

2022

Alachua County District School Board

Financial Statements and
Independent Auditor's Report

June 30, 2022

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
GAINESVILLE, FLORIDA**

JUNE 30, 2022

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AND
INDEPENDENT AUDITOR'S REPORT**

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
GAINESVILLE, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

Alachua County District School Board
and Superintendent
Gainesville, Florida

Report on Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the 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 charter schools, which comprise the discretely presented component units of the District. The discretely presented component units' financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the District's discretely presented component units, is based solely on the reports of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes

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INDEPENDENT AUDITOR'S REPORT

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 twelve months beyond the financial statement date, including any 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 generally accepted auditing standards 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, 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 generally accepted auditing standards 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.

Alachua County District School Board
and Superintendent
Gainesville, Florida

INDEPENDENT AUDITOR'S REPORT

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information on pages 4-10 and 63-73 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the 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 generally accepted auditing standards, 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* (CFR) 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 generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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.



March 23, 2023
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of the Alachua County District School Board (the District) has prepared the following discussion and analysis of financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the District's financial activities, (c) identify changes in the District's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the District's financial statements and notes to financial statements found immediately following the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2021-22 fiscal year are as follows:

- The District's total net position is a surplus \$7,421,289.93, which represents an increase of \$39.1 million, or a 128.6 percent increase from the 2020-21 fiscal year.
- General revenues total \$347 million, or 91.95 percent of all revenues in the 2021-22 fiscal year, as compared to \$335 million, or 92.35 percent for the 2020-21 fiscal year. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$30.4 million, or 8.05 percent as compared to \$27.7 million, or 7.64 percent in the prior year.
- The total assigned and unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$14.8 million, at June 30, 2022, or 5.77 percent of General Fund expenditures as compared to \$21.7 million, or 8.48 percent at June 30, 2021.
- The District's Financial Condition Ratio calculated pursuant 1011.051 Florida Statutes, was 5.52 percent for the 2021-22 fiscal year, compared to 8.77 percent for the 2020-21 fiscal year.
- During the current fiscal year, General Fund expenditures exceeded revenues by \$17.1 million. This may be compared to last year's results in which General Fund expenditures exceeded revenues by \$8.3 million. In fiscal year 2021-22, a significant decline in enrollment resulted in a decrease in FEFP revenue. Please note that the transfer from Capital Projects – Local Capital Improvement Fund to the General Fund, in the amount of \$11 million to cover maintenance expenditures is not classified as revenue in the General Fund. Similarly, the \$1 million transferred from the Elementary & Secondary School Emergency Relief fund is not classified as revenue in the General Fund.
- The District's total assets and deferred outflow of resources total \$389.9 million. The total liabilities and deferred inflows of resources is \$382.5 million. This result is a surplus of \$7,421,289.93 as stated above in the District's total net position.
- The District's investment in capital assets (net of depreciation) increased by \$4.2 million. There was a significant decrease of Construction in Progress totaling \$41.6 million, in fiscal year 2021-22, compared to \$92.3 million, from fiscal year 2020-21. This was the result of the completion of redevelopments and construction of Terwilliger Elementary School.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

This report also includes supplementary information intended to furnish additional details to support the basic financial statements.

Government-Wide Financial Statements

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

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

- Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the state's education finance program provide most of the resources that support these activities.
- Component units – The District presents 13 charter schools as discretely presented component units. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units are reported separately from the financial information presented for the primary government. Separately issued financial statements of the charter schools are available at the District's administrative office.
- The Alachua County School Board Leasing Corporation, (Leasing Corporation), although also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the Board and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government.

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

Fund Financial Statements

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

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

The District participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by Florida Division of Retirement. As a participating employer, the District implemented Governmental Accounting Standards Board (GASB)

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. The District also maintains a single employer Early Retirement Plan subject to GASB Statement No. 68 reporting.

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

Net Position, End of Year

| | Governmental Activities | |
|---------------------------|----------------------------|---------------------------|
| | 6-30-22 | 6-30-21 |
| Current and Other Assets | \$ 147,374,556.88 | \$ 164,125,014.74 |
| Capital Assets | 181,408,126.47 | 157,628,886.98 |
| Total Assets | 328,782,683.35 | 321,753,901.72 |
| Deferred Charges | 61,135,407.56 | 69,883,760.22 |
| Total Deferred Outflows | 61,135,407.56 | 69,883,760.22 |
| Long-Term Liabilities | 260,064,606.80 | 384,846,415.66 |
| Other Liabilities | 23,141,522.84 | 32,145,732.24 |
| Total Liabilities | 283,206,129.64 | 416,992,147.90 |
| Deferred Revenues | 99,290,671.34 | 6,312,338.00 |
| Total Deferred Inflows | 99,290,671.34 | 6,312,338.00 |
| Net Position: | | |
| Net Investment in Capital | | |
| Assets | 50,118,176.52 | 45,925,882.87 |
| Restricted | 95,313,918.04 | 69,700,583.65 |
| Unrestricted (Deficit) | (138,010,804.63) | (147,293,290.48) |
| Total Net Position | \$ 7,421,289.93 | \$ (31,666,823.96) |

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, furniture 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, \$95.3 million, represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position of \$138 million was mainly due as a result of accruing long-term liabilities related to the defined benefit pension plans,

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

compensated absences, and Other Postemployment Benefits (OPEB). The largest accrual is the net pension liability totaling \$85 million as of June 30, 2022. The District reports the net pension liability according to the requirements of GASB Statement No. 68, *Accounting and Reporting for Pensions*.

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

- The increase in net investment in capital assets is due primarily to the asset addition, construction in progress and debt retirement.
- The increase in Deferred Outflows and Deferred Inflows is the result of the Florida Retirement System, Health Insurance Subsidy, and OPEB activities.

Governmental activities increased the District's net position by \$39.1 million during the 2021-22 fiscal year, detailed as follows:

| | Governmental Activities | |
|--|----------------------------|---------------------------|
| | 6-30-22 | 6-30-21 |
| Program Revenues: | | |
| Charges for Services | \$ 5,358,033.17 | \$ 3,545,652.00 |
| Operating Grants and Contributions | 22,945,648.49 | 22,249,667.58 |
| Capital Grants and Contributions | 2,052,955.63 | 1,934,147.92 |
| General Revenues: | | |
| Property Taxes, Levied for Operational Purposes | 98,473,512.23 | 93,563,336.17 |
| Property Taxes, Levied for Debt Service | 1,407.90 | 829.75 |
| Property Taxes, Levied for Capital Projects | 27,646,568.63 | 25,911,110.30 |
| Local Sales Taxes | 27,365,174.87 | 23,314,713.86 |
| Grants and Contributions Not Restricted to Specific Programs | 181,209,956.20 | 183,590,295.52 |
| Unrestricted Investment Earnings | 1,752,262.68 | 1,970,578.95 |
| Miscellaneous | 10,525,782.23 | 7,013,155.06 |
| Total Revenues | 377,331,302.03 | 363,093,487.11 |
| Functions/Program Expenses: | | |
| Instruction | 154,311,063.91 | 177,392,728.93 |
| Pupil Personnel Services | 16,856,858.74 | 20,434,971.88 |
| Instructional Media Services | 5,170,552.61 | 5,364,179.09 |
| Instruction and Curriculum Development Services | 7,907,059.44 | 9,278,340.52 |
| Instructional Staff Training | 4,333,901.79 | 7,534,650.98 |
| Instruction Related Technology | 4,058,612.23 | 5,390,983.44 |
| Board of Education | 1,338,906.04 | 1,451,652.17 |
| General Administration | 3,540,703.95 | 2,956,175.95 |
| School Administration | 16,606,259.69 | 19,395,172.80 |
| Facilities Acquisition and Construction | 8,636,037.56 | 8,256,856.32 |
| Fiscal Services | 1,734,340.47 | 2,096,849.68 |
| Food Services | 19,444,138.69 | 20,180,552.62 |
| Central Services | 5,236,036.21 | 3,662,288.17 |
| Pupil Transportation Services | 14,106,871.01 | 12,833,551.88 |
| Operation of Plant | 30,123,055.28 | 27,435,345.00 |
| Maintenance of Plant | 6,907,750.04 | 8,400,542.55 |
| Administrative Technology Services | 1,838,078.87 | 2,015,595.77 |
| Community Services | 14,933,699.40 | 5,431,409.18 |
| Interest on Long-Term Debt | 5,526,936.30 | 6,550,216.66 |
| Unallocated Depreciation Expenses | 15,632,325.91 | 12,221,511.89 |
| Total Functions/Program Expenses | 338,243,188.14 | 358,283,575.48 |
| Increase (Decrease) in Net Position | 39,088,113.89 | 4,809,911.63 |
| Net Position - Beginning | (31,666,823.96) | (40,144,557.59) |
| Adjustments to Net Position | - | 3,667,822.00 |
| Net Position - Ending | \$ 7,421,289.93 | \$ (31,666,823.96) |

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP 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.

Instructional expenses represent 57 percent of total governmental expenses in the 2021-22 fiscal year. Instructional expenses decreased by \$33 million, or 15 percent, from the previous year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Major Governmental Funds

General Fund: This fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$12.7 million, while the total fund balance is \$26.6 million. The unassigned fund balance decreased by \$6.7 million, while the total fund balance decreased by \$3.6 million during the fiscal year. Key factors in this reduction are as follows:

- Total Revenue decreased by \$8.1 million due mainly to decreases in the FEFP funding
- Total Expenditures increased by \$0.73 million, due mainly to an increase in employee salary and benefit, and energy related expenses.
- Total Expenditures exceeded Revenues by \$17.1 million. In fiscal year 2021-22, enrollment significantly declined causing a decrease in FEFP revenue. Please note that the transfer from Capital Projects – Local Capital Improvement Fund to the General Fund, in the amount of \$11 million to cover maintenance expenditures is not classified as revenue in the General Fund. Similarly, the \$1 million transferred from the Elementary & Secondary School Emergency Relief fund is not classified as revenue in the General Fund.

Special Revenue - Other Federal Programs: This fund had revenues and expenditures of \$20.1 million. Because revenues in this fund are recognized to the extent expenditures are incurred, this fund generally does not accumulate a fund balance.

Capital Projects – Local Capital Improvement Fund: has a total fund balance of \$12.2 million, all of which is restricted for the acquisition, construction, and maintenance of capital assets.

Capital Projects – Other Fund: This fund, which is primarily comprised of the one-half cent discretionary sales surtax, has a total fund balance of \$52.4 million, all of which is restricted for the acquisition, land improvement and construction of capital assets. Funds primary use is the major construction projects for the Westwood Middle School and other major capital projects.

Special Revenue – Federal Education Stabilization Fund: These funding sources were awarded to school districts to address the impact that COVID-19 had on elementary and secondary schools. Because this fund is Special Revenue, revenues are recognized to the extent that expenditures are incurred, so this fund will not accumulate a fund balance. The following is a breakdown of the revenues and expenditures per fund:

ESSER I – \$0.6 million in revenue and expenditures
GEER I – \$0.002 million in revenue and expenditures
ESSER II – \$13.6 million in revenue and expenditures
ARP – \$14.7 million in revenue and expenditures

Grand Total of CARES Act funding for fiscal year 2021-22: \$28.9 million in revenue and expenditures

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Fund

Unrestricted net position of the Internal Service Fund totaled \$10.5 million at June 30, 2022, an increase of \$2.1 million from the previous fiscal year. This fund is used to account for the District's individual self-insurance program for employee's medical insurance, purchased services and insurance claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$181.4 million (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; property under capital lease; construction in progress; and computer software.

Major capital asset events during the current fiscal year included the following:

- Construction in progress at June 30, 2022, including various capitalized renovation and remodeling projects, such as the Oak View Middle School classroom addition.
- Completion of the Bishop Middle, Metcalfe Elementary, Terwilliger Elementary, and Idylwild Elementary School redevelopments.

Additional information on the District's capital assets can be found in the Notes to Financial Statements section.

Long-Term Debt

At June 30, 2022, the District has a total of \$134,476,719 for outstanding capital asset-related debt. This amount is comprised of \$4,542,887 of a notes payable, \$4,895,553.36 of leases payable, \$109,643,865 of certificates of participations payable, and \$15,394,413 of unamortized premiums.

Other items classified as long-term liabilities, in the government-wide financial statements, include the compensated absences liability totaling \$26,574,394; other post-employment benefits payable totaling \$13,300,619 and net pension obligations totaling \$85,712,875.

Additional information on the District's long-term debt can be found in the Notes to the Financial Statements section.

OTHER MATTERS OF SIGNIFICANCE

The District will continue with current plans to reduce expenses and rebuild general fund reserves to meet the District's future obligations.

REQUESTS FOR INFORMATION

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

FINANCIAL STATEMENTS

ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
JUNE 30, 2022

| | Component Units | |
|--|------------------------|------------------------|
| | Governmental | Charter Schools |
| Assets | | |
| Cash and Cash Equivalents | \$ 100,349,767.59 | \$ 6,230,888.00 |
| Investments | 11,707,788.77 | 278,445.00 |
| Accounts Receivable | 10,234.00 | 568,797.00 |
| Due from Other Agencies | 31,629,201.58 | 396,670.00 |
| Deposits Receivable | - | 38,925.00 |
| Prepaid Items | - | 200,404.00 |
| Leases Receivable | 1,487,601.71 | - |
| Inventory | 2,189,963.23 | - |
| Capital Assets: | | |
| Non-Depreciable Capital Assets | 51,052,227.54 | 1,538,091.00 |
| Depreciable Capital Assets, Net | 130,355,898.93 | 9,067,997.00 |
| Total Assets | 328,782,683.35 | 18,320,217.00 |
| Deferred Outflows of Resources | | |
| Net Carrying Amount of Debt Refunding | 445,883.56 | - |
| Pension | 53,919,094.00 | 1,348,339.00 |
| Other Postemployment Benefits | 6,770,430.00 | - |
| Total Deferred Outflows of Resources | 61,135,407.56 | 1,348,339.00 |
| Liabilities | | |
| Accrued Salaries and Benefits | 3,794,925.87 | 197,670.00 |
| Payroll Deductions and Withholdings | 7,918,496.91 | 53,913.00 |
| Accounts Payable | 5,529,560.28 | 175,882.00 |
| Sales Tax Payable | 2,409.32 | - |
| Deposits Payable | 4,476.28 | - |
| Due to Other Agencies | 26,725.72 | 10,278.00 |
| Construction Contracts Payable | 1,486,132.02 | - |
| Construction Contracts Payable - Retained Percentage | 403,173.68 | - |
| Estimated Unpaid Claims - Self-Insurance Program | 2,659,661.00 | - |
| Unearned Revenue | 1,315,961.76 | 950.00 |
| Non-Current Liabilities: | | |
| Due Within One Year | 14,760,597.00 | 822,249.00 |
| Due in More than One Year | 245,304,009.80 | 6,736,532.00 |
| Total Liabilities | 283,206,129.64 | 7,997,474.00 |
| Deferred Inflows of Resources | | |
| Leases | 1,455,868.34 | - |
| Pension | 97,008,730.00 | 1,704,346.00 |
| Other Postemployment Benefits | 826,073.00 | - |
| Total Deferred Inflows of Resources | 99,290,671.34 | 1,704,346.00 |
| Net Position | | |
| Net Investment in Capital Assets | 50,118,176.52 | 4,868,327.00 |
| Restricted For: | | |
| State Required Carryover Programs | 5,612,184.55 | - |
| Food Service | 7,373,228.67 | - |
| Debt Service | 7,076,622.11 | - |
| Capital Projects | 65,980,182.55 | 81,985.00 |
| Other Purposes | 9,271,700.16 | - |
| Unrestricted | (138,010,804.63) | 5,016,424.00 |
| Total Net Position | \$ 7,421,289.93 | \$ 9,966,736.00 |

