

Report No. 2022-131  
February 2022

**STATE OF FLORIDA AUDITOR GENERAL**

**Financial and Federal Single Audit**

**NASSAU COUNTY  
DISTRICT SCHOOL BOARD**

For the Fiscal Year Ended  
June 30, 2021



Sherrill F. Norman, CPA  
Auditor General

## Board Members and Superintendent

During the 2020-21 fiscal year, Dr. Kathy K. Burns served as Superintendent of the Nassau County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Donna Martin, Chair	1
Gail G. Cook, Vice Chair	2
Jamie Deonas	3
Dr. Cynthia Grooms from 11-17-20	4
Russell L. Johnson through 11-16-20	4
Lissa Braddock	5

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

The team leader was Camila Montano, CPA, and the audit was supervised by Dennis W. Gay, CPA.

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

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**NASSAU COUNTY DISTRICT SCHOOL BOARD**  
**TABLE OF CONTENTS**

	Page No.
SUMMARY .....	i
<b>INDEPENDENT AUDITOR'S REPORT</b>	
Report on the Financial Statements .....	1
Other Reporting Required by <i>Government Auditing Standards</i> .....	3
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	4
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position .....	11
Statement of Activities.....	12
Balance Sheet – Governmental Funds .....	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	20
Notes to Financial Statements .....	21
<b>OTHER REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General and Major Special Revenue Funds.....	50
Schedule of Changes in the District's Total OPEB Liability and Related Ratios .....	52
Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan .....	53
Schedule of District Contributions – Florida Retirement System Pension Plan .....	53
Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan .....	54
Schedule of District Contributions – Health Insurance Subsidy Pension Plan.....	54
Notes to Required Supplementary Information .....	55
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	56
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	58
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE .....	60

**NASSAU COUNTY DISTRICT SCHOOL BOARD**  
**TABLE OF CONTENTS (CONTINUED)**

	Page No.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	63
PRIOR AUDIT FOLLOW-UP .....	64
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS.....	64

# SUMMARY

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## SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

## SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

## SUMMARY OF REPORT ON FEDERAL AWARDS

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

## AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to determine whether the School Board and its officers with administrative and stewardship responsibilities for District operations:

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on the District's major Federal programs; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs.

The scope of this audit included an examination of the District's basic financial statements and the accompanying Schedule of Expenditures of Federal Awards, as of and for the fiscal year ended June 30, 2021. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

## AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Nassau County District School Board, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility 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 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 26 percent, 0 percent, 28 percent, 13 percent, and 14 percent, respectively, of the assets, liabilities, fund balances, revenues, and expenditures of the aggregate remaining fund information. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the school internal funds, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Nassau County District School Board, as of June 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Budgetary Comparison Schedule – General and Major Special Revenue Funds**, **Schedule of Changes in the District's Total OPEB Liability and Related Ratios**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 22, 2022

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of the Nassau County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2021. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found immediately following the MD&A.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2020-21 fiscal year are as follows:

- As of June 30, 2021, the assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by \$192,135,334.59.
- In total, net position increased \$12,695,888.47 due to revenues exceeding expenses, which represents a 7 percent increase over the 2019-20 fiscal year.
- General revenues total \$137,381,393.43, or 95 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$7,968,191.69, or 5 percent of all revenues.
- Expenses total \$132,653,696.65. Only \$7,968,191.69 of these expenses was offset by program specific revenues, with the remainder paid from general revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$17,359,054.95, which is \$3,255,638.22 more than the prior fiscal year balance. The General Fund assigned and unassigned fund balances total \$11,622,931.28, or 12 percent of total General Fund revenues.

## **OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

All of the District's activities and services are reported in the government-wide financial statements as governmental activities. The District's governmental activities include instruction, student support

services, instructional support services, administrative support services, facility maintenance, transportation, and food services. Property taxes and State revenues finance most of these activities. Additionally, all capital and debt financing activities are reported as governmental activities.

### **Fund Financial Statements**

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

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

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

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

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

### **Notes to Financial Statements**

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

## Other Information

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. The following is a summary of the District's net position as of June 30, 2021, compared to net position as of June 30, 2020:

	Governmental Activities	
	6-30-21	6-30-20
Current and Other Assets	\$ 93,825,035.24	\$ 68,371,184.98
Capital Assets	179,444,884.30	177,994,209.21
<b>Total Assets</b>	<b>273,269,919.54</b>	<b>246,365,394.19</b>
<b>Deferred Outflows of Resources</b>	<b>28,409,009.00</b>	<b>25,381,219.00</b>
Long-Term Liabilities	97,694,749.10	79,203,054.15
Other Liabilities	4,742,537.85	2,654,332.57
<b>Total Liabilities</b>	<b>102,437,286.95</b>	<b>81,857,386.72</b>
<b>Deferred Inflows of Resources</b>	<b>7,106,307.00</b>	<b>9,395,212.00</b>
Net Position:		
Net Investment in Capital Assets	177,988,969.09	176,415,891.66
Restricted	70,077,758.34	55,341,918.83
Unrestricted (Deficit)	(55,931,392.84)	(51,263,796.02)
<b>Total Net Position</b>	<b>\$ 192,135,334.59</b>	<b>\$ 180,494,014.47</b>

The District's net investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment, less any related debt still outstanding) of \$177,988,969.09 is the largest portion of net position. 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 District's restricted net position of \$70,077,758.34 represents resources that are subject to external restrictions on how they may be used.

The District's deficit unrestricted net position of \$55,931,392.84 was mainly the result of accruing long-term liabilities of \$80,076,030 for net pension liabilities, \$4,503,333 for other postemployment benefit obligations, and \$5,407,246.89 for compensated absences payable.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2021, and June 30, 2020, are as follows:

### Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-21	6-30-20
Program Revenues:		
Charges for Services	\$ 586,231.84	\$ 1,687,062.14
Operating Grants and Contributions	6,900,811.90	4,100,064.51
Capital Grants and Contributions	481,147.95	443,664.52
General Revenues:		
Property Taxes, Levied for Operational Purposes	47,129,611.25	45,092,264.60
Property Taxes, Levied for Capital Projects	15,834,738.44	14,587,081.84
Impact Fees	9,490,185.47	6,113,069.00
Grants and Contributions Not Restricted to Specific Programs	59,460,333.61	55,628,849.76
Unrestricted Investment Earnings	40,922.82	818,214.02
Miscellaneous	5,425,601.84	2,253,456.96
<b>Total Revenues</b>	<b>145,349,585.12</b>	<b>130,723,727.35</b>
Functions/Program Expenses:		
Instruction	69,704,983.95	68,781,683.17
Student Support Services	5,697,711.17	5,857,191.00
Instructional Media Services	1,673,077.01	961,920.22
Instruction and Curriculum Development Services	2,462,512.44	2,874,405.19
Instructional Staff Training Services	1,804,369.76	1,744,720.61
Instruction-Related Technology	1,884,905.91	1,499,551.80
Board	600,526.96	457,464.62
General Administration	887,403.39	1,026,290.71
School Administration	6,479,020.54	6,566,668.72
Facilities Acquisition and Construction	2,992,955.08	3,073,505.88
Fiscal Services	676,388.10	700,988.51
Food Services	6,050,284.83	6,140,676.09
Central Services	739,304.41	796,232.13
Student Transportation Services	5,824,633.27	6,095,852.46
Operation of Plant	10,450,406.24	9,845,968.86
Maintenance of Plant	3,286,396.77	3,266,545.95
Administrative Technology Services	1,202,454.63	1,107,682.64
Community Services	2,096,554.62	306,335.18
Unallocated Interest on Long-Term Debt	49,716.51	54,290.43
Unallocated Depreciation Expense	7,003,710.40	7,669,812.12
Loss on Disposal of Capital Assets	1,086,380.66	13,219.80
<b>Total Functions/Program Expenses</b>	<b>132,653,696.65</b>	<b>128,841,006.09</b>
<b>Change in Net Position</b>	<b>12,695,888.47</b>	<b>1,882,721.26</b>
Net Position - Beginning	180,494,014.47	180,850,938.12
Adjustment to Beginning Net Position (1)	(1,054,568.35)	(2,239,644.91)
Net Position - Beginning as Restated	179,439,446.12	178,611,293.21
<b>Net Position - Ending</b>	<b>\$ 192,135,334.59</b>	<b>\$ 180,494,014.47</b>

(1) In the 2019-20 fiscal year, the adjustment to beginning net position was due to changes in the determination of which capital assets are capitalized in the financial statements. In the 2020-21 fiscal year, the adjustments to beginning net position consist of a change in the District's capitalization threshold and a reclassification of school internal funds from fiduciary funds to governmental funds.

