900	\$ 7,194,900
Total OPEB Liability as a Percentage of Covered-Employee Payroll	78.01%	75.53%	76.81%	112.81%	103.13%

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 190,444	\$ 282,772	\$ 273,210
Interest	270,653	362,078	319,169
Changes of Benefit Terms			
Differences Between Expected and Actual Experience	-	(1,487,909)	-
Changes of Assumptions or Other Inputs	740,634	(1,416,652)	(976,003)
Benefit Payments	<u>(301,494)</u>	<u>(383,111)</u>	<u>(388,142)</u>
Net Change in Total OPEB Liability	<u>900,237</u>	<u>(2,642,822)</u>	<u>(771,766)</u>
Total OPEB Liability - Beginning	<u>7,436,901</u>	<u>10,079,523</u>	<u>10,851,289</u>
Total OPEB Liability - Ending	<u>\$ 8,337,138</u>	<u>\$ 7,436,701</u>	<u>\$ 10,079,523</u>
Covered-Employee Payroll	\$ 7,652,866	\$ 7,652,866	\$ 8,084,269
Total OPEB Liability as a Percentage of Covered-Employee Payroll	108.94%	97.18%	124.68%

**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 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	0.035536181%	\$ 4,589,974	\$ 12,120,854	37.87%	92.00%
2016	0.032660736%	8,246,861	12,050,041	68.44%	84.88%
2017	0.030914431%	9,147,420	11,977,986	76.37%	83.89%
2018	0.030510675%	9,189,973	12,297,275	74.73%	84.26%
2019	0.028833797%	9,929,687	12,174,860	81.56%	82.61%
2020	0.026212655%	11,360,951	11,398,271	99.67%	78.85%
2021	0.028278575%	2,136,125	11,698,549	18.26%	96.40%
2022	0.028460245%	10,589,498	12,247,009	86.47%	82.89%
2023	0.027223672%	10,847,772	12,869,324	84.29%	82.38%
2024	0.025191039%	9,745,079	13,023,866	74.82%	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	\$ 796,484	\$ (796,484)	\$ -	\$ 12,050,041	6.61%
2017	804,778	(804,778)	-	11,977,986	6.72%
2018	869,530	(869,530)	-	12,297,275	7.07%
2019	894,056	(894,056)	-	12,174,860	7.34%
2020	870,930	(870,930)	-	11,398,271	7.64%
2021	1,077,292	(1,077,292)	-	11,698,549	9.21%
2022	1,214,450	(1,214,450)	-	12,247,009	9.92%
2023	1,309,634	(1,309,634)	-	12,869,324	10.18%
2024	1,426,476	(1,426,476)	-	13,023,866	10.95%
2025	1,467,589	(1,467,589)	-	13,336,697	11.00%

(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	0.039952656%	\$ 4,074,542	\$ 12,120,854	33.62%	0.50%
2016	0.038937761%	4,538,035	12,050,041	37.66%	0.97%
2017	0.037427962%	4,001,970	11,977,986	33.41%	1.64%
2018	0.037551041%	3,974,444	12,297,275	32.32%	2.15%
2019	0.036375985%	4,070,109	12,174,860	33.43%	2.63%
2020	0.032840493%	4,009,771	11,398,271	35.18%	3.00%
2021	0.033054290%	4,054,606	11,698,549	34.66%	3.56%
2022	0.033604847%	3,559,290	12,247,009	29.06%	4.81%
2023	0.032475408%	5,157,528	12,869,324	40.08%	4.12%
2024	0.030773979%	4,616,397	13,023,866	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	\$ 199,581	\$ (199,581)	\$ -	\$ 12,050,041	1.66%
2017	198,080	(198,080)	-	11,977,986	1.65%
2018	203,640	(203,640)	-	12,297,275	1.66%
2019	201,992	(201,992)	-	12,174,860	1.66%
2020	189,244	(189,244)	-	11,398,271	1.66%
2021	194,293	(194,293)	-	11,698,549	1.66%
2022	203,338	(203,338)	-	12,247,009	1.66%
2023	213,629	(213,629)	-	12,869,324	1.66%
2024	260,542	(260,542)	-	13,023,866	2.00%
2025	266,657	(266,657)	-	13,336,697	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 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 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 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.

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.

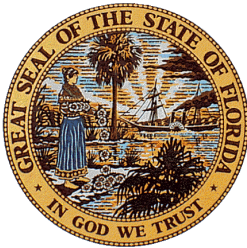
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Calhoun 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	\$ 435,591.56
National School Lunch Program	10.555	25001, 25003	1,109,993.06
Total Child Nutrition Cluster			1,545,584.62
Special Education Cluster			
United States Department of Education:			
Florida Department of Education:			
Special Education - Grants to States	84.027	263	521,095.62
Special Education - Preschool Grants	84.173	267	25,386.78
Total Special Education Cluster			546,482.40
Child Care and Development Fund Cluster			
United States Department of Health and Human Services:			
Early Learning Coalition of Northwest Florida:			
Child Care and Development Block Grant	COVID-19, 93.575	None	4,783.37
Not Clustered			
United States Department of Education			
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212, 226	932,480.79
Career and Technical Education - Basic Grants to States	84.048	161	88,155.30
Rural Education	84.358	110	86,127.62
Supporting Effective Instruction State Grants	84.367	224	260,666.41
Student Support and Academic Enrichment Program	84.424	241	56,885.43
Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124	10,153.59
American Rescue Plan - Elementary and Secondary School			
Emergency Relief Fund	COVID-19, 84.425U	121	914,467.61
Total Education Stabilization Fund	84.425		924,621.20
Total United States Department of Education			2,348,936.75
Total Expenditures of Federal Awards			\$ 4,445,787.14

The accompanying notes are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Calhoun 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, changes in net position, or cash flows of the District.
- (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance – National School Lunch Program. Includes \$80,495.54 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

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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 Calhoun 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 March 30, 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 funds, 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*.

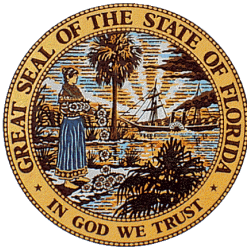
Purpose of this Report

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
March 30, 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 Calhoun 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
March 30, 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: 84.010	Name of Federal Program or Cluster: Title I Grants to Local Educational Agencies
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.