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| FUNCTIONS | <u>Expenses</u> | <u>Program Revenues</u> <u>Charges for Services</u> |
|---|--------------------------|--|
| Governmental Activities | | |
| Instruction | \$ 154,311,063.91 | \$ 9,368.00 |
| Student Support Services | 16,856,858.74 | - |
| Instructional Media Services | 5,170,552.61 | - |
| Instruction and Curriculum Development Services | 7,907,059.44 | - |
| Instructional Staff Training Services | 4,333,901.79 | - |
| Instruction-Related Technology | 4,058,612.23 | - |
| Board | 1,338,906.04 | - |
| General Administration | 3,540,703.95 | - |
| School Administration | 16,606,259.69 | - |
| Facilities Acquisition and Construction | 8,636,037.56 | - |
| Fiscal Services | 1,734,340.47 | - |
| Food Services | 19,444,138.69 | 842,335.00 |
| Central Services | 5,236,036.21 | - |
| Student Transportation Services | 14,106,871.01 | 107,238.46 |
| Operation of Plant | 30,123,055.28 | - |
| Maintenance of Plant | 6,907,750.04 | - |
| Administrative Technology Services | 1,838,078.87 | - |
| Community Services | 14,933,699.40 | 4,399,091.71 |
| Interest on Long-Term Debt | 5,526,936.30 | - |
| Unallocated Depreciation/Amortization Expense* | 15,632,325.91 | - |
| Total Governmental Activities | <u>\$ 338,243,188.14</u> | <u>\$ 5,358,033.17</u> |
| Component Units | | |
| Charter Schools | 17,525,195.00 | 1,058,951.00 |
| Total Component Units | <u>\$ 17,525,195.00</u> | <u>\$ 1,058,951.00</u> |

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

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

| Program Revenues | | Net (Expense) Revenue and Changes in Net Position | |
|---|--|--|------------------------|
| Operating Grants and Contributions | Capital Grants and Contributions | Primary Government Governmental Activities | Component Units |
| \$ - | \$ - | \$ (154,301,695.91) | \$ - |
| - | - | (16,856,858.74) | - |
| - | - | (5,170,552.61) | - |
| - | - | (7,907,059.44) | - |
| - | - | (4,333,901.79) | - |
| - | - | (4,058,612.23) | - |
| - | - | (1,338,906.04) | - |
| - | - | (3,540,703.95) | - |
| - | - | (16,606,259.69) | - |
| - | 2,052,955.63 | (6,583,081.93) | - |
| - | - | (1,734,340.47) | - |
| 22,945,648.49 | - | 4,343,844.80 | - |
| - | - | (5,236,036.21) | - |
| - | - | (13,999,632.55) | - |
| - | - | (30,123,055.28) | - |
| - | - | (6,907,750.04) | - |
| - | - | (1,838,078.87) | - |
| - | - | (10,534,607.69) | - |
| - | - | (5,526,936.30) | - |
| - | - | (15,632,325.91) | - |
| <u>\$ 22,945,648.49</u> | <u>\$ 2,052,955.63</u> | <u>(307,886,550.85)</u> | <u>-</u> |
| 909,801.00 | 1,074,426.00 | - | (14,482,017.00) |
| <u>\$ 909,801.00</u> | <u>\$ 1,074,426.00</u> | <u>-</u> | <u>(14,482,017.00)</u> |
| General Revenues | | | |
| Taxes: | | | |
| Property Taxes, Levied for Operational Purposes | | 98,473,512.23 | - |
| Property Taxes, Levied for Debt Service | | 1,407.90 | - |
| Property Taxes, Levied for Capital Projects | | 27,646,568.63 | - |
| Local Sales Tax | | 27,365,174.87 | 733,038.00 |
| Grants and Contributions Not Restricted to | | | |
| Specific Programs | | 181,209,956.20 | 15,391,674.00 |
| Investment Earnings | | 1,752,262.68 | (31,062.00) |
| Miscellaneous | | 10,525,782.23 | 97,728.00 |
| Total General Revenues | | <u>346,974,664.74</u> | <u>16,191,378.00</u> |
| Change in Net Position | | 39,088,113.89 | 1,709,361.00 |
| Net Position, Restated - July 1, 2021 | | (31,666,823.96) | 8,257,375.00 |
| Net Position - June 30, 2022 | | <u>\$ 7,421,289.93</u> | <u>\$ 9,966,736.00</u> |

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

ALACHUA COUNTY DISTRICT SCHOOL BOARD
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

| | <u>General</u> | <u>Other Federal Programs</u> |
|--|--------------------------------|---------------------------------------|
| Assets | | |
| Cash and Cash Equivalents | \$ 34,362,804.27 | \$ 1,977,892.85 |
| Investments | - | - |
| Accounts Receivable | 8,300.00 | - |
| Lease Receivable | 1,487,601.71 | - |
| Due from Other Agencies | 3,411,402.93 | 4,850,281.44 |
| Due from Other Funds | 195,956.87 | - |
| Inventory | 786,142.18 | - |
| Total Assets | <u><u>40,252,207.96</u></u> | <u><u>6,828,174.29</u></u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | |
| Liabilities | | |
| Accrued Salaries and Benefits | 3,169,394.03 | 156,722.45 |
| Payroll Deductions and Withholdings | 6,623,667.99 | 584,268.52 |
| Accounts Payable | 2,380,113.82 | 763,004.50 |
| Sales Tax Payable | 2,409.32 | - |
| Deposits Payable | 4,476.28 | - |
| Due to Other Agencies | 14,955.65 | - |
| Due to Other Funds | - | 5,090,697.06 |
| Construction Contracts Payable | - | - |
| Construction Contracts Retainage Payable | - | - |
| Unearned Revenue | 7,758.37 | 233,481.76 |
| Total Liabilities | <u><u>12,202,775.46</u></u> | <u><u>6,828,174.29</u></u> |
| Deferred Inflows of Resources | | |
| Leases | 1,455,868.34 | - |
| Total Deferred Inflows of Resources | <u><u>1,455,868.34</u></u> | <u><u>-</u></u> |
| Fund Balances | | |
| Non-Spendable | 786,142.18 | - |
| Restricted | 10,989,895.71 | - |
| Assigned | 2,165,100.00 | - |
| Unassigned | 12,652,426.27 | - |
| Total Fund Balances | <u><u>26,593,564.16</u></u> | <u><u>-</u></u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u><u>\$ 40,252,207.96</u></u> | <u><u>\$ 6,828,174.29</u></u> |

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

| Federal Education Stabilization Fund | Non-Voted Capital Improvement § 1011.71(2), F.S. | Other Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---|---------------------------------------|---|---|
| \$ 2,386,430.19 | \$ 13,219,359.90 | \$ 21,101,033.02 | \$ 12,450,345.43 | \$ 85,497,865.66 |
| - | 975.91 | 4,630,190.75 | 7,076,622.11 | 11,707,788.77 |
| - | - | - | 1,934.00 | 10,234.00 |
| - | - | - | - | 1,487,601.71 |
| 16,626,777.72 | 11,680.35 | 5,224,390.92 | 1,504,668.22 | 31,629,201.58 |
| - | 3.13 | 22,591,970.14 | - | 22,787,930.14 |
| - | - | - | 1,403,821.05 | 2,189,963.23 |
| <u>19,013,207.91</u> | <u>13,232,019.29</u> | <u>53,547,584.83</u> | <u>22,437,390.81</u> | <u>155,310,585.09</u> |
| 420,479.18 | - | - | 48,330.21 | 3,794,925.87 |
| 367,864.16 | - | - | 342,696.24 | 7,918,496.91 |
| 260,958.36 | 252,043.44 | 35,993.37 | 112,734.09 | 3,804,847.58 |
| - | - | - | - | 2,409.32 |
| - | - | - | - | 4,476.28 |
| - | - | - | - | 14,955.65 |
| 17,367,628.08 | - | - | 329,605.00 | 22,787,930.14 |
| - | 660,748.24 | 823,289.24 | 2,094.54 | 1,486,132.02 |
| - | 133,028.90 | 270,144.78 | - | 403,173.68 |
| 596,278.13 | - | - | 478,443.50 | 1,315,961.76 |
| <u>19,013,207.91</u> | <u>1,045,820.58</u> | <u>1,129,427.39</u> | <u>1,313,903.58</u> | <u>41,533,309.21</u> |
| - | - | - | - | 1,455,868.34 |
| - | - | - | - | 1,455,868.34 |
| - | - | - | 1,403,821.05 | 2,189,963.23 |
| - | 12,186,198.71 | 52,418,157.44 | 19,719,666.18 | 95,313,918.04 |
| - | - | - | - | 2,165,100.00 |
| - | - | - | - | 12,652,426.27 |
| - | 12,186,198.71 | 52,418,157.44 | 21,123,487.23 | 112,321,407.54 |
| <u>\$ 19,013,207.91</u> | <u>\$ 13,232,019.29</u> | <u>\$ 53,547,584.83</u> | <u>\$ 22,437,390.81</u> | <u>\$ 155,310,585.09</u> |

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2022**

| | | |
|---|-------------------------|------------------------|
| Total Fund Balances - Governmental Funds | | \$ 112,321,407.54 |
| 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: | | |
| Capital Assets | \$ 607,359,582.97 | |
| (Accumulated Depreciation/Amortization) | <u>(425,951,456.50)</u> | 181,408,126.47 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | | |
| | | 10,455,758.16 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of: | | |
| Equipment Lease/Purchase Agreement | (4,542,887.02) | |
| Certificates of Participation | (109,643,865.00) | |
| Lease Liability | (4,895,553.36) | |
| Premium on Certificates of Participation | (15,394,413.21) | |
| Compensated Absences Liability | (26,574,394.21) | |
| Total OPEB Liability | (13,300,619.00) | |
| Net Pension Liability | <u>(85,712,875.00)</u> | (260,064,606.80) |
| Refunding losses reported for governmental activities are not financial resources and, therefore, not reported in the governmental funds. | | |
| | | 445,883.56 |
| The deferred outflows related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the governmental funds. | | |
| Early Retirement Pension | 1,029,739.00 | |
| Florida Retirement System Pension | 42,620,422.00 | |
| Health Insurance Subsidy Pension | 10,268,933.00 | |
| Other Postemployment Benefits | <u>6,770,430.00</u> | 60,689,524.00 |
| The deferred inflows related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the governmental funds. | | |
| Early Retirement Pension | 372,391.00 | |
| Florida Retirement System Pension | 92,836,158.00 | |
| Health Insurance Subsidy Pension | 3,800,181.00 | |
| Other Postemployment Benefits | <u>826,073.00</u> | <u>(97,834,803.00)</u> |
| Total Net Position - Governmental Activities | | <u>\$ 7,421,289.93</u> |

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

ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>General</u> | <u>Other Federal Programs</u> |
|---|-------------------------|---------------------------------------|
| Revenues | | |
| Federal Direct | \$ 216,157.77 | \$ 20,591.87 |
| Federal Through State and Local | 931,405.61 | 20,065,468.57 |
| State Sources | 130,641,261.24 | - |
| Local Sources: | | |
| Property Taxes | 98,473,512.23 | - |
| Local Sales Taxes | - | - |
| Charges for Service - Food Service | - | - |
| Other Local Revenue | 9,386,188.39 | - |
| Total Local Sources | <u>107,859,700.62</u> | <u>-</u> |
| Total Revenues | <u>239,648,525.24</u> | <u>20,086,060.44</u> |
| Expenditures | | |
| Current: | | |
| Instruction | 144,583,506.36 | 11,979,408.61 |
| Student Support Services | 14,387,688.05 | 1,518,057.47 |
| Instructional Media Services | 4,967,473.96 | 500,699.51 |
| Instruction and Curriculum Development Services | 5,001,055.37 | 3,132,689.19 |
| Instructional Staff Training Services | 941,223.80 | 1,620,058.67 |
| Instruction-Related Technology | 4,257,257.32 | - |
| Board | 1,357,830.59 | - |
| General Administration | 1,429,169.39 | 795,922.13 |
| School Administration | 17,389,856.32 | 188,294.13 |
| Facilities Acquisition and Construction | 1,443,714.47 | - |
| Fiscal Services | 1,868,976.44 | - |
| Food Services | - | - |
| Central Services | 3,689,852.06 | 37,271.61 |
| Student Transportation Services | 11,738,305.02 | 206,533.40 |
| Operation of Plant | 29,365,612.24 | 2,648.00 |
| Maintenance of Plant | 7,354,912.53 | - |
| Administrative Technology Services | 1,950,244.40 | - |
| Community Services | 3,383,014.35 | - |
| Debt Service: | | |
| Redemption of Principal | 1,201,249.52 | - |
| Interest | 143,439.04 | - |
| Capital Outlay: | | |
| Facilities Acquisition and Construction | 29,713.65 | - |
| Other Capital Outlay | 264,732.88 | 104,477.72 |
| Total Expenditures | <u>256,748,827.76</u> | <u>20,086,060.44</u> |
| Excess (Deficiency) of Revenues Over (Under) | | |
| Expenditures | <u>(17,100,302.52)</u> | <u>-</u> |
| Other Financing Sources (Uses) | | |
| Loss Recoveries | 350,708.67 | - |
| Transfers in | 13,119,527.08 | - |
| Transfers (out) | - | - |
| Total Other Financing Sources (Uses) | <u>13,470,235.75</u> | <u>-</u> |
| Net Change in Fund Balances | <u>(3,630,066.77)</u> | <u>-</u> |
| Fund Balances, July 1, 2021 | <u>30,223,630.93</u> | <u>-</u> |
| Fund Balances, June 30, 2022 | <u>\$ 26,593,564.16</u> | <u>\$ -</u> |