The largest revenue source is local property taxes (43 percent), which increased by \$3,285,003.25, or 6 percent, as a result of an increase in taxable assessed values, although the total millage rate decreased for the 2020-21 fiscal year. The State of Florida is the next largest revenue source (35 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP funding formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base. FEFP revenues increased by \$914,779, in part, due to a State emergency funding order related to student enrollment decreases attributed to the COVID-19 pandemic.

Impact fees revenues increased by \$3,377,116.47, or 55 percent, due to increased construction within the District.

Grants and contributions not restricted to specific programs revenues increased by \$3,831,483.85, or 7 percent, primarily due to new Federal funds awarded in response to the COVID-19 pandemic.

Instruction expenses represent 53 percent of total governmental expenses in the 2020-21 fiscal year which is fairly consistent with the previous fiscal year.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

### **Governmental Funds**

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

The total fund balances of governmental funds increased by \$21,885,904.69 during the fiscal year to \$88,906,977 at June 30, 2021. Of the total fund balance, \$6,865,690.90, or 8 percent, is unassigned fund balance, which is available for spending at the District's discretion; \$1,036,244.10 is nonspendable; \$76,247,801.62 is restricted; and \$4,757,240.38 is assigned.

### **Major Governmental Funds**

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is \$6,865,690.90, while the total fund balance is \$17,359,054.95. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is 12 percent of the total General Fund revenues, while total fund balance represents 17 percent of total General Fund revenues.

Total fund balance increased by \$3,255,638.22 during the fiscal year. Key factors impacting the change in fund balance are as follows:

- Increase in property taxes levied for operational purposes revenues of \$2,037,346.65, primarily due to an increase in taxable value base related to population growth.

- Decrease in expenditures of \$858,909.87, primarily due to assigned cost to the Federal Education Stabilization Fund and reduction of staff.
- Total revenues exceeded total expenditures by \$286,410.28, while other financing sources net of uses totaled \$2,969,227.94 mainly due to transfer of cost associated with renovation and repair of existing school plants from the Capital Projects – Local Capital Improvement Fund.

The Special Revenue – Federal Education Stabilization Fund has total revenues of \$3,558,136.87, expenditures of \$3,486,508.25, and transfers out of \$71,628.62. The funding was mainly for instruction. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of \$32,488,083.81, which is restricted for the acquisition, construction, and maintenance of capital assets. This fund has revenues of \$17,466,594.20, expenditures of \$9,498,028.33, and encumbrances of \$4,497,735 at June 30, 2021. The ending fund balance increased by \$11,773,933.17 as compared to the prior fiscal year primarily due to the inception of a capital lease totaling \$6,251,724 for the acquisition of 55 buses.

The Capital Projects – Other Fund has a total fund balance of \$33,261,161.31. This fund accounts for the financial resources generated by the collection of impact fees to be used for educational capital outlay needs, including new construction, renovations, and remodeling projects. This fund has revenues of \$9,565,138.47, expenditures of \$4,211,825.20, and encumbrances of \$1,831,008 at June 30, 2021. The ending fund balance increased by \$4,980,713.27 as compared to the prior fiscal year as the District is accumulating assets for future construction projects to add classrooms at existing schools in the Yulee area to address future student growth.

### GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund final budgeted revenues and expenditures were in line with original budget amounts. Actual revenues are \$747,325.35, or less than 1 percent, more than the final budgeted amounts, while actual expenditures are \$13,576,598.44, or 12 percent, less than final budget amounts. The difference between the budget and actual expenditures are due to the reduction of instructional staff due to a decrease in student population related to COVID-19 concerns. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$13,883,252.73.

### CAPITAL ASSETS AND LONG-TERM DEBT

#### **Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2021, is \$179,444,884.30 (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; and motor vehicles.

The major capital asset event during the fiscal year was the completion of the Callahan Intermediate Storm Drain replacement, Callahan Intermediate and Hilliard Parent Pick Up reconfiguration, and a capital lease agreement for 55 new buses, which will be delivered in the 2021-22 fiscal year.

Additional information on the District's capital assets can be found in Notes IV.D. and IV.G. to the financial statements.

**Long-Term Debt**

At June 30, 2021, the District had total long-term debt outstanding of \$7,708,139.21, comprised of \$1,456,415.21 in bonds payable and \$6,251,724 in obligations under capital lease. During the current fiscal year, the District reduced bonds payable debt of \$121,902.34 through scheduled principal payments.

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

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Executive Director of Business Services, Nassau County District School Board, 1201 Atlantic Avenue, Fernandina Beach, Florida 32034.



# **BASIC FINANCIAL STATEMENTS**

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## **Nassau County District School Board Statement of Net Position June 30, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 81,814,961.87
Restricted Cash	6,251,724.00
Accounts Receivable	67,368.89
Due from Other Agencies	4,479,215.99
Inventories	1,036,244.10
Capital Credits Receivable	175,520.39
Capital Assets:	
Nondepreciable Capital Assets	12,242,999.67
Depreciable Capital Assets, Net	167,201,884.63
<b>TOTAL ASSETS</b>	<b>273,269,919.54</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	27,438,218.00
OPEB	970,791.00
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>28,409,009.00</b>
<b>LIABILITIES</b>	
Accrued Salaries and Benefits	2,611,364.11
Payroll Deductions and Withholdings	519,195.93
Accounts Payable	464,440.40
Construction Contracts Payable	121,240.66
Construction Contracts Payable - Retained Percentage	370,987.75
Unearned Revenue	655,309.00
Long-Term Liabilities:	
Portion Due Within 1 Year	2,416,305.41
Portion Due After 1 Year	95,278,443.69
<b>TOTAL LIABILITIES</b>	<b>102,437,286.95</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	3,580,613.00
OPEB	3,525,694.00
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>7,106,307.00</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	177,988,969.09
Restricted for:	
State Required Carryover Programs	2,468,669.33
Debt Service	38,467.12
Capital Projects	60,296,887.68
Food Service	3,342,918.25
Student Groups	1,617,925.00
Other Purposes	2,312,890.96
Unrestricted	(55,931,392.84)
<b>TOTAL NET POSITION</b>	<b>\$ 192,135,334.59</b>

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

**Nassau County District School Board  
Statement of Activities  
For the Fiscal Year Ended June 30, 2021**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Program Revenues Operating Grants and Contributions</b>
<b>Governmental Activities:</b>			
Instruction	\$ 69,704,983.95	\$ 13,490.00	\$ -
Student Support Services	5,697,711.17	-	-
Instructional Media Services	1,673,077.01	-	-
Instruction and Curriculum Development Services	2,462,512.44	-	-
Instructional Staff Training Services	1,804,369.76	-	-
Instruction-Related Technology Board	1,884,905.91	-	-
Board	600,526.96	-	-
General Administration	887,403.39	-	-
School Administration	6,479,020.54	-	-
Facilities Acquisition and Construction	2,992,955.08	-	-
Fiscal Services	676,388.10	-	-
Food Services	6,050,284.83	555,321.87	6,900,811.90
Central Services	739,304.41	-	-
Student Transportation Services	5,824,633.27	17,419.97	-
Operation of Plant	10,450,406.24	-	-
Maintenance of Plant	3,286,396.77	-	-
Administrative Technology Services	1,202,454.63	-	-
Community Services	2,096,554.62	-	-
Unallocated Interest on Long-Term Debt	49,716.51	-	-
Unallocated Depreciation Expense*	7,003,710.40	-	-
Loss on Disposal of Capital Assets	1,086,380.66	-	-
<b>Total Governmental Activities</b>	<b>\$ 132,653,696.65</b>	<b>\$ 586,231.84</b>	<b>\$ 6,900,811.90</b>

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Impact Fees

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

**Total General Revenues**

**Change in Net Position**

Net Position - Beginning

Adjustment to Beginning Net Position

Net Position - Beginning, as Restated

**Net Position - Ending**

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

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

		<b>Net (Expense) Revenue and Changes in Net Position</b>
<b>Capital Grants and Contributions</b>		<b>Governmental Activities</b>
\$	-	\$ (69,691,493.95)
	-	(5,697,711.17)
	-	(1,673,077.01)
	-	(2,462,512.44)
	-	(1,804,369.76)
	-	(1,884,905.91)
	-	(600,526.96)
	-	(887,403.39)
	-	(6,479,020.54)
	481,147.95	(2,511,807.13)
	-	(676,388.10)
	-	1,405,848.94
	-	(739,304.41)
	-	(5,807,213.30)
	-	(10,450,406.24)
	-	(3,286,396.77)
	-	(1,202,454.63)
	-	(2,096,554.62)
	-	(49,716.51)
	-	(7,003,710.40)
	-	(1,086,380.66)
<b>\$</b>	<b>481,147.95</b>	<b>(124,685,504.96)</b>

47,129,611.25
15,834,738.44
9,490,185.47
59,460,333.61
40,922.82
5,425,601.84
<u>137,381,393.43</u>
12,695,888.47
180,494,014.47
<u>(1,054,568.35)</u>
<u>179,439,446.12</u>
<b>\$ 192,135,334.59</b>

**Nassau County District School Board  
Balance Sheet – Governmental Funds  
June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>	<u>Capital Projects - Local Capital Improvement Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 18,546,422.75	\$ -	\$ 26,435,493.48
Restricted Cash	-	-	6,251,724.00
Accounts Receivable	67,368.89	-	-
Due from Other Funds	1,096,319.07	-	-
Due from Other Agencies	133,702.09	963,286.75	1,698.93
Inventories	954,563.38	-	-
<b>TOTAL ASSETS</b>	<b>\$ 20,798,376.18</b>	<b>\$ 963,286.75</b>	<b>\$ 32,688,916.41</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accrued Salaries and Benefits	\$ 2,611,364.11	\$ -	\$ -
Payroll Deductions and Withholdings	519,195.93	-	-
Accounts Payable	308,761.19	1,748.08	131,860.72
Construction Contracts Payable	-	-	68,971.88
Construction Contracts Payable - Retained Percentage	-	-	-
Due to Other Funds	-	757,529.63	-
Unearned Revenue	-	204,009.04	-
<b>Total Liabilities</b>	<b>3,439,321.23</b>	<b>963,286.75</b>	<b>200,832.60</b>
Fund Balances:			
Nonspendable:			
Inventories	954,563.38	-	-
Restricted for:			
State Required Carryover Programs	2,468,669.33	-	-
Debt Service	-	-	-
Capital Projects	-	-	32,488,083.81
Food Service	-	-	-
Florida Career and Professional Education Programs	1,731,191.80	-	-
Workforce Development Program	500,134.67	-	-
Student Groups	-	-	-
Other Purposes	81,564.49	-	-
Total Restricted Fund Balance	4,781,560.29	-	32,488,083.81
Assigned for:			
Health Insurance	1,987,217.50	-	-
Special Education Programs	842,326.64	-	-
Advanced Placement Program	373,619.23	-	-
Purchase Obligations	155,858.89	-	-
Local Programs and Other Purposes	1,398,218.12	-	-
Total Assigned Fund Balance	4,757,240.38	-	-
Unassigned Fund Balance	6,865,690.90	-	-
<b>Total Fund Balances</b>	<b>17,359,054.95</b>	<b>-</b>	<b>32,488,083.81</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 20,798,376.18</b>	<b>\$ 963,286.75</b>	<b>\$ 32,688,916.41</b>

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

<b>Capital Projects - Other Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 31,267,031.73	\$ 5,566,013.91	\$ 81,814,961.87
-	-	6,251,724.00
-	-	67,368.89
-	-	1,096,319.07
2,749,842.64	630,685.58	4,479,215.99
-	81,680.72	1,036,244.10
<u>\$ 34,016,874.37</u>	<u>\$ 6,278,380.21</u>	<u>\$ 94,745,833.92</u>
\$ -	\$ -	\$ 2,611,364.11
-	-	519,195.93
12,567.38	9,503.03	464,440.40
34,207.66	18,061.12	121,240.66
370,987.75	-	370,987.75
-	338,789.44	1,096,319.07
337,950.27	113,349.69	655,309.00
<u>755,713.06</u>	<u>479,703.28</u>	<u>5,838,856.92</u>
-	81,680.72	1,036,244.10
-	-	2,468,669.33
-	38,467.12	38,467.12
33,261,161.31	799,366.56	66,548,611.68
-	3,261,237.53	3,261,237.53
-	-	1,731,191.80
-	-	500,134.67
-	1,617,925.00	1,617,925.00
-	-	81,564.49
<u>33,261,161.31</u>	<u>5,716,996.21</u>	<u>76,247,801.62</u>
-	-	1,987,217.50
-	-	842,326.64
-	-	373,619.23
-	-	155,858.89
-	-	1,398,218.12
<u>-</u>	<u>-</u>	<u>4,757,240.38</u>
<u>-</u>	<u>-</u>	<u>6,865,690.90</u>
<u>33,261,161.31</u>	<u>5,798,676.93</u>	<u>88,906,977.00</u>
<u>\$ 34,016,874.37</u>	<u>\$ 6,278,380.21</u>	<u>\$ 94,745,833.92</u>

**Nassau County District School Board  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2021**

**Total Fund Balances - Governmental Funds** \$ 88,906,977.00

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. 179,444,884.30

Capital credits are not available to liquidate liabilities in governmental funds, but are accrued in governmental activities in the statement of net position. 175,520.39

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

Deferred Outflows Related to Pensions	\$ 27,438,218.00	
Deferred Outflows Related to OPEB	970,791.00	
Deferred Inflows Related to Pensions	(3,580,613.00)	
Deferred Inflows Related to OPEB	<u>(3,525,694.00)</u>	21,302,702.00

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

Bonds Payable	\$ (1,456,415.21)	
Obligations Under Capital Lease	(6,251,724.00)	
Compensated Absences Payable	(5,407,246.89)	
Net Pension Liability	(80,076,030.00)	
Other Postemployment Benefits Payable	<u>(4,503,333.00)</u>	<u>(97,694,749.10)</u>