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

| Federal Education Stabilization Fund | Non-Voted Capital Improvement § 1011.71(2), F.S. | Other Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|--|------------------------------|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 236,749.64 |
| 28,821,135.14 | - | - | 22,709,043.49 | 72,527,052.81 |
| - | - | 1,588,362.00 | 1,215,134.63 | 133,444,757.87 |
| - | 27,646,568.63 | - | - | 126,120,080.86 |
| - | - | 27,365,174.87 | - | 27,365,174.87 |
| - | - | - | 842,335.00 | 842,335.00 |
| - | 381,674.13 | 384,968.69 | 4,338,828.34 | 14,491,659.55 |
| - | 28,028,242.76 | 27,750,143.56 | 5,181,163.34 | 168,819,250.28 |
| 28,821,135.14 | 28,028,242.76 | 29,338,505.56 | 29,105,341.46 | 375,027,810.60 |
| 7,346,148.17 | - | - | - | 163,909,063.14 |
| 2,105,578.71 | - | - | - | 18,011,324.23 |
| 37,436.06 | - | - | - | 5,505,609.53 |
| 377,594.07 | - | - | - | 8,511,338.63 |
| 2,083,004.40 | - | - | - | 4,644,286.87 |
| 46,548.26 | - | - | - | 4,303,805.58 |
| - | - | - | - | 1,357,830.59 |
| 1,430,017.23 | - | - | - | 3,655,108.75 |
| 254,638.40 | - | - | - | 17,832,788.85 |
| - | 4,064,704.22 | 3,151,088.28 | 1,105.00 | 8,660,611.97 |
| - | - | - | - | 1,868,976.44 |
| 1,027.54 | - | - | 20,014,935.97 | 20,015,963.51 |
| 1,916,615.16 | - | - | - | 5,643,738.83 |
| 249,369.30 | - | - | - | 12,194,207.72 |
| 1,374,974.93 | - | - | - | 30,743,235.17 |
| - | - | - | - | 7,354,912.53 |
| - | - | - | - | 1,950,244.40 |
| 7,924,036.93 | - | - | 4,543,786.00 | 15,850,837.28 |
| - | 4,349,490.85 | 7,700,000.00 | - | 13,250,740.37 |
| - | 1,048,193.03 | 4,270,463.13 | 1,143.44 | 5,463,238.64 |
| - | 3,430,456.52 | 27,354,183.53 | 733,534.64 | 31,547,888.34 |
| 2,670,780.80 | 22,027.00 | 1,168,822.94 | 129,616.33 | 4,360,457.67 |
| 27,817,769.96 | 12,914,871.62 | 43,644,557.88 | 25,424,121.38 | 386,636,209.04 |
| 1,003,365.18 | 15,113,371.14 | (14,306,052.32) | 3,681,220.08 | (11,608,398.44) |
| - | - | - | - | 350,708.67 |
| - | - | 2,083,766.18 | 483,712.61 | 15,687,005.87 |
| (1,003,365.18) | (11,525,448.51) | (1,074,426.00) | (2,083,766.18) | (15,687,005.87) |
| (1,003,365.18) | (11,525,448.51) | 1,009,340.18 | (1,600,053.57) | 350,708.67 |
| - | 3,587,922.63 | (13,296,712.14) | 2,081,166.51 | (11,257,689.77) |
| - | 8,598,276.08 | 65,714,869.58 | 19,042,320.72 | 123,579,097.31 |
| \$ - | \$ 12,186,198.71 | \$ 52,418,157.44 | \$ 21,123,487.23 | \$ 112,321,407.54 |

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | | |
|---|------------------------|-----------------------------|
| Net Change in Fund Balances - Governmental Funds | \$ | (11,257,689.77) |
| Amounts Reported for Governmental Activities in the Statement of Activities are Different Because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This reconciling item is the amount by which depreciation expense exceeded capital purchases and donated assets: | | |
| Capital Outlay Expenditures | \$ 35,908,346.01 | |
| Depreciation/Amortization Expense | <u>(17,916,143.74)</u> | 17,992,202.27 |
| Governmental funds report proceeds from sales of capital assets as current financial resources. The gain or loss on disposal of capital assets is not reflected in the governmental funds: | | |
| Loss on Disposal of Capital Assets | | (257,826.37) |
| The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | | |
| Principal Repayments: | | |
| Certifications of Participation | 10,287,148.00 | |
| Leases | 1,149,310.23 | |
| Equipment Lease/Purchase Agreement | <u>1,762,342.85</u> | 13,198,801.08 |
| Amortization of Premiums | | 1,952,782.76 |
| Internal service funds are used by management to charge the cost of certain activities such as insurance, to individual funds. The net revenue of internal service funds is reported with governmental activities. | | |
| | | 2,055,572.97 |
| Refunding gains and losses result from a difference between the reacquisition cost of the refunded bonds and the net carrying amount. Refunding gains or losses are amortized over the life of the related debt in the statement of activities. | | |
| | | (63,697.66) |
| 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 vacation and sick leave used in excess of the amount earned in the current period. | | |
| | | 1,665,427.61 |
| Governmental funds report other postemployment benefit (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. | | |
| | | 7,614.00 |
| Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits is reported as a pension expense. This is the difference between pension expense and contributions in the current fiscal year: | | |
| Early Retirement Pension Contributions in Excess of Expense | | 637,932.00 |
| Florida Retirement System Pension Contributions in Excess of Expense | | 14,310,105.00 |
| Health Insurance Subsidy Pension Expense in Excess of Contributions | | <u>(1,153,110.00)</u> |
| Change in Net Position of Governmental Activities | \$ | <u>39,088,113.89</u> |

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

| | Internal Service Fund |
|--|----------------------------------|
| Assets | |
| Cash and Cash Equivalents | \$ 14,851,901.93 |
| Total Assets | 14,851,901.93 |
| Liabilities | |
| Accounts Payable | 1,724,712.70 |
| Due to Other Agencies | 11,770.07 |
| Estimated Unpaid Claims - Self-Insurance Program | 2,659,661.00 |
| Total Liabilities | 4,396,143.77 |
| Net Position | |
| Unrestricted | 10,455,758.16 |
| Total Net Position | \$ 10,455,758.16 |

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | Internal Service Fund |
|---|----------------------------------|
| Operating Revenues | |
| Risk Management Premium Revenue | \$ 35,545,693.08 |
| Total Operating Revenues | 35,545,693.08 |
| Operating Expense | |
| Purchased Services | 3,612,447.68 |
| Insurance Claims | 29,923,117.97 |
| (Total Operating Expenses) | 33,535,565.65 |
| Excess of Revenues Over Expenditures | 2,010,127.43 |
| Non-Operating Revenues | |
| Investment Income | 45,445.54 |
| Total Non-Operating Revenues | 45,445.54 |
| Change in Net Position | 2,055,572.97 |
| Fund Balances, July 1, 2021 | 8,400,185.19 |
| Fund Balances, June 30, 2022 | \$ 10,455,758.16 |

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | Internal Service Fund |
|--|----------------------------------|
| Cash Flows from Operating Activities | |
| Receipts from Customers | \$ 35,545,693.08 |
| Cash Payments for Services | (4,034,364.28) |
| Cash Payments for Insurance Claims | (30,090,482.97) |
| Net Cash Provided by Operating Activities | 1,420,845.83 |
| Cash Flows from Investing Activities | |
| Interest and Dividends Received | 45,445.54 |
| Net Cash Provided by Investing Activities | 45,445.54 |
| Net Increase in Cash and Cash Equivalents | 1,466,291.37 |
| Cash and Cash Equivalents, July 1, 2021 | 13,385,610.56 |
| Cash and Cash Equivalents, June 30, 2022 | \$ 14,851,901.93 |
| <u>Reconciliation of Operating Income to Net</u> | |
| <u>Cash Provided by Operating Activities</u> | |
| Operating Profit | \$ 2,010,127.43 |
| Adjustments to Reconcile Operating Profit to Net Cash Provided by Operating Activities: | |
| Changes in Assets and Liabilities: | |
| Increase in Due to Other Agencies | 11,770.07 |
| Decrease in Accounts Payable | (433,686.67) |
| Decrease in Estimated Claims | (167,365.00) |
| Total Adjustments | (589,281.60) |
| Net Cash Provided by Operating Activities | \$ 1,420,845.83 |

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022**

| | Total Pension Trust Funds | Total Private-Purpose Trust Funds |
|---|--|--|
| Assets | | |
| Cash and Cash Equivalents | \$ 1,108,284.54 | \$ 378,373.01 |
| Investments | 4,016,576.67 | - |
| Total Assets | 5,124,861.21 | 378,373.01 |
| Net Position | | |
| Restricted for Pension Benefits | 5,124,861.21 | - |
| Restricted for Scholarships and Other Purposes | - | 378,373.01 |
| Total Net Position | \$ 5,124,861.21 | \$ 378,373.01 |

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | Total Pension Trust Funds | Total Private-Purpose Trust Funds |
|--|--|--|
| Additions | | |
| Contributions: | | |
| Employer | \$ 804,150.18 | \$ - |
| Investment Earnings: | | |
| Interest, Dividends, and Other | 57,752.31 | 1,094.00 |
| Gain (Loss) on Sale of Investments | 177,492.30 | - |
| Net Increase (Decrease) in the Fair Value of Investments | (794,612.26) | - |
| Total Investment Earnings | (559,367.65) | 1,094.00 |
| Total Additions | 244,782.53 | 1,094.00 |
| Deductions | | |
| Participant Benefits | 688,640.30 | - |
| Purchased Services | 11,363.33 | - |
| Total Deductions | 700,003.63 | - |
| Change In Net Position | (455,221.10) | 1,094.00 |
| Net Position, July 1, 2021 | 5,580,082.31 | 377,279.01 |
| Net Position, June 30, 2022 | \$ 5,124,861.21 | \$ 378,373.01 |

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

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The District School Board of Alachua County (the District) 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, and is governed by State law and State Board of Education rules. The governing body of the school district is the Alachua County District School Board (the School Board) which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the School Board. Geographic boundaries of the District correspond with those of Alachua County.

Criteria for determining if other entities are potential component units which 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 entities for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. Based on these criteria, the following component units are included within the District's reporting entity:

- **Blended Component Unit**—Blended component units, are in substance, part of the primary District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The Alachua County School Board Leasing Corporation was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note 5. Due to the substantive economic relationship between the Alachua County District School Board and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

- **Discretely Presented Component Units**—The component unit columns in the government-wide financial statements include the financial data of the District's other component units. A separate column is used to emphasize that they are legally separate from the District. The component unit columns in the basic financial statements, include the financial data of 13 charter schools: Alachua Learning Elementary, Inc.; Alachua Learning Middle, Inc.; Caring and Sharing Learning School, Inc.; Einstein Montessori School, Inc.; Expressions Learning Arts Academy, Inc.; Florida School for Integrated Academics and Technology, Inc.; Healthy Learning Academy, Inc.; Micanopy Area Charter Schools, Inc.; Micanopy Middle School, Inc.; North Central FL Public Charter Schools; One Room School House Elementary, Inc.; Boulware Springs Charter School, and Resilience Charter School.

The charter schools are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the *Florida Not for Profit Corporation Act*, and Section 1002.33, Florida Statutes. The charter schools operate under charters approved by their sponsor, the Alachua County District School Board. The charter schools are considered to be component units of the District since they are fiscally dependent on the District to levy taxes for their support.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The financial data reported on the accompanying financial statements was derived from the Annual Financial Reports of the charter schools which are available at the District's administrative office for the fiscal year ended June 30, 2022.

Basis of Presentation

- 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 non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, inter-governmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the 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 are allocated to the pupil transportation services function, while remaining depreciation/amortization expense is not readily associated with a particular function and is reported as unallocated.

The effects of interfund activity have been eliminated from the government-wide financial statements.

- Fund Financial Statements—Fund financial statements report detailed information about the District in the governmental, proprietary, and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Non-major funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with the governmental fund financial statements.

The District reports the following major governmental funds:

- General Fund—to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Other Federal Programs Fund—to account for certain Federal grant program resources.
- Special Revenue – Federal Education Stabilization Fund—to account for Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding provided through the State as emergency relief to address the impact of COVID-19 on elementary and secondary schools.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

- Capital Projects – Non-Voted Capital Improvement Fund—to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including: construction, remodeling and addition projects; District-wide maintenance, renovation, and repair; motor vehicle purchases; new and replacement equipment purchases; payments for educational facilities and sites due under lease-purchase agreements (COPS); payments for renting and leasing education facilities and sites; payments of loans approved pursuant to Sections 1011.14 and 1011.15, Florida Statutes; and payment of the cost of leasing relocatable educational facilities.

- Capital Projects – Other—to account for financial resources generated by the voter approved half-cent sales surtax that was passed on the ballot in November 2018 and took effect in January 2019. Amounts generated by the surtax will be used to finance capital outlay for safety and security improvements; repair, renovation and remodeling of Board-owned schools, including modernization of classrooms, science labs and other spaces; technology; elimination of portable classrooms; new construction; land acquisitions and improvement; and other school facilities projects; with oversight by an independent citizens’ committee.

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

- Internal Service Fund—to account for the District’s individual self-insurance program.

- Pension Trust Fund—to account for resources used to finance the early retirement program.

- Private-Purpose Trust Fund—to account for resources of the J. Dale Haynie Trust Fund, the Diamond Sports Park and the career services award program.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The government-wide financial statements are prepared using the accrual basis of accounting, as are the proprietary and fiduciary funds financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, other postemployment benefits, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary, pension benefit trust, and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term, highly liquid investments with original maturities of three months or less. 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.

Investments consist of amounts placed in the SBA Debt Service accounts for investment of debt service moneys, amounts placed with the SBA for participation in the Florida PRIME investment pool created by Section 218.405 and 218.417, Florida Statutes and those made locally. These investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The District's investment in the pool is measured at amortized cost, which approximates fair value.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Investments made locally, including investments held for the pension fund, consist of money market funds, mutual funds, and United States Government Securities and are reported at fair value.

Inventories

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

Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000 with a useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated acquisition value at the date of donation. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

Capital assets are depreciated using the weighted-average composite method, except for assets under financed leases which are depreciated under the straight-line method over the shorter of the lease term or the asset's useful life.

| <u>Description</u> | <u>Estimated Lives</u> |
|--|------------------------|
| Improvements Other than Buildings | 9 – 40 years |
| Buildings and Fixed Equipment | 10 – 50 years |
| Furniture, Fixtures, and Equipment | 3 – 15 years |
| Assets Under Capital Lease | 10 years |
| Motor Vehicles | 5 – 12 years |
| Audio Visual Materials and Computer Software | 4 – 5 years |

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's and the HIS's 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.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Debt premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Certificates of Participation are reported net of applicable premium or discount.

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

Lessee Leases

The District is a lessee for non-cancellable leases of buildings and equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the District determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Lessor Leases

The District is a lessor for various non-cancellable leases of building space for the installation and operation of solar panels and one cell tower lease. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the District determines: (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The District uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. A deferred outflow related to COPS 2013 refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred inflows and outflows are also reported for pension and other postemployment benefits related items.

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.

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.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 government's highest level of decision-making authority. The School Board is the highest level of decision-making authority for the government that can, prior to the end of the fiscal year, commit fund balance. Once adopted, the limitations imposed by the School Board remain in place until a similar action is taken to remove or revise the limitations.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The District has adopted Policy 6100 which authorizes the finance director to assign fund balance. The District may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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.

State Revenue Sources

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

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The State provides financial assistance to administer certain categorical educational programs. State Board of Education 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 year to be expended for the same categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is reserved in the governmental fund financial statements for the unencumbered balance of categorical educational program resources.

District Property Taxes

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

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

The District adopted the 2021 tax levy on September 7, 2021. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

Taxes become a lien on the property on January 1, and are delinquent on April 1, of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes, and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

Property tax revenues are recognized in the government-wide financial statements when the School Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Alachua County Tax Collector at fiscal year-end but not yet remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued, and no delinquent tax revenue deferral is recorded.

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.

Compensated Absences

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

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Proprietary Funds Operating and Non-Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for employee health insurance premiums. Operating expenses include insurance claims and excess coverage premiums. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Implementation of New Accounting Principle

Effective July 1, 2021, the District implemented GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The provisions of this statement are required to be applied retroactively and leases should be recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation. As a result, the District measured its lease receivables and liabilities based upon the leases in place as of July 1, 2021, and based upon the remaining lease term as of that date, as opposed to determination of the lease receivables based upon the origination date of each lease agreement.

The effects of the implementation resulted in the measurement and reporting of lease receivables and lease related deferred inflows of resources and a right-to-use asset and related lease liability as follows:

| | Lease Receivables | Deferred Inflows of Resources | Right-to- Use Asset | Lease Liability |
|---------------------------------------|------------------------|-------------------------------------|------------------------|------------------------|
| June 30, 2021, as Previously Reported | \$ - | \$ - | \$ - | \$ - |
| Restatement | 1,590,585.15 | 1,590,585.15 | 6,044,863.59 | 6,044,863.59 |
| June 30, 2021, as Restated | <u>\$ 1,590,585.15</u> | <u>\$ 1,590,585.15</u> | <u>\$ 6,044,863.59</u> | <u>\$ 6,044,863.59</u> |

There was no impact on the District's beginning net position because the lease receivables and deferred inflows of resources were both measured at the present value of future lease payments to be received and the right-to-use asset and lease liability were both measured at the present value of future lease payments using the same discount rate.