**Net Position - Governmental Activities** \$ 192,135,334.59

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

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**Nassau County District School Board  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances – Governmental Funds  
For the Fiscal Year Ended June 30, 2021**

	General Fund	Special Revenue - Federal Education Stabilization Fund	Capital Projects - Local Capital Improvement Fund
<b>Revenues</b>			
Intergovernmental:			
Federal Direct	\$ 73,770.75	\$ -	\$ -
Federal Through State and Local	633,559.19	3,558,136.87	-
State	49,994,479.17	-	-
Local:			
Property Taxes	47,129,611.25	-	15,834,738.44
Impact Fees	-	-	-
Charges for Services - Food Service	-	-	-
Miscellaneous	1,653,203.09	-	1,631,855.76
Total Local Revenues	<u>48,782,814.34</u>	<u>-</u>	<u>17,466,594.20</u>
<b>Total Revenues</b>	<u>99,484,623.45</u>	<u>3,558,136.87</u>	<u>17,466,594.20</u>
<b>Expenditures</b>			
Current - Education:			
Instruction	60,555,660.06	1,612,667.73	-
Student Support Services	4,866,252.76	166,131.93	-
Instructional Media Services	801,572.33	79.20	-
Instruction and Curriculum Development Services	1,813,690.16	85,283.76	-
Instructional Staff Training Services	1,421,315.79	249,816.43	-
Instruction-Related Technology	1,640,088.26	157,140.00	-
Board	582,848.81	-	-
General Administration	663,370.17	39,882.05	-
School Administration	5,812,874.61	65,358.58	-
Facilities Acquisition and Construction	593,440.41	-	2,106,501.91
Fiscal Services	611,936.36	-	-
Food Services	63,149.18	90,215.78	-
Central Services	685,291.37	-	-
Student Transportation Services	4,746,413.84	11,565.34	-
Operation of Plant	9,847,210.32	243,647.60	-
Maintenance of Plant	3,110,333.29	-	-
Administrative Technology Services	1,124,343.88	-	-
Community Services	190,395.81	-	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	1,122.60	-	4,593,192.81
Other Capital Outlay	66,903.16	764,719.85	2,798,333.61
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
<b>Total Expenditures</b>	<u>99,198,213.17</u>	<u>3,486,508.25</u>	<u>9,498,028.33</u>
<b>Excess of Revenues Over Expenditures</b>	<u>286,410.28</u>	<u>71,628.62</u>	<u>7,968,565.87</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	2,890,585.32	-	-
Inception of Capital Lease	-	-	6,251,724.00
Sale of Capital Assets	61,692.49	-	-
Loss Recoveries	16,950.13	-	-
Transfers Out	-	(71,628.62)	(2,446,356.70)
<b>Total Other Financing Sources (Uses)</b>	<u>2,969,227.94</u>	<u>(71,628.62)</u>	<u>3,805,367.30</u>
<b>Net Change in Fund Balances</b>	<u>3,255,638.22</u>	<u>-</u>	<u>11,773,933.17</u>
Fund Balances, Beginning	14,103,416.73	-	20,714,150.64
Adjustment to Beginning Fund Balance	-	-	-
Fund Balances, Beginning, as Restated	<u>14,103,416.73</u>	<u>-</u>	<u>20,714,150.64</u>
<b>Fund Balances, Ending</b>	<u>\$ 17,359,054.95</u>	<u>\$ 0.00</u>	<u>\$ 32,488,083.81</u>

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



<b>Capital Projects - Other Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 73,770.75
-	11,873,063.02	16,064,759.08
59,152.73	650,131.73	50,703,763.63
-	-	62,964,349.69
9,490,185.47	-	9,490,185.47
-	555,321.87	555,321.87
15,800.27	2,042,899.48	5,343,758.60
<u>9,505,985.74</u>	<u>2,598,221.35</u>	<u>78,353,615.63</u>
<u>9,565,138.47</u>	<u>15,121,416.10</u>	<u>145,195,909.09</u>
-	3,233,957.15	65,402,284.94
-	271,993.56	5,304,378.25
-	819,921.92	1,621,573.45
-	390,634.79	2,289,608.71
-	-	1,671,132.22
-	-	1,797,228.26
-	-	582,848.81
-	143,020.52	846,272.74
-	-	5,878,233.19
94,140.37	180,994.57	2,975,077.26
-	-	611,936.36
-	5,688,377.16	5,841,742.12
-	2,422.20	687,713.57
-	40,314.05	4,798,293.23
-	-	10,090,857.92
-	-	3,110,333.29
-	-	1,124,343.88
-	1,887,929.98	2,078,325.79
4,117,684.83	306,125.36	9,018,125.60
-	121,717.96	3,751,674.58
-	121,902.34	121,902.34
-	49,716.51	49,716.51
<u>4,211,825.20</u>	<u>13,259,028.07</u>	<u>129,653,603.02</u>
<u>5,353,313.27</u>	<u>1,862,388.03</u>	<u>15,542,306.07</u>
-	-	2,890,585.32
-	-	6,251,724.00
-	13,232.00	74,924.49
-	-	16,950.13
<u>(372,600.00)</u>	<u>-</u>	<u>(2,890,585.32)</u>
<u>(372,600.00)</u>	<u>13,232.00</u>	<u>6,343,598.62</u>
4,980,713.27	1,875,620.03	21,885,904.69
28,280,448.04	2,448,527.90	65,546,543.31
-	1,474,529.00	1,474,529.00
<u>28,280,448.04</u>	<u>3,923,056.90</u>	<u>67,021,072.31</u>
<u>\$ 33,261,161.31</u>	<u>\$ 5,798,676.93</u>	<u>\$ 88,906,977.00</u>

**Nassau County District School Board  
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities  
For the Fiscal Year Ended June 30, 2021**

**Net Change in Fund Balances - Governmental Funds** \$ 21,885,904.69

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

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

Capital Outlay Expenditures - Governmental Funds	\$ 12,769,300.18	
Depreciation Expense	(7,759,737.20)	
Donated Assets	<u>56,590.12</u>	5,066,153.10

The loss on the disposal of capital assets during the current fiscal year is reported in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the fiscal year purchased. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the disposed assets. (1,086,380.66)

The District accrues capital credits to be received in future years in the statement of activities, but the revenue does not provide current financial resources and is not reported in the governmental funds. This is the net increase in capital credits receivable in the current fiscal year.

Current Year Accruals	\$ 175,520.39	
Prior Year Accruals	<u>(170,309.10)</u>	5,211.29

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

Debt Issued	\$ (6,251,724.00)	
Repayments	<u>121,902.34</u>	(6,129,821.66)

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 compensated absences earned in excess of the amount paid in the current fiscal year. (108,606.29)

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

Increase in Total OPEB Liability	\$ (18,167.00)	
Increase in Deferred Outflows of Resources - OPEB	626,696.00	
Increase in Deferred Inflows of Resources - OPEB	<u>(433,534.00)</u>	174,995.00

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

FRS Pension Contribution	\$ 5,323,956.00	
HIS Pension Contribution	1,128,953.00	
FRS Pension Expense	(11,480,863.00)	
HIS Pension Expense	<u>(2,083,613.00)</u>	(7,111,567.00)

**Change in Net Position - Governmental Activities** \$ 12,695,888.47

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

# ***NOTES TO FINANCIAL STATEMENTS***

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

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

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

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

### **B. Reporting Entity**

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

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

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

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

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

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

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Federal Education Stabilization Fund – to account for 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.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, and motor vehicle purchases.
- Capital Projects – Other Fund – to account for various financial resources generated by the collection of impact fees to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.

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

## **E. Measurement Focus and Basis of Accounting**

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough

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

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

### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 3 months or less from the date of acquisition. Investments classified as cash equivalents include a money market mutual fund and amounts placed with the State Board of Administration (SBA) in Florida PRIME. Restricted cash totaling \$6,251,724 is held by an escrow agent in connection with a capital lease financing arrangement (see Note IV.1.2.).

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

### **2. Investments**

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

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

Investments made locally consist of a money market mutual fund reported at fair value.

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

### 3. Inventories

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

### 4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. As of April 22, 2021, capital assets are defined by the District as those costing more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation. The value of land acquired prior to December 30, 1973, is based on the Nassau County Property Appraiser's appraised value at the time and, as a result, \$609,322.82 of stated land values are based on these appraised values. 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 straight-line method over the following estimated useful lives:

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

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

### 5. Pensions

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

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

## **6. Long-Term Liabilities**

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

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

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

## **7. Deferred Outflows/Inflows of Resources**

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

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

## **8. Net Position Flow Assumption**

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

## **9. Fund Balance Flow Assumptions**

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

## **10. Fund Balance Policies**

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances at June 30, 2021.

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

In addition, Board Policy 6.15 provides at least 3 percent of the current year's annual estimated General Fund revenues to be reserved for contingency purposes. If the unassigned fund balance falls below 3 percent, the Superintendent will notify the Board and work to restore the funds to the appropriate level within a reasonable time period.

## **G. Revenues and Expenditures/Expenses**

### **1. Program Revenues**

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

### **2. State Revenue Sources**

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the FDOE under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the FDOE. The FDOE performs certain edit checks



on the reported number of FTE and related data and calculates the allocation of funds to the District. The District is permitted to amend its original reporting during specified time periods following the date of the original reporting. The FDOE may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the fiscal year when the adjustments are made.

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

The District received an allocation from the State under the School Hardening Grant program. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE. Accordingly, the District recognizes the allocation of these funds as unearned revenue until such time as an encumbrance authorization is received.

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

### **3. District Property Taxes**

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

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

The Board adopted the 2020 tax levy on September 10, 2020. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

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

#### **4. Educational Impact Fees**

Nassau County (County) imposes an educational impact fee based on Ordinance No. 2005-56 adopted by the County Commission in July 2005. This ordinance was most recently amended on January 8, 2018, when Ordinance 2018-001 revised the fees collected. The educational impact fee is collected for most new residential construction by the County and each municipality within the County based on an interlocal agreement. The fees are to be used solely for the purpose of providing capital improvements to the public educational system necessitated by new residential development and are not to be used for any expenditure that would be classified as a maintenance or repair expense. The authorized uses include, but are not limited to, school sites, buildings, relocatable classrooms, building contents, nonbuilding improvements, and vehicles.

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

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

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

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

### **II. ACCOUNTING CHANGE**

The District previously defined capital assets as those costing more than \$1,000 and, during the 2020-21 fiscal year, the District changed the capitalization threshold to \$5,000. As a result of this accounting change, the District reduced the beginning capital assets and accumulated depreciation balances by \$9,353,254.42 and \$6,611,655.08, respectively. This accounting change restates the beginning net position by \$2,529,097.35.

### **III. PRIOR PERIOD ADJUSTMENT**

In the prior year, the District implemented GASB Statement No. 84, *Fiduciary Activities*, and accounted for resources of the school internal funds, which are used to administer monies collected at several schools in connection with school, student athletic, class, and club activities as custodial funds. During the 2020-21 fiscal year, the District determined that school principals retain administrative control of these

funds. As a result, the District no longer considers the school internal funds to meet the criteria for reporting as fiduciary activities in the custodial funds and reclassified them to a special revenue fund. This correction increases the beginning net position and fund balance of the District's statement of activities and nonmajor governmental funds by \$1,474,529 each and affects the comparability of amounts reported for the 2020-21 fiscal year with amounts reported for the 2019-20 fiscal year.

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

##### A. Cash Deposits with Financial Institutions

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

##### B. Investments

The District's investments at June 30, 2021, are reported as follows:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA:		
Florida PRIME (1)	50 Days	\$ 1,841,529.54
Dreyfus Government Cash Management Institutional Shares Money Market Mutual Fund (1)	27 Days	<u>68,646,111.03</u>
<b>Total Investments</b>		<u><u>\$ 70,487,640.57</u></u>

(1) These investments are reported as cash equivalents for financial statement reporting purposes.

##### **Interest Rate Risk**

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

Florida PRIME and Dreyfus Government Cash Management Institutional Shares Money Market Fund use a weighted average days to maturity (WAM). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting

as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.” As of June 30, 2021, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

### **Credit Risk**

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

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

The District’s investment in the Dreyfus Government Cash Management Institutional Shares Money Market Mutual Fund is rated AAAm by Standard & Poor’s and Aaa-mf by Moody’s Investors Service.

### **C. Capital Credits**

The District participates in the Okefenoke Rural Electric Membership Corporation, a nonprofit electric cooperative. Revenues in excess of operating expenses, unless otherwise determined by a vote of the membership, are distributed by the cooperative on a pro rata share basis to its members. Annually, the cooperative makes payments for designated prior years’ capital credits. During the 2020-21 fiscal year, the District received \$1,023.12 and \$2,768.70, related to the 1991 and 1992 capital credits, respectively, and new credits of \$9,003.11. At June 30, 2021, the accumulated credits to the District’s accounts were \$175,520.39.

## D. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 5,142,970.53	\$ 446,652.50	\$ -	\$ 5,589,623.03
Construction in Progress	1,154,958.28	8,718,245.15	3,219,826.79	6,653,376.64
Total Capital Assets Not Being Depreciated	<u>6,297,928.81</u>	<u>9,164,897.65</u>	<u>3,219,826.79</u>	<u>12,242,999.67</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	13,724,881.68	2,498,207.04	-	16,223,088.72
Buildings and Fixed Equipment	249,500,328.25	574,847.70	-	250,075,175.95
Furniture, Fixtures, and Equipment (1)	20,208,927.80	3,323,236.70	8,458,589.94	15,073,574.56
Motor Vehicles	13,761,422.48	484,528.00	1,429,188.75	12,816,761.73
Audio Visual Materials and Computer Software (1)	-	-	-	-
Total Capital Assets Being Depreciated	<u>297,195,560.21</u>	<u>6,880,819.44</u>	<u>9,887,778.69</u>	<u>294,188,600.96</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	9,677,015.46	634,146.09	-	10,311,161.55
Buildings and Fixed Equipment	92,620,640.06	4,453,365.07	-	97,074,005.13
Furniture, Fixtures, and Equipment (1)	15,809,965.95	1,916,199.24	7,372,209.28	10,353,955.91
Motor Vehicles	9,920,755.69	756,026.80	1,429,188.75	9,247,593.74
Audio Visual Materials and Computer Software (1)	-	-	-	-
Total Accumulated Depreciation	<u>128,028,377.16</u>	<u>7,759,737.20</u>	<u>8,801,398.03</u>	<u>126,986,716.33</u>
Total Capital Assets Being Depreciated, Net	<u>169,167,183.05</u>	<u>(878,917.76)</u>	<u>1,086,380.66</u>	<u>167,201,884.63</u>
Governmental Activities Capital Assets, Net	<u>\$ 175,465,111.86</u>	<u>\$ 8,285,979.89</u>	<u>\$ 4,306,207.45</u>	<u>\$ 179,444,884.30</u>

(1) The beginning balance for furniture, fixtures, and equipment and computer software and the related accumulated depreciation were decreased by \$9,140,752.43 and \$6,611,655.08, respectively, for an accounting change as discussed in Note II. to the financial statements.