Note 2 - Budgetary Compliance and Accountability

The School Board follows procedures established by State statutes and State Board of Education 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 law and State Board of Education rules.

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- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School 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.

Note 3 - Investments

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

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

Following are the District's investments, maturities, credit quality ratings, and fair value measurements as of June 30, 2022:

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| <u>Investments - Governmental Activities</u> | <u>Maturities</u> | <u>Credit Rating ⁽¹⁾</u> | <u>Amount</u> | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> |
|--|-------------------|-------------------------------------|--------------------------|---|
| Measured at Fair Value: | | | | |
| Money Market Mutual Funds: | | | | |
| First American Government Obligation. Cl. Y ⁽²⁾ | 23 Day Average | AAAm | \$ 4,632,085.49 | \$ 4,632,085.49 |
| US Treasury Bond | 31 Day Average | AAAm | 7,075,703.28 | 7,075,703.28 |
| Total Investments Measured at Fair Value | | | <u>11,707,788.77</u> | <u>\$ 11,707,788.77</u> |
| Measured at Amortized Cost: | | | | |
| State Board of Administration: | | | | |
| Florida PRIME | 28 Days | AAAm | 82,259,582.55 | |
| Total Investments Measured at Amortized Cost | | | <u>82,259,582.55</u> | |
| Total Investments | | | 93,967,371.32 | |
| Cash Deposits | | | 18,090,185.04 | |
| Total Cash and Investments - Governmental Activities | | | <u>\$ 112,057,556.36</u> | |
| As Presented in the Accompanying Statement of Net Position: | | | | |
| Cash and Cash Equivalents | | | \$ 100,349,767.59 | |
| Investments | | | 11,707,788.77 | |
| | | | <u>\$ 112,057,556.36</u> | |

Note:

- (1) Ratings from Standard & Poor's (S&P)
- (2) These funds are held under a trust agreement in connection with the Certificates of Participation, Series 2010A, 2010B and 2020 financing arrangements (see Note 5). Money market funds include amounts invested in securities that are issued or guaranteed as to payment of principal and interest by the United States Government.

| <u>Investments - Fiduciary Funds</u> | <u>Maturities</u> | <u>Credit Rating ⁽¹⁾</u> | <u>Amount</u> | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> |
|--|-------------------|-------------------------------------|------------------------|---|
| Fiduciary Funds | | | | |
| Money Market | Not applicable | Not rated | \$ 61,993.88 | \$ 61,993.88 |
| Equities | Not applicable | Not rated | 2,312,719.51 | 2,312,719.51 |
| Exchange-Traded Funds (ETFs) | Not applicable | Not rated | 1,641,863.28 | 1,641,863.28 |
| Total Investments Measured at Fair Value | | | <u>4,016,576.67</u> | <u>\$ 4,016,576.67</u> |
| Measured at Amortized Cost | | | | |
| State Board of Administration: | | | | |
| Florida PRIME | 28 Days | AAAm | 800,862.56 | |
| Total Investments | | | 4,817,439.23 | |
| Cash Deposits | | | 685,794.99 | |
| Total Cash and Investments - Fiduciary Funds | | | <u>\$ 5,503,234.22</u> | |
| As Presented in the Accompanying Statement of Fiduciary Net Position: | | | | |
| Cash and Cash Equivalents | | | \$ 1,486,657.55 | |
| Investments | | | 4,016,576.67 | |
| | | | <u>\$ 5,503,234.22</u> | |

Note:

- (1) Ratings from Standard & Poor's (S&P)

Interest Rate Risk

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

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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.

As of June 30, 2022, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the SBA's Florida PRIME, or any other inter-governmental 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 to qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District does not have a formal investment policy that limits its investment choices.

The District's investments in the State Board of Education debt service accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate risk and credit risk for this account.

Custodial Credit Risk

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. Investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. Section 218.415(8), Florida Statutes, requires the District to diversify investments to the extent practicable to control risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold.

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The District does not have a formal investment policy that limits the amount the District may invest in any one issuer.

Foreign Currency Risk

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

Note 4 - Changes in Capital Assets

Changes in capital assets are presented in the table below:

| | <u>Restated Balance</u> <u>July 1, 2021</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2022</u> |
|--|--|--------------------------|-------------------------|--|
| Governmental Activities | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 9,487,416.45 | \$ - | \$ - | \$ 9,487,416.45 |
| Construction in Progress | 92,771,086.04 | 31,693,919.84 | 82,900,194.79 | 41,564,811.09 |
| Total Capital Assets Not Being Depreciated | <u>102,258,502.49</u> | <u>31,693,919.84</u> | <u>82,900,194.79</u> | <u>51,052,227.54</u> |
| Capital Assets Being Depreciated: | | | | |
| Improvements Other Than Buildings | 41,712,052.49 | 1,994,987.51 | 120,716.21 | 43,586,323.79 |
| Buildings and Fixed Equipment | 375,075,131.34 | 80,905,207.28 | 8,021,208.11 | 447,959,130.51 |
| Leased Buildings | 4,735,072.51 | - | - | 4,735,072.51 |
| Furniture, Fixtures, and Equipment | 25,426,365.17 | 4,214,426.17 | 489,404.49 | 29,151,386.85 |
| Leased Equipment | 1,309,791.07 | - | - | 1,309,791.07 |
| Motor Vehicles | 26,839,945.19 | - | 428,058.63 | 26,411,886.56 |
| Audio Visual Materials and Computer Software | 3,153,764.14 | - | - | 3,153,764.14 |
| Total Capital Assets Being Depreciated | <u>478,252,121.91</u> | <u>87,114,620.96</u> | <u>9,059,387.44</u> | <u>556,307,355.43</u> |
| Less Accumulated Depreciation for: | | | | |
| Improvements Other than Buildings | 37,028,555.52 | 1,348,460.63 | 120,716.21 | 38,256,299.94 |
| Buildings and Fixed Equipment | 335,240,607.34 | 7,988,673.72 | 8,021,208.11 | 335,208,072.95 |
| Leased Buildings | - | 1,031,640.44 | - | 1,031,640.44 |
| Furniture, Fixtures, and Equipment | 23,607,123.58 | 3,864,696.83 | 231,578.12 | 27,240,242.29 |
| Leased Equipment | - | 210,940.23 | - | 210,940.23 |
| Motor Vehicles | 17,812,001.69 | 2,839,714.75 | 428,058.63 | 20,223,657.81 |
| Audio Visual Materials and Computer Software | 3,148,585.71 | 632,017.13 | - | 3,780,602.84 |
| Total Accumulated/Amortization Depreciation | <u>416,836,873.84</u> | <u>17,916,143.73</u> | <u>8,801,561.07</u> | <u>425,951,456.50</u> |
| Total Capital Assets Being Depreciated, Net | <u>61,415,248.07</u> | <u>69,198,477.23</u> | <u>257,826.37</u> | <u>130,355,898.93</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 163,673,750.56</u> | <u>\$ 100,892,397.07</u> | <u>\$ 83,158,021.16</u> | <u>\$ 181,408,126.47</u> |

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
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Depreciation expense was charged to functions as follows:

| Function | Amount |
|--|--------------------------------|
| Governmental Activities | |
| Pupil Transportation Services | \$ 2,335,757.12 |
| Unallocated | <u>15,580,386.61</u> |
| Total Depreciation/Amortization Expense – Governmental Activities | <u>\$ 17,916,143.73</u> |

Note 5 - Long-Term Liabilities

Certificates of Participation – Direct Placement

Certificates of Participation at June 30, 2022, are as follows:

| Series | Amount Outstanding | Interest Rates | Lease Term Maturity | Original Amount |
|--|---------------------------------|-------------------|---------------------------|--------------------|
| Series 2010A | \$ 11,211,997.00 | 4.98% | 2027 | \$ 11,211,997.00 |
| Series 2010B | 2,941,868.00 | 4.49% | 2027 | 7,163,003.00 |
| Series 2013 | 17,840,000.00 | 3.26% - 3.85% | 2029 | 20,285,000.00 |
| Series 2020 | <u>77,650,000.00</u> | 5.00% | 2031 | 92,675,000.00 |
| Total Certificates of Participation | <u>\$ 109,643,865.00</u> | | | |

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

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

Series 2010-A Qualified School Construction Bonds
Santa Fe High School Classroom Addition
Meadowbrook Elementary School

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Series 2010-B Build America Bonds
Meadowbrook Elementary School

Series 2013 Refunding
Certain Certificates of Participation, Series 2004, maturing in the years 2015 to 2029, and the underlying projects

Series 2020 Bonds
Elementary School "I"
W.A. Metcalfe Elementary School Modernization/Renovation
Idylwild Elementary School Modernization/Renovation
Howard W. Bishop Middle School Classroom Buildings
Westwood Middle School Transition Campus

The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

| <u>Fiscal Year Ending June 30,</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------------|--------------------------|--------------------------|-------------------------|
| 2023 | \$ 15,648,566.84 | \$ 10,800,243.00 | \$ 4,848,323.84 |
| 2024 | 15,671,191.82 | 11,343,726.00 | 4,327,465.82 |
| 2025 | 15,692,816.48 | 11,912,608.00 | 3,780,208.48 |
| 2026 | 15,716,891.98 | 12,461,902.00 | 3,254,989.98 |
| 2027 | 15,738,141.16 | 13,036,618.00 | 2,701,523.16 |
| 2028-2031 | 54,804,856.07 | 50,088,768.00 | 4,716,088.07 |
| Total Minimum Finance Payments | <u>\$ 133,272,464.35</u> | <u>\$ 109,643,865.00</u> | <u>\$ 23,628,599.35</u> |

Equipment Purchase Agreement

In December 2019, the District entered into a financing arrangement with Banc of America Public Capital Corp. (Lessor) for the acquisition of 80 school buses and related equipment (Equipment). The District also entered into an Escrow Agreement with the Lessor in which the finance amount of \$8,912,366 less issuance costs of \$36,500 were deposited into an escrow account to be used for the purchase of Equipment. Finance payments are payable by the District, semiannually, on May 1 and November 1 with an interest rate of 1.754%, maturing November 1, 2024.

The following is a schedule by years of future minimum finance payments under the finance agreement together with the present value of minimum finance payments as of June 30:

| <u>Fiscal Year Ending June 30,</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------------|------------------------|------------------------|----------------------|
| 2023 | \$ 1,865,242.46 | \$ 1,793,389.90 | \$ 71,852.56 |
| 2024 | 1,865,242.46 | 1,824,983.90 | 40,258.56 |
| 2025 | 932,621.22 | 924,513.24 | 8,107.98 |
| Total Minimum Finance Payments | <u>\$ 4,663,106.14</u> | <u>\$ 4,542,887.04</u> | <u>\$ 120,219.10</u> |

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Leases

The District has entered into agreements to lease certain buildings and equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The lease liability is measured at a discount rate of 4%, which is the District's incremental borrowing rate.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
|------------------------------------|------------------------|------------------------|----------------------|
| 2023 | \$ 1,370,202.70 | \$ 1,196,151.91 | \$ 174,050.79 |
| 2024 | 1,034,282.70 | 905,019.68 | 129,263.02 |
| 2025 | 866,322.70 | 768,535.66 | 97,787.04 |
| 2026 | 822,642.70 | 756,252.41 | 66,390.29 |
| 2027 | 778,962.70 | 741,659.98 | 37,302.72 |
| 2028 | 540,135.61 | 527,933.72 | 12,201.89 |
| Total Lease Payments | <u>\$ 5,412,549.11</u> | <u>\$ 4,895,553.36</u> | <u>\$ 516,995.75</u> |

Changes in Long-Term Liabilities

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

| <u>Description</u> | <u>Restated Balance July 1, 2021</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2022</u> | <u>Due in One Year</u> |
|--|--|------------------------|--------------------------|----------------------------------|----------------------------|
| Governmental Activities | | | | | |
| Equipment Financing Arrangement | \$ 6,305,229.87 | \$ - | \$ 1,762,342.85 | \$ 4,542,887.02 | \$ 1,793,389.90 |
| Leases | 6,044,863.59 | - | 1,149,310.23 | 4,895,553.36 | 1,196,151.91 |
| Direct Placement: | | | | | |
| Certificates of Participation Payable | 119,931,013.00 | - | 10,287,148.00 | 109,643,865.00 | 10,800,243.00 |
| Premium on Certificates of Participation | 17,347,195.97 | - | 1,952,782.76 | 15,394,413.21 | - |
| Other Long-Term Liabilities: | | | | | |
| Compensated Absences Payable | 28,239,821.82 | 1,320,346.65 | 2,985,774.26 | 26,574,394.21 | 216,407.03 |
| Other Postemployment Benefit | 8,988,470.00 | 4,757,315.00 | 445,166.00 | 13,300,619.00 | 464,234.00 |
| Net Pension Liability | 204,034,685.00 | - | 118,321,810.00 | 85,712,875.00 | 290,171.16 |
| Total Governmental Activities | <u>\$ 390,891,279.25</u> | <u>\$ 6,077,661.65</u> | <u>\$ 136,904,334.10</u> | <u>\$ 260,064,606.80</u> | <u>\$ 14,760,597.00</u> |

For the governmental activities, compensated absences are generally liquidated with resources of the General Fund.

Note 6 - Fund Balance Reporting

Fund balance classifications comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in the following five categories:

Non-Spendable—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. Examples of items that are not in spendable form include inventory, prepaid amounts, long-term amounts of loans and notes receivable, and property acquired for resale. The District classifies its amounts reported as inventories as non-spendable.

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Restricted—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. The District classifies most of its fund balances other than General Fund as restricted, as well as unspent State categorical and earmarked educational funding reported in the General Fund, that are legally or otherwise restricted.

Committed—The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority (i.e., the School Board). These amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same action it employed to previously commit the amounts. The District did not have any committed fund balances at June 30, 2022.

Assigned—The portion of fund balance that is intended to be used for specific purposes, but is neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as non-spendable, restricted, or committed. The District also classifies amounts as assigned that are constrained to be used for specific purposes based on actions of the Superintendent and Chief Financial Officer and not included in other categories.

Unassigned—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.