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	\$ 756,026.80
Unallocated	<u>7,003,710.40</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 7,759,737.20</u>

## E. Retirement Plans

### 1. FRS – Defined Benefit Pension Plans

#### General Information about the FRS

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members

effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree HIS Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

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

The District's FRS and HIS pension expense totaled \$13,564,476 for the fiscal year ended June 30, 2021.

### **FRS Pension Plan**

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

- *Regular* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers* – Members who hold specified elective offices in local government.
- *Special Risk* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

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

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

**Contributions.** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2020-21 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	10.00
FRS, Elected County Officers	3.00	49.18
FRS, Special Risk	3.00	24.45
DROP – Applicable to Members from All of the Above Classes	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

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

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

The District's contributions, including employee contributions, to the Plan totaled \$5,323,956 for the fiscal year ended June 30, 2021.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2021, the District reported a liability of \$56,434,947 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.130210034 percent, which was a decrease of 0.003565860 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized the Plan pension expense of \$11,480,863. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 2,159,880	\$ -
Change of Assumptions	10,216,521	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	3,360,190	-
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	875,380	1,867,802
District FRS Contributions Subsequent to the Measurement Date	5,323,956	-
<b>Total</b>	<b>\$ 21,935,927</b>	<b>\$ 1,867,802</b>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$5,323,956, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as



deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 2,939,767
2023	4,901,792
2024	4,205,375
2025	2,324,975
2026	<u>372,260</u>
<b>Total</b>	<u>\$ 14,744,169</u>

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	6.80 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	<u>4.4%</u>	5.5%	5.3%	6.9%
<b>Total</b>	<u>100%</u>			
Assumed inflation - Mean			2.4%	1.7%

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

**Discount Rate.** The discount rate used to measure the total pension liability was 6.8 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2020 valuation was updated from 6.9 percent to 6.8 percent.

**Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.8 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.8 percent) or 1 percentage point higher (7.8 percent) than the current rate:

	<b>1% Decrease (5.8%)</b>	<b>Current Discount Rate (6.8%)</b>	<b>1% Increase (7.8%)</b>
District’s Proportionate Share of the Net Pension Liability	\$ 90,117,127	\$ 56,434,947	\$ 28,303,445

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

**Payables to the Pension Plan.** At June 30, 2021, the District reported a payable of \$781,639.80 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2021.

**HIS Pension Plan**

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

**Benefits Provided.** For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

**Contributions.** The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2021, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years.

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

The District's contributions to the HIS Plan totaled \$1,128,953 for the fiscal year ended June 30, 2021.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2021, the District reported a net pension liability of \$23,641,083 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.193623244 percent, which was a decrease of 0.000946199 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized the HIS Plan pension expense of \$2,083,613. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 967,064	\$ 18,238
Change of Assumptions	2,542,090	1,374,637
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	18,875	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	845,309	319,936
District HIS Contributions Subsequent to the Measurement Date	1,128,953	-
<b>Total</b>	<u>\$ 5,502,291</u>	<u>\$ 1,712,811</u>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$1,128,953, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 713,473
2023	590,115
2024	278,446
2025	409,003
2026	364,096
Thereafter	305,394
<b>Total</b>	<b>\$ 2,660,527</b>

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	2.21 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 2.21 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.5 percent to 2.21 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 2.21 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 27,327,038	\$ 23,641,083	\$ 20,623,322

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

Payables to the Pension Plan. At June 30, 2021, the District reported a payable of \$148,022.22 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2021.

## **2. FRS – Defined Contribution Pension Plan**

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2020-21 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Special Risk	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information

for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled \$1,614,524.76 for the fiscal year ended June 30, 2021.

Payables to the Investment Plan. At June 30, 2021, the District reported a payable of \$342,906.89 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2021.

## **F. Other Postemployment Benefit Obligations**

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District that provides OPEB for all employees who satisfy the District's retirement eligibility provisions. Pursuant to Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical and prescription drug coverage. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

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

Employees Covered by Benefit Terms. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	39
Active Employees	<u>1,083</u>
Total	<u>1,122</u>

Total OPEB Liability. The District's total OPEB liability of \$4,503,333 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020.

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

Inflation	2.25 percent
Salary Increases	3.4 percent – 7.8 percent, including inflation
Discount Rate	2.45 percent
Healthcare Cost Trend Rates	Starting with a trend rate of 0 percent for 2020 (based on actual premiums) followed by 6.25 percent for 2021, and gradually decreasing according to the Getzen Model to an ultimate trend rate of 3.99 percent in 2040.
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 was based on the daily rate of Fidelity’s 20-Year Municipal General Obligation AA Index closest to but not later than the measurement date.

Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2020, 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, 2020, actuarial valuation of the FRS Defined Benefit Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment Plan are the same as for similarly situated participants of the FRS Defined Benefit Pension Plan.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2020	\$ 4,485,166
Changes for the year:	
Service Cost	249,625
Interest	145,654
Differences Between Expected and Actual Experience	641,622
Changes of Assumptions or Other Inputs	(856,146)
Benefit Payments	<u>(162,588)</u>
Net Changes	<u>18,167</u>
Balance at June 30, 2021	<u>\$ 4,503,333</u>

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

- The discount rate was changed from 3.13 percent as of the beginning of the measurement period to 2.45 percent as of June 30, 2020.
- The medical claims costs and premiums were updated based on actual premium information provided for the valuation.

- The healthcare cost trend assumption was revised to reflect a lower inflation assumption (from 2.5 percent to 2.25 percent) and the assumed load to model the excise tax was removed, as it was repealed in December 2019.
- Rates of salary increases were changed to be based on revised inflation and individual member pay increases used in the July 1, 2020, FRS Actuarial Valuation.
- Retirement and mortality rates have been separated between instructional and noninstructional employees.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.** The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.45 percent) or 1 percentage point higher (3.45 percent) than the current rate:

	<b>1% Decrease (1.45%)</b>	<b>Current Discount Rate (2.45%)</b>	<b>1% Increase (3.45%)</b>
Total OPEB Liability	\$ 5,058,875	\$ 4,503,333	\$ 4,028,607

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.** The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (- 1 percent increasing to 2.99 percent) or 1 percentage point higher (1 percent increasing to 4.99 percent) than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 3,810,123	\$ 4,503,333	\$ 5,399,612

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$44,919. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b><u>Description</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences Between Expected and Actual Experience	\$ 587,704	\$ 510,284
Changes of Assumptions or Other Inputs	163,173	3,015,410
Benefits Paid Subsequent to the Measurement Date	219,914	-
<b>Total</b>	<b>\$ 970,791</b>	<b>\$ 3,525,694</b>

The deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date, totaling \$219,914, will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:



<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ (350,360)
2023	(350,360)
2024	(350,360)
2025	(350,360)
2026	(350,360)
Thereafter	(1,023,017)
<b>Total</b>	<b>\$ (2,774,817)</b>

## G. Construction and Other Significant Commitments

**Construction Contracts.** The following is a schedule of major construction contract commitments at June 30, 2021:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Wildlight Elementary Additional Classrooms:			
Architect	\$ 440,150.40	\$ 335,786.36	\$ 104,364.04
Contractor	4,808,346.75	3,709,878.10	1,098,468.65
Direct Purchases	1,544,321.92	1,544,321.92	-
Total	<u>6,792,819.07</u>	<u>5,589,986.38</u>	<u>1,202,832.69</u>
Yulee High Additional Classrooms:			
Architect	965,828.79	435,720.00	530,108.79
Direct Purchases	2,750.65	2,750.65	-
Total	<u>968,579.44</u>	<u>438,470.65</u>	<u>530,108.79</u>
Yulee Middle Additional Classrooms:			
Architect	488,056.98	363,179.75	124,877.23
Direct Purchases	3,336.34	3,336.34	-
Total	<u>491,393.32</u>	<u>366,516.09</u>	<u>124,877.23</u>
Yulee High Plumbing Repairs:			
Architect	51,250.00	47,192.50	4,057.50
Contractor	75,000.00	-	75,000.00
Total	<u>126,250.00</u>	<u>47,192.50</u>	<u>79,057.50</u>
FBHS Mechanical Upgrades:			
Architect	153,000.00	122,410.00	30,590.00
Contractor	1,312,500.00	-	1,312,500.00
Direct Purchases	5,567.97	5,567.97	-
Total	<u>1,471,067.97</u>	<u>127,977.97</u>	<u>1,343,090.00</u>
Chiller Replacements:			
Contractor	119,548.00	-	119,548.00
Direct Purchases	5,698.56	5,698.56	-
Total	<u>125,246.56</u>	<u>5,698.56</u>	<u>119,548.00</u>
Yulee Middle Roofing Replacement:			
Contractor	280,039.69	77,027.04	203,012.65
Yulee Primary Cafeteria/Classrooms:			
Architect	736,393.26	41,048.00	695,345.26
Direct Purchases	1,281.48	1,281.48	-
Total	<u>737,674.74</u>	<u>42,329.48</u>	<u>695,345.26</u>
<b>Total Construction Contracts</b>	<b><u>\$ 10,993,070.79</u></b>	<b><u>\$ 6,695,198.67</u></b>	<b><u>\$ 4,297,872.12</u></b>

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

The following is a schedule of encumbrances at June 30, 2021:

<b>Major Funds</b>					
<b>General</b>	<b>Special Revenue - Federal Education Stabilization</b>	<b>Capital Projects - Local Capital Improvement</b>	<b>Capital Projects - Other</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,557,482	\$ 1,133,635	\$ 4,497,735	\$ 1,831,008	\$ 496,951	\$ 9,516,811

## H. 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 Nassau County District School Board is a member of the North East Florida Educational Risk Management Consortium (Consortium) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members of the Consortium. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for the Consortium is composed of superintendents of all participating districts. The Putnam County District School Board serves as fiscal agent for the Consortium.

The District's group health insurance plans are being provided through a minimum premium commercial insurance program administered by an insurance company. Premiums are established annually by the insurance company based on the District's claims experience, and the program is governed by an accounting and retention agreement. The agreement provides that when earned premiums are less than the sum of incurred claims less claims in excess of the pooling point, capitation charges, pooling charges, and administrative charges, the deficit is retained by the insurance company; when earned premiums are more than the sum of incurred claims less claims in excess of the pooling point, capitation charges, pooling charges, and administrative charges, 50 percent of the excess is returned to the District; and, if the District cancels the agreement prior to completion of the settlement accounting to be provided within 120 days after September 30, 2021, any excess earned premiums will not be available for return to the District. The District has experienced favorable claims experience, resulting in refunds for every agreement period (1 or 2 years depending on the agreement) from October 1, 2007, the balance of which is reported as assigned fund balance in the General Fund.

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

## I. Long-Term Liabilities

### 1. Bonds Payable

Bonds payable at June 30, 2021, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rate (Percent)</u>	<u>Annual Maturity To</u>
District Revenue Bonds: Series 2012	<u>\$ 1,456,415.21</u>	3.18	2031

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

#### District Revenue Bonds

These bonds are authorized by Chapter 80-550, Laws of Florida, and a resolution adopted by the Board on April 12, 2012. These bonds are secured by pari-mutuel replacement (sales tax) revenues distributed annually to Nassau County from the State pursuant to Section 212.20(6)(d)6.a., Florida Statutes, as a replacement for moneys distributed under Section 550.135, Florida Statutes, prior to July 1, 2000. As required by the bond resolution, the District has established the sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

The District has pledged a total of \$1,712,023.04 of sales tax revenues in connection with the District Revenue Bonds, Series 2012. During the 2020-21 fiscal year, the District recognized sales tax revenues totaling \$223,250 and expended \$171,152.82 (77 percent) of these revenues for debt service directly collateralized by these revenues. The pledged sales tax revenues are committed until final maturity of the debt on July 1, 2031. Approximately 77 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2021, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
District Revenue Bonds:			
2022	\$ 171,152.82	\$ 125,820.13	\$ 45,332.69
2023	171,152.82	129,853.02	41,299.80
2024	171,152.82	133,916.34	37,236.48
2025	171,152.82	138,307.57	32,845.25
2026	171,152.82	142,740.71	28,412.11
2027-2031	<u>856,258.94</u>	<u>785,777.44</u>	<u>70,481.50</u>
Total District Revenue Bonds	<u>\$ 1,712,023.04</u>	<u>\$ 1,456,415.21</u>	<u>\$ 255,607.83</u>

## 2. Obligations Under Capital Lease

Fifty-five school buses with a total cost of \$6,251,724, which will be delivered in the 2021-22 fiscal year, are being acquired under a capital lease agreement at a stated interest rate of 1.837 percent. Future minimum capital lease payments and the present value of the minimum capital lease payments as of June 30 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,144,991.84	\$ 1,087,385.67	\$ 57,606.17
2023	1,144,991.84	1,049,818.80	95,173.04
2024	1,144,991.84	1,069,165.80	75,826.04
2025	1,144,991.84	1,088,869.34	56,122.50
2026	1,144,991.84	1,108,936.00	36,055.84
2027	848,850.00	847,548.39	1,301.61
<b>Total Minimum Lease Payments</b>	<b>\$ 6,573,809.20</b>	<b>\$ 6,251,724.00</b>	<b>\$ 322,085.20</b>

## 3. Changes in Long-Term Liabilities

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

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds Payable from Direct Placements	\$ 1,578,317.55	\$ -	\$ 121,902.34	\$ 1,456,415.21	\$ 125,820.13
Obligations under Capital Lease	-	6,251,724.00	-	6,251,724.00	1,087,385.67
Compensated Absences Payable	5,298,640.60	845,332.98	736,726.69	5,407,246.89	736,726.69
Net Pension Liability	67,840,930.00	38,623,789.00	26,388,689.00	80,076,030.00	246,458.92
Other Postemployment Benefits Payable	4,485,166.00	1,036,901.00	1,018,734.00	4,503,333.00	219,914.00
<b>Total Governmental Activities</b>	<b>\$ 79,203,054.15</b>	<b>\$ 46,757,746.98</b>	<b>\$ 28,266,052.03</b>	<b>\$ 97,694,749.10</b>	<b>\$ 2,416,305.41</b>

The District's outstanding bonds from direct placements totaled \$1,456,415.21. Information related to securities pledged as collateral for these bonds are discussed in Note IV.I.1.

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

## J. Fund Balance Reporting

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

- **Nonspendable Fund Balance.** Nonspendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash.
- **Restricted Fund Balance.** Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance.

- **Unassigned Fund Balance.** The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

## K. Interfund Receivables and Payables

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major:		
General	\$ 1,096,319.07	\$ -
Special Revenue:		
Federal Education Stabilization	-	757,529.63
Nonmajor Governmental	-	338,789.44
<b>Total</b>	<b>\$ 1,096,319.07</b>	<b>\$ 1,096,319.07</b>

Interfund balances generally arise due to expenditures being adjusted between funds. The interfund amounts represent temporary loans from one fund to another and are expected to be repaid within a year.