The following is a schedule of fund balances by category at June 30, 2022.

| | Major Funds | | | Non-Major Funds | Total |
|---------------------------------|-------------------------|------------------------------|------------------------------|-------------------------|--------------------------|
| | General | Local Capital Improvement | Other Capital Improvement | | |
| Non-Spendable | | | | | |
| Inventory | \$ 786,142.18 | \$ - | \$ - | \$ 1,403,821.05 | \$ 2,189,963.23 |
| Total Non-Spendable | <u>786,142.18</u> | <u>-</u> | <u>-</u> | <u>1,403,821.05</u> | <u>2,189,963.23</u> |
| Spendable | | | | | |
| Restricted: | | | | | |
| Categorical | 5,612,184.55 | - | - | - | 5,612,184.55 |
| Voter Approved Millage | 3,226,961.17 | - | - | - | 3,226,961.17 |
| Adult Education Program | 1,379,000.47 | - | - | - | 1,379,000.47 |
| Food Service | - | - | - | 7,373,228.67 | 7,373,228.67 |
| Debt Service | - | - | - | 7,076,622.11 | 7,076,622.11 |
| Other State and Local Grants | 771,749.52 | - | - | - | 771,749.52 |
| Capital Outlay | - | 12,186,198.71 | 52,418,157.44 | 1,375,826.40 | 65,980,182.55 |
| School Internal Accounts | - | - | - | 3,893,989.00 | 3,893,989.00 |
| Total Restricted | <u>10,989,895.71</u> | <u>12,186,198.71</u> | <u>52,418,157.44</u> | <u>19,719,666.18</u> | <u>95,313,918.04</u> |
| Assigned: | | | | | |
| Encumbrances | 450,613.50 | - | - | - | 450,613.50 |
| Extended Day Enrichment | 1,714,486.50 | - | - | - | 1,714,486.50 |
| Total Assigned | <u>2,165,100.00</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,165,100.00</u> |
| Unassigned | 12,652,426.27 | - | - | - | 12,652,426.27 |
| Total Spendable | <u>25,807,421.98</u> | <u>12,186,198.71</u> | <u>52,418,157.44</u> | <u>19,719,666.18</u> | <u>110,131,444.31</u> |
| Total Fund Balance | <u>\$ 26,593,564.16</u> | <u>\$ 12,186,198.71</u> | <u>\$ 52,418,157.44</u> | <u>\$ 21,123,487.23</u> | <u>\$ 112,321,407.54</u> |

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Note 7 - Interfund Receivables, Payables, and Transfers

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 Funds: | | |
| General | \$ 195,956.87 | \$ - |
| Capital Projects: | | |
| Capital Improvement | 3.13 | |
| Other | 22,591,970.14 | - |
| Special Revenue: | | |
| Other Federal Programs | - | 5,090,697.06 |
| Federal Education Stabilization | - | 17,367,628.08 |
| Non-Major Funds | - | 329,605.00 |
| Total | <u>\$ 22,787,930.14</u> | <u>\$ 22,787,930.14</u> |

Interfund balances generally arise due to expenditures being adjusted between funds to cover negative cash balances, departmental costs and utilities. All balances are expected to be repaid in less than one year.

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 Funds: | | |
| General | \$ 13,119,527.08 | \$ - |
| Capital Projects: | | |
| Local Capital Improvement | - | 11,525,448.51 |
| Other Capital Projects | 2,083,766.18 | 1,074,426.00 |
| Special Revenue: | | |
| Federal Education Stabilization | - | 1,003,365.18 |
| Non-Major Governmental Funds | 483,712.61 | 2,083,766.18 |
| Total | <u>\$ 15,687,005.87</u> | <u>\$ 15,687,005.87</u> |

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

Note 8 - Schedule of State Revenue Sources

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

| <u>Source</u> | <u>Amount</u> |
|-----------------------------------|------------------|
| Florida Education Finance Program | \$ 95,183,741.00 |
| Student Transportation | 4,086,654.00 |
| Instruction Materials | 2,594,702.00 |

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| <u>Source</u> | <u>Amount</u> |
|---|---------------------------------|
| Categorical Educational Programs: | |
| Class Size Reduction Operating Funds | \$ 27,556,026.00 |
| Other | 418,315.26 |
| Workforce Development Program | 536,075.00 |
| Motor Vehicle License Tax (Capital Outlay and Debt Service) | 993,324.25 |
| Food Service Supplement | 236,605.00 |
| Mobile Home License Tax | 97,772.72 |
| School Security Grant | 513,936.00 |
| Miscellaneous | <u>1,227,606.64</u> |
| Total | <u>\$ 133,444,757.87</u> |

Accounting policies relating to certain State revenue sources are described in Note 1.

Note 9 - Property Taxes

The following is a summary of millages and taxes levied on the 2022 tax roll for the 2021-2022 fiscal year:

| <u>GENERAL FUND</u> | <u>Millages</u> | <u>Taxes Levied</u> |
|--------------------------------------|---------------------|---------------------------------|
| Non-Voted School Tax: | | |
| Required Local Effort | 3.595 | \$ 67,125,978.00 |
| Basic Discretionary Local Effort | 0.748 | 13,966,685.00 |
| Voted School Tax: | | |
| Additional Operating One Mill | 1.000 | 18,672,039.00 |
| <u>CAPITAL PROJECTS FUNDS</u> | | |
| Non-Voted Tax: | | |
| Local Capital Improvements | 1.500 | 28,008,058.00 |
| Total | <u>6.843</u> | <u>\$ 127,772,760.00</u> |

Note 10 - Retirement Plans

Florida Retirement System (FRS)

General Information about the FRS

The FRS Pension Plan 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 FRS Pension Plan, and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS Pension Plan 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

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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 non-integrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services website (www.dms.myflorida.com).

FRS Pension Plan

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

- Regular Class—Members of the FRS who do not qualify for membership in the other classes.
- Elected Officer Class—Members who hold specified elective offices in local government.
- Senior Management Service Class—Members in senior management level position.

Plan Benefits—Employees enrolled in the FRS Pension Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Pension plan on or after July 1, 2011, vest at eight 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 FRS Pension 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. Members of the FRS Pension Plan may include up to four years of credit for military service toward creditable service. The FRS Pension Plan also includes an early retirement provision; however, there is a 5% benefit reduction for each year a member retires before his or her normal retirement date.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instruction personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Benefits under the FRS Pension 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight 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 (from 1.60% - 3.00%). Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

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As provided in Section 121.101, Florida Statutes, if the member initially enrolled in the FRS Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is 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, based on the ratio of service credit accrued pre-July 2011. 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 for FRS during the District’s 2021-22 fiscal year were as follows:

| Class | Year Ended June 30, 2022 | |
|---------------------------|--------------------------|-------------------------|
| | Percent of Gross Salary | |
| | Employee | Employer ⁽¹⁾ |
| Regular | 3.00 | 10.82 |
| Elected Officers | 3.00 | 51.42 |
| Senior Management Service | 3.00 | 29.01 |
| DROP | 0.00 | 18.34 |
| FRS, Reemployed Retiree | (2) | (2) |

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon the retirement class in which reemployed.

The District’s contributions to the FRS Pension Plan totaled \$14,787,708 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At June 30, 2022, the District reported the following net pension liability:

| | FRS Pension Plan |
|--|------------------|
| District’s Proportion | .349152912% |
| District’s Proportionate Share of Net Pension Liability | \$26,374,536 |

The District’s proportionate share of the net pension liability was based on the District’s contributions during the FRS Pension Plan’s fiscal year relative to the contributions of all participating members in the same fiscal year. At June 30, 2021, the District’s proportion increased 0.02115794771% from its proportion as of June 30, 2020.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021.

For the fiscal year ended June 30, 2022, the District recognized pension expense of \$236,267 related to the FRS Pension Plan.

In addition, the District reported deferred outflows and inflows of resources related to FRS Pension Plan from the following sources:

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| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Experience | \$ 4,520,637.00 | \$ - |
| Change of Assumptions | 18,046,764.00 | - |
| Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments | - | 92,014,120.00 |
| Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions | 5,506,651.00 | 822,038.00 |
| District FRS Contributions Subsequent to the Measurement Date | 14,546,370.00 | - |
| Total | <u><u>\$ 42,620,422.00</u></u> | <u><u>\$ 92,836,158.00</u></u> |

The deferred outflows related to pensions, totaling \$14,546,370.00, resulting from District contributions to the FRS Pension Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year Ending June 30,</u> | |
|------------------------------------|----------------------------------|
| 2023 | \$ (11,546,909.00) |
| 2024 | (13,302,798.00) |
| 2025 | (17,818,771.00) |
| 2026 | (23,055,745.00) |
| 2027 | 962,117.00 |
| Total | <u><u>\$ (64,762,106.00)</u></u> |

Actuarial Assumption—The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability:

| | <u>FRS Pension Plan</u> |
|---|--|
| Inflation | 2.40 percent |
| Salary Increases | 3.25 Percent, Average, Including Inflation |
| Investment Rate of Return, Including Inflation | 6.80 Percent, Net of Pension Plan Investment Expense |
| Mortality Table | PUB-2010 base table with Scale MP-2018 |
| Actuarial Cost Method | Individual Entry Age |

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:

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| <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 | 1.00% | 2.10% | 2.10% | 1.10% |
| Fixed Income | 20.00% | 3.80% | 3.70% | 3.30% |
| Global Equity | 54.20% | 8.20% | 6.70% | 17.80% |
| Real Estate (Property) | 10.30% | 7.10% | 6.20% | 13.80% |
| Private Equity | 10.80% | 11.70% | 8.50% | 26.40% |
| Strategic Investments | 3.70% | 5.70% | 5.40% | 8.40% |
| Total | <u>100.00%</u> | | | |
| Assumed Inflation - Mean | | | 2.40% | 1.20% |

(1) As outlined in Plan's Investment Policy.

The discount rate used to measure the total pension liability was 6.80%. The FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate—The following presents the net pension liability of the District, calculated using the current discount rate of 6.80%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

| | <u>1% Decrease (5.80%)</u> | <u>Current Discount Rate (6.80%)</u> | <u>1% Increase (7.80%)</u> |
|--|------------------------------------|--|------------------------------------|
| District's Proportionate Share of the Net Pension Liability | \$ 117,948,684 | \$ 26,374,534 | \$ (50,171,187) |

Payables to the FRS Plan—At June 30, 2022, the District reported a payable of \$2,210,144.34 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2022.

HIS Pension Plan

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

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Plan Benefits—For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. Retirees under a state administered retirement system must provide proof of health insurance coverage to be eligible to receive benefits, which may include Medicare.

Contributions—The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2022, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes.

HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District’s contributions to the HIS Plan totaled \$2,769,320 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At June 30, 2022, the District reported the following net pension liability:

| | HIS Pension Plan |
|--|-------------------------|
| District’s Proportion | 0.469965856% |
| District’s Proportionate Share of Net Pension Liability | \$57,648,378 |

The District’s proportionate share of the net pension liability was based on the District’s contributions during the HIS Pension Plan’s fiscal year relative to the contributions of all participating members in the same fiscal year. At June 30, 2021, the District’s proportion decreased 0.013175752% from its proportion as of June 30, 2020.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2022, the District recognized the Plan pension expense of \$3,922,732. In addition, the District reported deferred outflows of resources related to pensions from the following sources:

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| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Experience | \$ 1,929,060.00 | \$ 24,146.00 |
| Change of Assumptions | 4,529,872.00 | 2,375,260.00 |
| Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments | 60,097.00 | - |
| Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of HIS Contributions | 980,283.00 | 1,400,775.00 |
| District Contributions Subsequent to the Measurement Date | 2,769,621.00 | - |
| Total | <u>\$ 10,268,933.00</u> | <u>\$ 3,800,181.00</u> |

The deferred outflows of resources related to HIS, totaling \$2,769,621.00 resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year Ending June 30,</u> | |
|------------------------------------|------------------------|
| 2023 | \$ 1,035,302.00 |
| 2024 | 320,201.00 |
| 2025 | 688,167.00 |
| 2026 | 948,884.00 |
| 2027 | 630,724.00 |
| Thereafter | 75,853.00 |
| Total | <u>\$ 3,699,131.00</u> |

Actuarial Assumptions—The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability:

| | <u>HIS Pension Plan</u> |
|-----------------------|--|
| Inflation | 2.40 Percent |
| Salary Increases | 3.25 Percent, Including Inflation |
| Municipal Bond Rate | 2.16 Percent |
| Mortality Table | PUB-2010 base table with Scale MP-2018 |
| Actuarial Cost Method | Individual Entry Age |

The discount rate used to measure the total pension liability decreased from 2.21% to 2.16% for the HIS Pension Plan's fiscal year ended June 30, 2021. 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

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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 Pension Plan sponsor. The discount rate increased from the prior year due to changes in the applicable municipal bond rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate—The following presents the net pension liability of the District, calculated using the current discount rate of 2.16%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

| | 1% Decrease (1.16%) | Current Discount Rate (2.16%) | 1% Increase (3.16%) |
|--|------------------------------------|--|------------------------------------|
| District's Proportionate Share of the Net Pension Liability | \$ 66,647,109 | \$ 57,648,378 | \$ 50,275,930 |

Payables to the HIS Plan—At June 30, 2022, the District reported a payable of \$361,488.30 for the outstanding amount of contributions to the HIS plan required for the fiscal year ended June 30, 2022.

Investment Plan

Plan Description—As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in a defined contribution plan, 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.

Plan Administration—The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Annual Comprehensive Financial Report.

Plan Benefits—Service retirement benefits are based upon the value of the member's account upon retirement. Employer and employee contributions, including amounts contributed to individual members' accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. 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. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance.

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Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended June 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; 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.

Contributions—The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members’ accounts during the Investment Plan’s fiscal year ending June 30, 2022, were as follows:

| Class | Percent of Gross Compensation |
|------------------------------|-------------------------------------|
| FRS, Regular | 10.82 |
| FRS, Elected County Officers | 51.42 |
| Senior Management Service | 29.01 |

The District’s Investment Plan pension expense totaled \$3,922,732 for the fiscal year ended June 30, 2022.

Payables to the Investment Plan—At June 30, 2022, the District reported a payable of \$484,424.13 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2022.

Early Retirement Plan

Plan Description—As authorized by Section 1012.685, Florida Statutes, the School Board implemented an Early Retirement Plan (ERP), effective January 1, 1984. The ERP is a single-employer defined benefit pension plan. The purpose of the ERP is to provide District employees, who elect to retire under the early retirement provisions of the Florida Retirement System, described earlier in Note 12, with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age. The School Board administers ERP assets in a Pension Trust Fund and is responsible for their investment. The School Board acts as the administrative agent for the ERP. The ERP does not issue a stand-alone report, and is not included in the report of a Public Employee Retirement System of another entity.

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As of June 30, 2022, employee membership data related to the ERP were as follows:

Retirees and Beneficiaries Currently Receiving Benefits

133

A summary of eligibility and benefits follows:

- **Eligibility**—A member of the ERP is eligible upon attainment of age 55 to 61, completion of 25 or more years of creditable service, and having applied for retirement under the Florida Retirement System.

Provided, however, for those retiring during the period from July 1, 2008 (August 1, 2008 for Teachers), through June 30, 2009, at least 20 years of creditable service must represent employment by the School Board of Alachua County and the employee must have at least 20 years of experience in the Florida Retirement System.

For those retiring during the period from July 1, 2009, through June 30, 2013, the 15 years immediately preceding retirement must be as an employee of the School Board of Alachua County.

The ERP is closed to new enrollees as of July 1, 2013.

- **Benefits**—Amount of the reduction in monthly benefits from the Florida Retirement System as a consequence of early retirement.
- **Contributions and Reserves**—The ERP was established by the School Board on January 1, 1984, and may be subsequently amended by Board action. Pursuant to the ERP agreement, no contributions shall be required or permitted from any member. Board contributions shall be sufficient to meet the annual service cost of the ERP.

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

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

Contributions to the ERP in the 2021-22 fiscal year totaled \$803,061.00, all of which were paid by the School Board. The computation of the annual required contributions for 2022 was based on the same: (a) actuarial assumptions, (b) benefit provisions, (c) actuarial funding method, and (d) other significant factors as used to determine annual required contributions in the previous year.

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

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

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Summary of Significant Accounting Policies—Significant accounting policies related to basis of accounting and the method of asset valuation are disclosed in Note 1. Investment disclosures related to the Pension Trust Fund are in Note 3. There are no interfund loans outstanding between the Pension Trust Fund and other funds.

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

Asset Allocation—

| <u>Asset Class</u> | <u>Target Allocation</u> |
|--------------------|------------------------------|
| Equities | 60% |
| Fixed Income | 40% |
| Total | 100% |

Rate of Return—For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -15.47 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—As of June 30, 2022, the District reported a net pension liability of \$1,689,963. The total pension liability for the ERP was determined by an actuarial valuation as of July 1, 2020 and recalculated as of June 30, 2021, using a standard actuarial roll-forward technique.

The components of the net pension liability of the ERP as of June 30, 2021 (measurement date) and for the year then ended, were as follows:

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

**Employer Fiscal Year Ended June 30, 2022
(Based on Measurement Period Ending June 30, 2021)**

| | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net Pension Liability</u> |
|---|------------------------------------|--|----------------------------------|
| Balances at July 1, 2020 | \$ 7,535,012.00 | \$ 4,648,980.00 | \$ 2,886,032.00 |
| Changes for the Year: | | | |
| Interest | 466,544.00 | - | 466,544.00 |
| Differences Between Expected and Actual Experience | (16,696.00) | - | (16,696.00) |
| Contributions - Employer | - | 892,291.00 | (892,291.00) |
| Net Investment Income | - | 772,817.00 | (772,817.00) |
| Benefit Payments | (714,815.00) | (714,815.00) | - |
| Administrative Expenses | - | (19,191.00) | 19,191.00 |
| Net Changes | <u>(264,967.00)</u> | <u>931,102.00</u> | <u>(1,196,069.00)</u> |
| Balances at June 30, 2021 | <u>\$ 7,270,045.00</u> | <u>\$ 5,580,082.00</u> | <u>\$ 1,689,963.00</u> |

The components of the net pension liability of the ERP as of June 30, 2022 measurement date, were as follows:

| | |
|---|---------------------|
| Total Pension Liability | \$ 6,558,877 |
| Plan Fiduciary Net Position | <u>(5,123,772)</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 1,435,105</u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 78.12% |

For the fiscal year ended June 30, 2022, the District recognized pension expense of \$165,054. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | \$ 226,678.00 | \$ 372,391.00 |
| District ERP Contributions Subsequent to the Measurement Date | <u>803,061.00</u> | <u>-</u> |
| Total | <u>\$ 1,029,739.00</u> | <u>\$ 372,391.00</u> |

The deferred outflows of resources, totaling \$803,061.00, resulting from District contributions to the ERP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. The other amount reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

| Fiscal Year Ending June 30, | Net Deferred Outflows of Resources |
|-----------------------------|---------------------------------------|
| 2023 | \$ 7,453.00 |
| 2024 | (4,307.00) |
| 2025 | (55,762.00) |
| 2026 | (93,097.00) |
| Total | \$ (145,713.00) |

Actuarial Assumptions—The Net Pension Liability for the ERP was measured as of a June 30, 2021 measurement date, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The TPL was recalculated as of June 30, 2021, using a standard actuarial roll-forward technique. The assumptions used to measure the TPL as of the measurement date include an inflation assumption of 2.5 percent per year, and annual cost-of-living adjustments of 3 percent per year. Mortality rates were taken from the PUB-2010 base table. For female participants 100 percent White Collar Annuitant rates are used, for male participants a blend of 50 percent White Collar Annuitant rates with 50 percent Blue Collar Annuitant rates are used. Mortality improvements for all members are generationally projected using Scale MP-2018. Adjustments to reference tables are based on the results of a statewide experience study covering the period 2013 through 2018.

Discount Rate—GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the TPL. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The projected Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. For years that assets are projected to be on hand in a future year, the assumed net long-term rate of return is used as the discount rate. For years when assets are projected to be insufficient to meet benefit payments, the use of a specific municipal yield is used as the discount rate, as described in the following paragraph.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects: (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on pension plan investments is 6.5 percent; the municipal bond rate is 1.92 percent.

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

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Sensitivity—Regarding the sensitivity of the net pension liability to changes in the SDR, the following presents the ERP’s net pension liability, calculated using a SDR of 6.50%, as well as what the ERP’s net pension liability would be if it were calculated using a SDR that is one percent lower or one percent higher:

| | 1% Decrease 5.50% | Current Single Discount Rate Assumption 6.50% | 1% Increase 7.50% |
|--|----------------------|---|----------------------|
| Net Pension Liability Measured at June 30, 2022 | \$ 2,207,118.00 | \$ 1,435,105.00 | \$ 1,252,774.00 |
| Net Pension Liability Measured at June 30, 2021 | \$ 2,239,166.00 | \$ 1,689,963.00 | \$ 1,206,649.00 |

Note 11 - Postemployment Health Care Benefits

Plan Description

The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District’s health and hospitalization plan for medical, prescription drug, dental, and vision coverage. 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, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The District does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB Plan does not issue a stand-alone report, and is not included in the report of a public employee retirement system or other entity. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

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

June 30, 2022, the following employees were covered by the benefit terms:

| | |
|----------------------------|-------|
| Retirees and Beneficiaries | 255 |
| Active Plan Members | 3,430 |
| Total Plan Members | 3,685 |

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Total OPEB Liability—The District’s total OPEB liability of \$13,300,619 was measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs—The total OPEB liability was determined using the following actuarial assumption and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | 2.25 percent, annually |
| Discount Rate | 1.92 percent |
| Salary Increases | Salary increase rates used in the July 1, 2021, actuarial valuation of the FRS; 3.40-7.80 percent, including inflation. |
| Retirement Age | Retirement rates used in the July 1, 2021, actuarial valuation of the FRS for K-12 Instructional Regular Class members and non-K12 Instructional Regular Class members. They are based on the results of a Statewide experience study covering the period 2013 through 2018. |
| Mortality | Mortality tables used in the July 1, 2021, actuarial valuation of the FRS for K-12 Instructional Regular Class members and non-K12 Instructional Regular Class members. These rates were taken from adjusted PUB-2010 mortality tables published by the Society of Actuaries with generational mortality improvements using scale MP-2018. Adjustments to reference tables are based on results of a Statewide experience study covering the period 2008 through 2013. |
| Healthcare Cost Trend Rates | Based on the Getzen Model, with trend rates starting at 6.00 percent (and 2.06 percent for retiree premiums) and gradually decreasing to an ultimate trend rate of 3.75 percent. |
| Aging Factors | Based on the 2013 SOA Study “Health Care Costs- From Birth to Death”. |
| Expenses | Administrative expenses are included in the per capita health costs. |

The discount rate used to measure the total OPEB liability was 1.92 percent. For plans that do not have formal assets, the discount rate should equal a yield or index rate for 20-year, tax exempt general obligation municipal bond with an average AA/Aa or higher rating as of the measurement date. For the purpose of the OPEB Plan actuarial valuation, the municipal bond rate of 1.92 percent was based on the daily rate closed to but not later than the measurement date for the “20-Year Municipal GO AA Index”.

Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2021, 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, 2021, 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 Plan Liability—The following table shows the change in the District’s OPEB Plan liability as of June 30, 2021 (the measurement date):

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

| | Amount |
|---|----------------------|
| Balance at June 30, 2020 | \$ 8,988,470 |
| Changes for the Year: | |
| Service Cost | 419,086 |
| Interest | 225,032 |
| Difference Between Expected and Actual Experience of the Total OPEB Liability | (211,976) |
| Changes in Assumptions and Other Inputs | 4,325,173 |
| Benefit Payments | (445,166) |
| Net Changes | 4,312,149 |
| Balance at June 30, 2021 | \$ 13,300,619 |

The discount rate was changed from 2.45 percent to 1.92 percent. Changes in demographic assumptions developed in a statewide experience study conducted by the FRS covering the period 2013 through 2018 and adopted for its July 1, 2021. The expected claims costs and premiums were updated to reflect recent information.

Sensitivity of the District’s Total OPEB Plan Liability to Changes in the Discount Rate—The following presents the District’s OPEB Plan liability calculated using the discount rate of 3.13 percent, as well as what the OPEB Plan liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current rate:

| | 1% Decrease (0.92%) | Current Discount Rate (1.92%) | 1% Increase (2.92%) |
|---------------------|------------------------------------|--|------------------------------------|
| OPEB Plan Liability | \$ 14,642,988 | \$ 13,300,619 | \$ 12,109,978 |

Sensitivity of the District’s Total OPEB Plan Liability to the Healthcare Cost Trend Rate Assumption—Regarding the sensitivity of the total OPEB liability, calculated using the assumed trend rates as well as what the OPEB Plan’s total liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

| | 1% Decrease | Current Healthcare Cost Trend Rate Assumption | 1% Increase |
|---------------------|--------------------|--|--------------------|
| OPEB Plan Liability | \$ 11,465,551 | \$ 13,300,619 | \$ 15,625,409 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$1,108,352. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference Between Expected and Actual Experience | \$ - | \$ 647,622 |
| Changes of Assumptions or Other Inputs Benefits Paid Subsequent to the Measurement Date | 5,654,464 | 178,451 |
| | <u>1,115,966</u> | <u>-</u> |
| Total | <u>\$ 6,770,430</u> | <u>\$ 826,073</u> |

The deferred outflows of resources related to OPEB totaling \$1,115,966 resulting from benefits paid subsequent to the measurement date, will be recognized as a reduction of the OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Amortization</u> |
|------------------------------------|----------------------------|
| 2023 | \$ 464,234 |
| 2024 | 464,234 |
| 2025 | 464,234 |
| 2026 | 464,234 |
| 2027 | 464,234 |
| Thereafter | <u>2,507,221</u> |
| Total | <u>\$ 4,828,391</u> |

Note 12 - Lessor Leasing

The District is a lessor in agreements to lease space on of the roof of their schools for the installation and operation of solar panels, electrical lines, and appurtenances. The agreements are for twenty-year terms, with options to extend. Lease agreement for cell tower space are for initial five-year terms and are renewable in five-year increments, with the option for the lessee to cancel the lease given 90 days' notice prior to the expiration of each renewal term; the lessor has no rights of cancellation without cause during the term of any cell tower lease.

The District received the following inflows of resources from leases in 2022:

| | |
|---|-----------------------------|
| Lease Revenue Recognized | \$ 134,716.82 |
| Interest Revenue Recognized | <u>56,349.46</u> |
| Total Inflows of Resources from Leases | <u>\$ 191,066.28</u> |

Note 13 - Construction Contract Commitments

The following is a summary of construction contract commitments remaining at fiscal year-end:

| <u>Project</u> | <u>Contract Amount</u> | <u>Expended To-Date</u> | <u>Contract Balance</u> |
|------------------|------------------------|-------------------------|-------------------------|
| Various Projects | \$ 43,806,661.06 | \$ 43,541,183.13 | \$ 265,477.93 |

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 14 - Encumbrances

Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered.

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

| General | Major Funds | | | | | Non-Major Governmental Funds | Total Governmental Funds |
|-----------------|---|--------------------------------------|---|------------------------------|---------------|------------------------------------|--------------------------------|
| | Special Revenue Other Federal Programs | Special Revenue ESSER II & III | Capital Projects Local Capital Improvement | Capital Projects Other | | | |
| \$ 2,648,577.26 | \$ 188,532.57 | \$ 1,050,903.00 | \$ 3,355,781.91 | \$ 6,661,568.28 | \$ 579,998.78 | \$ 14,485,361.80 | |

Note 15 - Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Alachua County District School Board is a member of the Florida School Board Insurance Trust (FSBIT), a protected self-insurance fund for Florida school boards. FSBIT was established under the authority of Section 624.4622, Florida Statutes, for the purpose of pooling property, casualty, and workers' compensation exposure; purchasing and procuring insurance coverage of various types or providing self-insurance; and providing risk management services for the Florida school boards.

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

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

A liability in the amount of \$2,659,661.00 was determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2022.

The following schedule represents the changes in claims liability for the current and prior fiscal years for the District's self-insurance program:

| Fiscal Year | Beginning-of-Fiscal Year Liability | Current-Year Claims and Changes in | | Balance at Fiscal Year-End |
|-------------|---------------------------------------|---------------------------------------|--------------------|-------------------------------|
| | | Estimates | Claims Payments | |
| 2020-2021 | \$ 2,243,838.00 | \$ 29,740,520.85 | \$ (29,157,332.85) | \$ 2,827,026.00 |
| 2021-2022 | 2,827,026.00 | 29,923,117.97 | (30,090,482.97) | 2,659,661.00 |

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 16 - Contingencies

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

Note 17 - Restatement of Net Position

The District implemented GASB Statement No. 87, *Leases*. This standard requires leases to be recognized retroactively and measured using the facts and circumstances that existed at the beginning of the period of implementation, that is, July 1, 2021. Implementation of the change decreased net position at the charter school component units at June 30, 2021 by \$134,825. The restatement by charter school is:

| | Original Beginning | | Restated Beginning |
|--|---------------------------|----------------------|---------------------------|
| | Net Position | Restatement | Net Position |
| Alachua Learning Academy Middle School | \$ 925,118.00 | \$ 4,663.00 | \$ 920,455.00 |
| Boulware Springs Charter School | 1,066,096.00 | 102,323.00 | 963,773.00 |
| Resilience | 109,742.00 | 27,839.00 | 81,903.00 |
| Total | \$ 2,100,956.00 | \$ 134,825.00 | \$ 1,966,131.00 |

REQUIRED SUPPLEMENTARY INFORMATION

ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> |
|---|-------------------------|-------------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Federal Direct | \$ 210,000.00 | \$ 210,000.00 | \$ 216,157.77 | \$ 6,157.77 |
| Federal Through State | 1,200,000.00 | 1,200,000.00 | 931,405.61 | (268,594.39) |
| State Sources | 141,305,370.76 | 131,998,927.39 | 130,641,261.24 | (1,357,666.15) |
| Local Sources: | | | | |
| Property Taxes Levied for | | | | |
| Operational Purposes | 99,764,699.00 | 99,764,699.00 | 98,473,512.23 | (1,291,186.77) |
| Other Local Revenue | 8,784,341.63 | 10,473,226.07 | 9,386,188.39 | (1,087,037.68) |
| Total Local Sources | <u>108,549,040.63</u> | <u>110,237,925.07</u> | <u>107,859,700.62</u> | <u>(2,378,224.45)</u> |
| Total Revenues | <u>251,264,411.39</u> | <u>243,646,852.46</u> | <u>239,648,525.24</u> | <u>(3,998,327.22)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction | 147,273,289.51 | 153,518,130.12 | 144,583,506.36 | 8,934,623.76 |
| Student Support Services | 14,397,876.99 | 15,184,135.75 | 14,387,688.05 | 796,447.70 |
| Instructional Media Services | 5,103,784.29 | 5,026,000.53 | 4,967,473.96 | 58,526.57 |
| Instruction and Curriculum | | | | |
| Development Services | 5,021,577.32 | 5,110,327.49 | 5,001,055.37 | 109,272.12 |
| Instructional Staff Training Services | 970,757.97 | 1,569,955.70 | 941,223.80 | 628,731.90 |
| Instruction-Related Technology | 3,429,392.47 | 4,368,510.34 | 4,257,257.32 | 111,253.02 |
| Board of Education | 972,007.07 | 1,360,217.53 | 1,357,830.59 | 2,386.94 |
| General Administration | 1,411,398.25 | 1,438,586.23 | 1,429,169.39 | 9,416.84 |
| School Administration | 17,339,336.63 | 17,448,490.43 | 17,389,856.32 | 58,634.11 |
| Facilities Acquisition and Construction | 2,462,500.25 | 2,637,401.29 | 1,473,428.12 | 1,163,973.17 |
| Fiscal Services | 2,084,621.04 | 1,909,994.51 | 1,868,976.44 | 41,018.07 |
| Central Services | 3,915,826.21 | 4,029,171.46 | 3,689,852.06 | 339,319.40 |
| Student Transportation Services | 11,592,068.76 | 12,020,349.77 | 11,738,305.02 | 282,044.75 |
| Operation of Plant | 28,021,047.36 | 30,654,005.48 | 29,365,612.24 | 1,288,393.24 |
| Maintenance of Plant | 8,035,241.46 | 7,535,655.06 | 7,354,912.53 | 180,742.53 |
| Administrative Technology Services | 1,412,579.03 | 1,992,447.88 | 1,950,244.40 | 42,203.48 |
| Community Services | 3,713,518.53 | 3,754,202.60 | 3,383,014.35 | 371,188.25 |
| Other Capital Outlay | - | - | 264,732.88 | (264,732.88) |
| Debt Service Principal | - | - | 1,201,249.52 | (1,201,249.52) |
| Debt Service Interest | - | - | 143,439.04 | (143,439.04) |
| Total Expenditures | <u>257,156,823.14</u> | <u>269,557,582.17</u> | <u>256,748,827.76</u> | <u>12,808,754.41</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | <u>(5,892,411.75)</u> | <u>(25,910,729.71)</u> | <u>(17,100,302.52)</u> | <u>8,810,427.19</u> |
| Other Financing Sources (Uses) | | | | |
| Loss Recoveries | - | - | 350,708.67 | 350,708.67 |
| Transfers in | 6,340,538.00 | 12,045,101.08 | 13,119,527.08 | 1,074,426.00 |
| Total Other Financing Sources (Uses) | <u>6,340,538.00</u> | <u>12,045,101.08</u> | <u>13,470,235.75</u> | <u>1,425,134.67</u> |
| Net Change in Fund Balance | 448,126.25 | (13,865,628.63) | (3,630,066.77) | 10,235,561.86 |
| Fund Balances, July 1, 2021 | <u>30,223,630.93</u> | <u>30,223,630.93</u> | <u>30,223,630.93</u> | <u>-</u> |
| Fund Balances, June 30, 2022 | <u>\$ 30,671,757.18</u> | <u>\$ 16,358,002.30</u> | <u>\$ 26,593,564.16</u> | <u>\$ 10,235,561.86</u> |

ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE - OTHER FEDERAL PROGRAMS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Federal Direct | \$ - | \$ - | \$ 20,591.87 | \$ 20,591.87 |
| Federal Through State | 20,362,657.38 | 21,967,266.32 | 20,065,468.57 | (1,901,797.75) |
| Total Revenues | <u>20,362,657.38</u> | <u>21,967,266.32</u> | <u>20,086,060.44</u> | <u>(1,881,205.88)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction | 12,510,885.63 | 12,510,885.63 | 11,979,408.61 | 531,477.02 |
| Student Support Services | 1,717,927.39 | 1,855,584.96 | 1,518,057.47 | 337,527.49 |
| Instructional Media Services | - | 501,380.63 | 500,699.51 | 681.12 |
| Instruction and Curriculum | | | | |
| Development Services | 3,515,578.53 | 3,422,766.26 | 3,132,689.19 | 290,077.07 |
| Instructional Staff Training Services | 1,723,867.62 | 2,140,712.58 | 1,620,058.67 | 520,653.91 |
| General Administration | 527,886.22 | 898,191.37 | 795,922.13 | 102,269.24 |
| School Administration | 99,486.22 | 244,918.00 | 188,294.13 | 56,623.87 |
| Central Services | 27,175.16 | 101,411.26 | 37,271.61 | 64,139.65 |
| Student Transportation Services | 236,450.61 | 286,391.63 | 206,533.40 | 79,858.23 |
| Operation of Plant | 3,400.00 | 5,024.00 | 2,648.00 | 2,376.00 |
| Other Capital Outlay | - | - | 104,477.72 | (104,477.72) |
| (Total Expenditures) | <u>20,362,657.38</u> | <u>21,967,266.32</u> | <u>20,086,060.44</u> | <u>1,881,205.88</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | - | - | - | - |
| Fund Balances, July 1, 2021 | - | - | - | - |
| Fund Balances, June 30, 2022 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE - FEDERAL EDUCATION STABILIZATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Federal Through State | \$ - | \$ 82,474,850.69 | \$ 28,821,135.14 | \$ (53,653,715.55) |
| Total Revenues | - | 82,474,850.69 | 28,821,135.14 | (53,653,715.55) |
| Expenditures | | | | |
| Current: | | | | |
| Instruction | - | 29,448,303.62 | 7,346,148.17 | 22,102,155.45 |
| Student Support Services | - | 8,859,299.15 | 2,105,578.71 | 6,753,720.44 |
| Instructional Media Services | - | 37,436.06 | 37,436.06 | - |
| Instruction and Curriculum Development Services | - | 2,713,123.98 | 377,594.07 | 2,335,529.91 |
| Instructional Staff Training Services | - | 3,890,503.36 | 2,083,004.40 | 1,807,498.96 |
| Instruction-Related Technology | - | 892,027.09 | 46,548.26 | 845,478.83 |
| General Administration | - | 3,779,035.91 | 1,430,017.23 | 2,349,018.68 |
| School Administration | - | 307,210.11 | 254,638.40 | 52,571.71 |
| Facilities Acquisition and Construction | - | 16,999,875.00 | - | 16,999,875.00 |
| Food Services | - | 4,650.00 | 1,027.54 | 3,622.46 |
| Central Services | - | 2,079,539.91 | 1,916,615.16 | 162,924.75 |
| Student Transportation Services | - | 455,921.09 | 249,369.30 | 206,551.79 |
| Operation of Plant | - | 4,061,708.57 | 1,374,974.93 | 2,686,733.64 |
| Community Services | - | 7,942,851.66 | 7,924,036.93 | 18,814.73 |
| Other Capital Outlay | - | - | 2,670,780.80 | (2,670,780.80) |
| (Total Expenditures) | - | 81,471,485.51 | 27,817,769.96 | 53,653,715.55 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | 1,003,365.18 | 1,003,365.18 | - |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | - | (1,003,365.18) | (1,003,365.18) | - |
| Total Other Financing Sources (Uses) | - | (1,003,365.18) | (1,003,365.18) | - |
| Net Change in Fund Balance | - | - | - | - |
| Fund Balances, July 1, 2021 | - | - | - | - |
| Fund Balances, June 30, 2022 | \$ - | \$ - | \$ - | \$ - |

ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS

| Reporting Date: | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 |
|---|--------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Measurement Date: | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 |
| Total OPEB Liability | | | | | |
| Service Cost | \$ 419,086.00 | \$ 369,551.00 | \$ 359,180.00 | \$ 351,389.00 | \$ 372,754.00 |
| Interest on the Total OPEB Plan Liability | 225,032.00 | 266,942.00 | 266,640.00 | 271,014.00 | 236,861.00 |
| Difference Between Expected and Actual Experience of the Total OPEB Liability | (211,976.00) | - | (632,249.00) | - | - |
| Changes of Assumptions and Other Inputs | 4,325,173.00 | 432,667.00 | 1,857,307.00 | (27,484.00) | (305,389.00) |
| Benefit Payments | <u>(445,166.00)</u> | <u>(479,306.00)</u> | <u>(917,640.00)</u> | <u>(781,790.00)</u> | <u>(781,790.00)</u> |
| Net Change in Total OPEB Plan Liability | 4,312,149.00 | 589,854.00 | 933,238.00 | (186,871.00) | (477,564.00) |
| Net OPEB Plan Liability, Beginning of Year | <u>8,988,470.00</u> | <u>8,398,616.00</u> | <u>7,465,378.00</u> | <u>7,652,249.00</u> | <u>8,129,813.00</u> |
| Net OPEB Plan Liability, End of Year | <u><u>\$ 13,300,619.00</u></u> | <u><u>\$ 8,988,470.00</u></u> | <u><u>\$ 8,398,616.00</u></u> | <u><u>\$ 7,465,378.00</u></u> | <u><u>\$ 7,652,249.00</u></u> |
| Covered-Employee Payroll | \$ 174,212,865.00 | \$ 175,469,360.00 | \$ 164,186,762.00 | \$ 135,349,719.00 | \$ 132,329,035.00 |
| Covered-Employee as a Percentage of Covered-Employee Payroll | 7.63% | 5.12% | 5.12% | 5.52% | 5.78% |

Notes:

Changes of Assumptions. The discount rate used to determine the total OPEB liability was changed from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021.

The discount rate used to determine the total OPEB liability was changed from 3.13% as of June 30, 2019 to 2.45% as of June 30, 2020.

The discount rate used to determine the total OPEB liability was changed from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019.

The discount rate used to determine the total OPEB liability was changed from 3.56% as of June 30, 2017 to 3.62% as of June 30, 2018.

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| District's Proportion of the FRS Net Pension Liability | 0.349152912% | 0.327994962% | 0.327675891% | 0.329150771% | 0.333955110% | 0.337428960% | 0.363005442% | 0.376718195% | 0.360131413% |
| District's Proportionate Share of the FRS Net Pension Liability | \$ 26,374,536.00 | \$ 142,157,850.00 | \$ 112,847,015.00 | \$ 99,141,919.00 | \$ 98,781,681.00 | \$ 85,201,077.00 | \$ 46,887,021.00 | \$ 22,935,350.00 | \$ 61,994,644.00 |
| District's Covered Payroll | \$ 166,455,044.00 | \$ 167,699,907.00 | \$ 159,389,770.00 | \$ 153,785,895.00 | \$ 150,492,423.00 | \$ 145,149,581.00 | \$ 143,480,067.00 | \$ 143,475,121.00 | \$ 137,035,421.00 |
| District's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll | 15.84% | 84.77% | 70.80% | 64.47% | 65.64% | 58.70% | 32.68% | 15.99% | 45.24% |
| FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 96.40% | 78.85% | 82.61% | 84.26% | 83.89% | 84.88% | 92.00% | 96.09% | 88.54% |

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Contractually Required FRS Contribution | \$ 14,546,370.00 | \$ 13,301,217.00 | \$ 11,033,896.00 | \$ 10,138,630.00 | \$ 9,380,533.00 | \$ 8,737,907.00 | \$ 8,228,743.00 | \$ 8,850,381.00 | \$ 8,251,727.00 |
| FRS Contributions in Relation to the Contractually Required Contribution | (14,546,370.00) | (13,301,217.00) | (11,033,896.00) | (10,138,630.00) | (9,380,533.00) | (8,737,907.00) | (8,228,743.00) | (8,850,381.00) | (8,251,727.00) |
| FRS Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 166,848,524.00 | \$ 166,455,044.00 | \$ 167,699,907.00 | \$ 159,389,770.00 | \$ 153,785,895.00 | \$ 150,492,423.00 | \$ 145,149,581.22 | \$ 143,480,067.00 | \$ 143,475,121.00 |
| FRS Contributions as a Percentage of Covered Payroll | 8.72% | 7.99% | 6.58% | 6.36% | 6.10% | 5.81% | 5.67% | 6.17% | 5.75% |

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|
| District's Proportion of the HIS Net Pension Liability | 0.469965856% | 0.483141605% | 0.476370731% | 0.469929423% | 0.471951473% | 0.469683331% | 0.472913056% | 0.482660875% | 0.471044120% |
| District's Proportionate Share of the HIS Net Pension Liability | \$ 57,648,378.00 | \$ 41,010,584.00 | \$ 53,301,118.00 | \$ 49,737,858.00 | \$ 50,463,229.00 | \$ 54,739,647.00 | \$ 48,229,693.00 | \$ 45,129,970.00 | \$ 41,010,584.00 |
| District's Covered Payroll | \$166,455,044.00 | \$167,699,704.00 | \$159,389,770.00 | \$ 153,785,895.00 | \$150,492,423.00 | \$145,149,581.00 | \$143,480,067.00 | \$ 143,475,121.00 | \$ 137,035,421.00 |
| District's Proportionate Share of the HIS Net Pension Liability as a Percentage of Covered Payroll | 34.63% | 24.45% | 33.44% | 32.34% | 33.53% | 37.71% | 33.61% | 31.45% | 29.93% |
| HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 3.56% | 3.00% | 2.63% | 2.15% | 1.64% | 0.97% | 0.50% | 0.99% | 1.78% |

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Contractually Required HIS Contribution | \$ 2,769,621.00 | \$ 2,762,463.00 | \$ 2,783,818.00 | \$ 2,645,906.00 | \$ 2,548,439.00 | \$ 2,498,167.00 | \$ 2,407,426.00 | \$ 1,807,768.00 | \$ 1,653,434.00 |
| HIS Contributions in Relation to the Contractually Required Contribution | (2,769,621.00) | (2,762,463.00) | (2,783,818.00) | (2,645,906.00) | (2,548,439.00) | (2,498,167.00) | (2,407,426.00) | (1,807,768.00) | (1,653,434.00) |
| HIS Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 166,848,524 | \$ 166,455,044 | \$ 167,699,704 | \$ 159,389,770 | \$ 153,785,895 | \$ 150,492,423 | \$ 145,149,581 | \$ 143,480,067 | \$ 143,475,121 |
| HIS Contributions as a Percentage of Covered Payroll | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.26% | 1.15% |

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION
LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS *
EARLY RETIREMENT PLAN**

| Measurement Period Ended June 30, | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Total Pension Liability | | | | | | | | | |
| Interest on the Total Pension Liability | \$ 467,395.00 | \$ 466,544.00 | \$ 505,972.00 | \$ 516,132.00 | \$ 508,412.00 | \$ 515,082.00 | \$ 542,196.00 | \$ 535,600.00 | \$ 534,065.00 |
| Difference Between Actual and Expected Experience | (489,923.00) | (16,696.00) | (391,147.00) | 52,428.00 | 340,489.00 | 122,460.00 | (13,541.00) | 85,869.00 | 68,749.00 |
| Change in Assumptions | - | - | - | - | - | - | - | - | 1,230,536.00 |
| Benefit Payments | (688,640.00) | (714,815.00) | (728,016.00) | (721,715.00) | (738,525.00) | (741,802.00) | (733,136.00) | (723,476.00) | (704,972.00) |
| Net Change in Total Pension Liability | (711,168.00) | (264,967.00) | (613,191.00) | (153,155.00) | 110,376.00 | (104,260.00) | (204,481.00) | (102,007.00) | 1,128,378.00 |
| Total Pension Liability - Beginning | 7,270,045.00 | 7,535,012.00 | 8,148,203.00 | 8,301,358.00 | 8,190,982.00 | 8,295,242.00 | 8,499,723.00 | 8,601,730.00 | 7,473,352.00 |
| Total Pension Liability - Ending (a) | 6,558,877.00 | 7,270,045.00 | 7,535,012.00 | 8,148,203.00 | 8,301,358.00 | 8,190,982.00 | 8,295,242.00 | 8,499,723.00 | 8,601,730.00 |
| Plan Fiduciary Net Position | | | | | | | | | |
| Contributions - Employer/State | 803,061.00 | 892,291.00 | 873,364.00 | 877,289.00 | 852,392.00 | 832,205.00 | 790,474.00 | 745,502.00 | 208,514.00 |
| Net Investment Income | (559,368.00) | 772,817.00 | 104,601.00 | 24,032.00 | 201,758.00 | 258,258.00 | 3,583.00 | 109,146.00 | 393,297.00 |
| Benefit Payments | (688,640.00) | (714,815.00) | (728,016.00) | (721,715.00) | (738,525.00) | (741,802.00) | (733,136.00) | (723,476.00) | (704,972.00) |
| Administrative Expense | (11,363.00) | (19,191.00) | (19,191.00) | (22,382.00) | (13,000.00) | (3,988.00) | (20,988.00) | (24,862.00) | (9,593.00) |
| Net Change in Plan Fiduciary Net Position | (456,310.00) | 931,102.00 | 230,758.00 | 157,224.00 | 302,625.00 | 344,673.00 | 39,933.00 | 106,310.00 | (112,754.00) |
| Plan Fiduciary Net Position - Beginning | 5,580,082.00 | 4,648,980.00 | 4,418,222.00 | 4,260,998.00 | 3,958,373.00 | 3,613,700.00 | 3,573,767.00 | 3,467,458.00 | 3,580,212.00 |
| Plan Fiduciary Net Position - Ending (b) | 5,123,772.00 | 5,580,082.00 | 4,648,980.00 | 4,418,222.00 | 4,260,998.00 | 3,958,373.00 | 3,613,700.00 | 3,573,768.00 | 3,467,458.00 |
| Net Pension Liability - Ending (a) - (b) | \$ 1,435,105.00 | \$ 1,689,963.00 | \$ 2,886,032.00 | \$ 3,729,981.00 | \$ 4,040,360.00 | \$ 4,232,609.00 | \$ 4,681,542.00 | \$ 4,925,955.00 | \$ 5,134,272.00 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 78.12% | 76.75% | 61.70% | 54.22% | 51.33% | 48.33% | 43.56% | 42.05% | 40.31% |
| Covered Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Net Pension Liability as a Percentage of Covered Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Notes to Schedule | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

* GASB No. 67 was adopted for the 2014 Fiscal Year and 10-year trend information will be developed from that date forward.

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF EMPLOYER CONTRIBUTIONS
EARLY RETIREMENT PLAN
LAST 10 FISCAL YEARS**

| FY Ending June 30, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll * | Actual Contribution as a % of Covered Payroll |
|-------------------------------|--|--------------------------------|---|------------------------------|--|
| 2012 | \$ 495,614.00 | \$ 806,287.00 | \$ (310,673.00) | \$ 123,016,217.00 | 0.66% |
| 2013 | 467,497.00 | 562,617.00 | (95,120.00) | N/A | N/A |
| 2014 | 614,307.00 | 208,514.00 | 405,793.00 | N/A | N/A |
| 2015 | 745,502.00 | 745,502.00 | - | N/A | N/A |
| 2016 | 790,474.00 | 790,474.00 | - | N/A | N/A |
| 2017 | 832,205.00 | 832,205.00 | - | N/A | N/A |
| 2018 | 852,392.00 | 852,392.00 | - | N/A | N/A |
| 2019 | 877,356.00 | 877,289.00 | 67.00 | N/A | N/A |
| 2021 | 892,366.00 | 892,291.00 | 75.00 | N/A | N/A |
| 2022 | 803,061.00 | 803,061.00 | - | N/A | N/A |

* The Early Retirement Plan closed to new employees hired on or after July 1, 2013.

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
 REQUIRED SUPPLEMENTARY INFORMATION -
 SCHEDULE OF INVESTMENT RETURNS
 LAST 10 FISCAL YEARS *
 EARLY RETIREMENT PLAN**

| Fiscal Year Ended June 30, | Annual Money-Weighted Rate of Return, Net of Investment Expense |
|----------------------------|--|
| 2022 | -15.47% |
| 2021 | 3.83% |
| 2020 | 3.28% |
| 2019 | 1.83% |
| 2018 | 2.11% |
| 2017 | 7.67% |
| 2016 | -0.02% |
| 2015 | 3.58% |
| 2014 | 13.94% |

* GASB No. 67 was adopted for the 2014 Fiscal Year and 10-year trend information will be developed from that date forward.

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

Note 1 - Budgetary Basis of Accounting

The Board follows procedures established by State statutes 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 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 Alachua County District School 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.

Note 2 - Health Insurance Subsidy Pension Plan

Changes of Assumptions. The municipal bond rate used to determine total pension liability was decreased from 2.21% to 2.16%.

Note 3 - Early Retirement Plan

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

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|------------------------|
| Valuation Date | July 1, 2020 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Dollar, Closed |
| Remaining Amortization Period | 10 Years |
| Asset Valuation Method | Market Value of Assets |
| Inflation | 2.50% |

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

| | |
|---------------------------|---|
| Salary Increases | Not applicable: there are no active participants |
| Investment Rate of Return | 6.5% per year compounded annually, net of investment expense |
| Retirement Age | Not applicable: there are no active participants |
| Post-Retirement COLA | 3.00% (automatic) |
| Mortality | Same as used in July 1, 2020 actuarial valuation of the Florida Retirement System for K-12 Instructional Regular Class members. These rates were taken from adjusted Pub-2010 mortality tables published by SOA with generational mortality improvements using scale MP-2018. Adjustments to reference tables are based on the results of a statewide experience study covering the period 2013 through 2018. |

There were no assumption changes or benefit changes for the reporting year ending June 30, 2022.

**ADDITIONAL ELEMENTS OF REPORTS PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED
STATES; THE UNIFORM GUIDANCE; AND *RULES OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA***

ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

| Federal Grantor/Pass-Through Grantor/ Program or Cluster | Assistance Listing Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Total Expenditures |
|---|---------------------------------|--|---------------------------------------|-----------------------|
| Clustered | | | | |
| Child Nutrition Cluster: | | | | |
| United States Department of Agriculture: | | | | |
| Florida Department of Agriculture and Consumer Services: | | | | |
| National School Lunch Program | 10.555 | 18001, 18003 | \$ - | \$ 2,249,409.27 |
| Fresh Fruit and Vegetable Program | 10.582 | 18004 | - | 461,894.32 |
| Summer Food Service Program for Children | 10.559 | 18006, 18007 | - | 18,049,437.57 |
| Total Child Nutrition Cluster | | | - | 20,760,741.16 |
| Special Education Cluster: | | | | |
| United States Department of Education: | | | | |
| Special Education - Grants to States: | | | | |
| Florida Department of Education | 84.027 | 263 | - | 6,339,848.71 |
| Education Act, Part B, K-12 American Rescue Plan Supplemental Funds | COVID-19, 84.027X | 263 | - | 43,958.60 |
| Total Special Education - Grants to States | | | - | 6,383,807.31 |
| Special Education - Preschool Grants: | | | | |
| Florida Department of Education | 84.173 | 267 | - | 227,661.17 |
| Total Special Education Cluster | | | - | 6,611,468.48 |
| Temporary Assistance for Needy Families Cluster: | | | | |
| United States Department of Health and Human Services: | | | | |
| University of South Florida: | | | | |
| Temporary Assistance for Needy Families | 93.558 | None | - | 111,403.97 |
| Not Clustered | | | | |
| United States Department of Agriculture: | | | | |
| Florida Department of Health: | | | | |
| Child and Adult Care Food Program | 10.558 | None | - | 1,660,639.55 |
| Florida Department of Agriculture and Consumer Services: | | | | |
| Child Nutrition Discretionary Grants Limited Availability | 10.579 | None | - | 250,129.45 |
| Total United States Department of Agriculture | | | - | 1,910,769.00 |
| United States Department of Defense: | | | | |
| Air Force Junior Reserve Officers Training Corps | 12.UNK | N/A | - | 75,670.39 |
| Navy Junior Reserve Officers Training Corps | 12.UNK | N/A | - | 161,079.25 |
| Total United States Department of Defense | | | - | 236,749.64 |
| United States Department of Education: | | | | |
| Florida Department of Education: | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 212, 223, 226 | - | 9,559,122.01 |
| Migrant Education - State Grant Program | 84.011 | 217 | - | 944,215.29 |
| Career and Technical Education - Basic Grants to States | 84.048 | 161 | - | 419,068.96 |
| Education for Homeless Children and Youth | 84.196 | 127 | - | 107,543.51 |
| Florida Charter Schools Program | 84.282A | 298 | 2,000.00 | 2,000.00 |
| Twenty-First Century Community Learning Centers | 84.287 | 244 | - | 404,257.22 |
| English Language Acquisition State Grants | 84.365 | 102 | - | 142,645.23 |
| Supporting Effective Instruction State Grants | 84.367 | 224 | - | 1,196,139.41 |
| Student Support and Academic Enrichment | 84.424 | 241 | - | 611,563.09 |
| Education Stabilization Fund: | | | | |
| American Rescue Plan - ESSER III Formula Grants to LEAs | COVID-19, 84.425 U | 121 | - | 14,598,415.21 |
| American Rescue Plan - Homeless Children and Youth | COVID-19, 84.425W | 122 | - | 567.57 |
| Governor's Emergency Education Relief Fund | COVID-19, 84.425C | 123 | - | 54,513.36 |
| Elementary and Secondary School Emergency Relief Fund | COVID-19, 84.425D | 124 | - | 14,060,878.62 |
| Early Learning Coalition of Alachua County: | | | | |
| Governor's Emergency Education Relief Fund | 84.425C | | 2,101.78 | 2,101.78 |
| Elementary and Secondary School Emergency Relief Fund | 84.425 U | | 60,700.00 | 60,700.00 |
| Total Education Stabilization Fund | 84.425 | | 62,801.78 | 28,777,176.54 |
| Total United States Department of Education | | | 64,801.78 | 42,163,731.26 |
| United States Environmental Protection Agency: | | | | |
| Florida Department of Agriculture and Consumer Sciences: | | | | |
| Environmental Education Local Grants Program | 66.951 | N/A | - | 27,533.33 |
| Total United States Environmental Protection Agency | | | - | 27,533.33 |
| Total Expenditures of Federal Awards | | | \$ 64,801.78 | \$ 71,822,396.84 |

The notes below are an integral part of this schedule.

Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Alachua County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the District.

(2) Summary of Significant Accounting Policies. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

(4) Non-Cash Assistance – National School Lunch Program. Includes \$1,722,232.97 of donated food used during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

**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**

Alachua County District School Board
and Superintendent
Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Alachua County District School Board (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 23, 2023. Other auditors audited the financial statements of the charter schools, which comprise the discretely presented component units of the District, as described in our report on the District's financial statements. This report does not include the results of the other auditor's 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.

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Gainesville, Florida

**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***

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, regulations, contracts and grant agreements, non-compliance 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 non-compliance 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.



March 23, 2023
Gainesville, Florida

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

Alachua County District School Board
and Superintendent
Gainesville, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Alachua County District School Board's (the District) compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Other auditors audited the financial statements of the charter schools, which comprise the discretely presented component units of the District, as described in our report on the District's financial statements. This report does not include the results of the other auditor's testing of compliance and other matters that are reported on separately by those auditors.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material non-compliance when it exists. The risk of not detecting material non-compliance 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. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 non-compliance, 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.

Alachua County District School Board
and Superintendent
Gainesville, Florida

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

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, non-compliance 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 non-compliance 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.



March 23, 2023
Gainesville, Florida

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Non-compliance material to financial statements noted? No

Federal Awards

Internal Control Over Major Programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Type of Auditor’s Report Issued on Compliance for Major Programs: Unmodified for all major programs

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of the Uniform Guidance? No

Identification of Major Programs: Special Education Cluster (Assistance Listing Nos. 84.027, 84.027X, and 84.173)

Education Stabilization Fund (Assistance Listing No. 84.425)

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$2,154,672

Auditee Qualified as Low-risk Auditee? Yes

**ALACHUA COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR AUDIT FINDINGS

No prior year findings were reported.

CORRECTIVE ACTION PLANNED FOR CURRENT YEAR AUDIT FINDINGS

There are no current year audit findings included in the current year schedule of findings and questioned costs.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Alachua County District School Board
and Superintendent
Gainesville, Florida

We have examined Alachua County District School Board, Florida's (the District) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended June 30, 2022, as required by Section 10.806(2)(c), *Rules of the Auditor General*. Other auditors audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. This letter does not include the results of the other auditors and such information related to those audits is reported on separately by those auditors. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. These standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2022.

Pursuant to Chapter 119, Florida Statutes, this letter is a public record and its distribution is not limited. Auditing standards accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida

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Alachua County District School Board
and Superintendent
Gainesville, Florida

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Superintendent, Board Members of the District, and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis Gray

March 23, 2023
Gainesville, Florida

MANAGEMENT LETTER

Alachua County District School Board
and Superintendent
Gainesville, Florida

Report on the Financial Statements

We have audited the financial statements of the Alachua County District School Board, Florida (the District) as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated March 23, 2023. Other auditors audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. This letter does not include the results of the other auditors and such information related to those audits is reported on separately by those auditors.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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); and Chapter 10.800, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountant's Report on an examination conducted in accordance with American Institute of Certified Public Accountants Professional Standards, AT-C Sections 315, regarding compliance requirements in accordance with Chapter 10.800, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 23, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.804(1)(f)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address findings and recommendations made in the preceding financial audit report.

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MANAGEMENT LETTER

Financial Condition and Management

Section 10.804(1)(f)2., *Rules of the Auditor General*, requires us to communicate whether or not the District School Board has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.804(1)(f)5.a. and 10.805(7), *Rules of the Auditor General*, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.804(1)(f)3., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendation:

■ 22-01 Financial Reporting and Close

While the District has adequate month-end financial close and reporting processes, turnover during the year resulted in a loss of institutional knowledge regarding the year-end financial close and reporting process. As a result, during our audit, we identified certain material adjustments necessary to the financial statements that were subsequently corrected by management. We recommend that the District establish and formally document a well-defined year-end financial close and reporting process so that in the event of turnover, management has written policies and procedures to assist with year-end closing.

Transparency

Section 10.804(1)(f)6., *Rules of the Auditor General*, requires that we communicate the results of our determination as to whether the District maintains on its Web site the information specified in Section 1011.035, Florida Statutes. (Section 1011.035, Florida Statutes, provides that district school boards shall prominently post on their website a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public). In connection with our audit, we determined that the District maintained on its website the information specified in Section 1011.035, Florida Statutes.

Additional Matters

Section 10.804(1)(f)4., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Alachua County District School Board
and Superintendent
Gainesville, Florida

MANAGEMENT LETTER

Purpose of this Letter

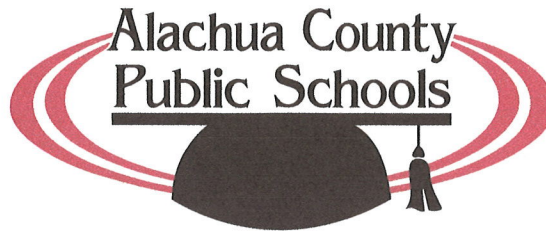
Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the District School Board members, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.



March 23, 2023
Gainesville, Florida

BOARD MEMBERS

Tina Certain
Diyonne McGraw
Sarah Rockwell, Ph.D.
Leannetta McNealy, Ph.D.
Kay Abbitt



District Office
620 East University Avenue
Gainesville, Florida
32601-5498

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(352) 955-7300

SUPERINTENDENT OF SCHOOLS

Shane L. Andrew, Superintendent

Mission Statement: We are committed to the success of every student!

March 23, 2023

Purvis Gray and Company, LLP
P.O. Box 23999
Gainesville, FL 32602

Re: Financial Statements and Independent Auditor's Report for the School Board of Alachua County Annual Financial Report

Dear Purvis, Gray and Company:

We appreciate your completion of the financial statement audit for the fiscal year ended June 30, 2022. We agree with the report's recommendation in the Management Letter.

22-01 Financial Reporting and Close – Management will establish and formally document a well-defined year-end financial close and reporting process, which will contain written policies and procedures to assist with year-end closing.

Sincerely,

A handwritten signature in blue ink that reads "Alex Rella". The signature is stylized and cursive.

Alex Rella
Chief of Finance

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