## L. Revenues

### 1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2020-21 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 35,423,751.00
Categorical Educational Program - Class Size Reduction	13,566,272.00
Workforce Development Program	646,119.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	421,320.00
Miscellaneous	646,301.63
<b>Total</b>	<b>\$ 50,703,763.63</b>

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

## 2. Property Taxes

The following is a summary of millages and taxes levied on the 2020 tax roll for the 2020-21 fiscal year:

	Millages	Taxes Levied
<b>General Fund</b>		
Nonvoted School Tax:		
Required Local Effort	3.716	\$ 40,801,410
Basic Discretionary Local Effort	0.748	8,212,986
<b>Capital Projects - Local Capital Improvement Fund</b>		
Nonvoted Tax:		
Local Capital Improvements	1.500	16,469,891
<b>Total</b>	5.964	\$ 65,484,287

## M. Interfund Transfers

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 2,890,585.32	\$ -
Special Revenue:		
Federal Education Stabilization	-	71,628.62
Capital Projects:		
Local Capital Improvement	-	2,446,356.70
Other	-	372,600.00
<b>Total</b>	\$ 2,890,585.32	\$ 2,890,585.32

Interfund transfers represent permanent transfers of money between funds. The transfers out of the Capital Projects – Local Capital Improvement Fund were to reimburse property insurance expenditures, costs associated with renovation and repair of existing school plants, and lease payments on portables to the General Fund. The transfer out of the Capital Projects – Other Fund was to reimburse the General Fund for lease payments on portables. The transfer out of the Special Revenue – Federal Education Stabilization Fund was to reimburse the General Fund for overtime charges in the 2019-20 fiscal year for essential workers that worked at the District’s facilities during the COVID-19 lockdown.

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# OTHER REQUIRED SUPPLEMENTARY INFORMATION

## Budgetary Comparison Schedule General and Major Special Revenue Funds For the Fiscal Year Ended June 30, 2021

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Intergovernmental:				
Federal Direct	\$ 65,000.00	\$ 65,000.00	\$ 73,770.75	\$ 8,770.75
Federal Through State and Local	-	19,120.34	633,559.19	614,438.85
State	51,744,107.60	50,026,187.39	49,994,479.17	(31,708.22)
Local:				
Property Taxes	47,231,296.00	47,231,296.00	47,129,611.25	(101,684.75)
Miscellaneous	667,746.96	1,395,694.37	1,653,203.09	257,508.72
Total Local Revenues	<u>47,899,042.96</u>	<u>48,626,990.37</u>	<u>48,782,814.34</u>	<u>155,823.97</u>
<b>Total Revenues</b>	<u>99,708,150.56</u>	<u>98,737,298.10</u>	<u>99,484,623.45</u>	<u>747,325.35</u>
<b>Expenditures</b>				
Current - Education:				
Instruction	69,452,013.93	69,131,386.75	60,555,660.06	8,575,726.69
Student Support Services	5,292,173.41	5,266,208.89	4,866,252.76	399,956.13
Instructional Media Services	956,523.35	946,773.61	801,572.33	145,201.28
Instruction and Curriculum Development Services	1,895,905.41	1,964,747.58	1,813,690.16	151,057.42
Instructional Staff Training Services	1,259,007.13	1,623,689.65	1,421,315.79	202,373.86
Instruction-Related Technology	1,772,857.40	1,667,774.90	1,640,088.26	27,686.64
Board	559,428.04	608,344.54	582,848.81	25,495.73
General Administration	854,160.59	865,523.19	663,370.17	202,153.02
School Administration	6,129,204.08	6,151,812.66	5,812,874.61	338,938.05
Facilities Acquisition and Construction	668,663.87	639,103.87	593,440.41	45,663.46
Fiscal Services	609,655.38	628,196.13	611,936.36	16,259.77
Food Services	35,991.29	66,923.71	63,149.18	3,774.53
Central Services	829,989.61	828,946.40	685,291.37	143,655.03
Student Transportation Services	5,608,421.89	5,661,179.95	4,746,413.84	914,766.11
Operation of Plant	10,775,615.54	10,879,976.61	9,847,210.32	1,032,766.29
Maintenance of Plant	3,700,466.57	3,627,758.09	3,110,333.29	517,424.80
Administrative Technology Services	1,114,737.82	1,175,049.93	1,124,343.88	50,706.05
Community Services	444,263.32	461,079.29	190,395.81	270,683.48
Fixed Capital Outlay:				
Facilities Acquisition and Construction	6,477.32	6,977.32	1,122.60	5,854.72
Other Capital Outlay	512,794.25	573,358.54	66,903.16	506,455.38
<b>Total Expenditures</b>	<u>112,478,350.20</u>	<u>112,774,811.61</u>	<u>99,198,213.17</u>	<u>13,576,598.44</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(12,770,199.64)</u>	<u>(14,037,513.51)</u>	<u>286,410.28</u>	<u>14,323,923.79</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	3,409,899.00	3,409,899.00	2,890,585.32	(519,313.68)
Sale of Capital Assets	-	-	61,692.49	61,692.49
Loss Recoveries	-	-	16,950.13	16,950.13
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>3,409,899.00</u>	<u>3,409,899.00</u>	<u>2,969,227.94</u>	<u>(440,671.06)</u>
<b>Net Change in Fund Balances</b>	<u>(9,360,300.64)</u>	<u>(10,627,614.51)</u>	<u>3,255,638.22</u>	<u>13,883,252.73</u>
Fund Balances, Beginning	14,103,416.73	14,103,416.73	14,103,416.73	-
<b>Fund Balances, Ending</b>	<u>\$ 4,743,116.09</u>	<u>\$ 3,475,802.22</u>	<u>\$ 17,359,054.95</u>	<u>\$ 13,883,252.73</u>



**Special Revenue - Federal Education Stabilization Fund**

<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
\$ -	\$ -	\$ -	\$ -
1,513,090.03	4,274,402.52	3,558,136.87	(716,265.65)
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,513,090.03</u>	<u>4,274,402.52</u>	<u>3,558,136.87</u>	<u>(716,265.65)</u>
853,693.94	1,833,465.42	1,612,667.73	220,797.69
173,780.00	177,979.42	166,131.93	11,847.49
-	79.20	79.20	-
18,620.27	91,070.50	85,283.76	5,786.74
270,666.00	353,250.30	249,816.43	103,433.87
150,000.00	172,080.00	157,140.00	14,940.00
-	-	-	-
-	39,882.05	39,882.05	-
626.60	65,358.58	65,358.58	-
-	-	-	-
-	-	-	-
-	124,939.47	90,215.78	34,723.69
-	-	-	-
11,117.93	50,865.34	11,565.34	39,300.00
15,595.29	267,408.70	243,647.60	23,761.10
-	-	-	-
-	-	-	-
-	-	-	-
-	200,000.00	-	200,000.00
<u>18,990.00</u>	<u>826,394.92</u>	<u>764,719.85</u>	<u>61,675.07</u>
<u>1,513,090.03</u>	<u>4,202,773.90</u>	<u>3,486,508.25</u>	<u>716,265.65</u>
-	<u>71,628.62</u>	<u>71,628.62</u>	-
-	-	-	-
-	-	-	-
-	-	-	-
-	(71,628.62)	(71,628.62)	-
-	(71,628.62)	(71,628.62)	-
-	-	-	-
-	-	-	-
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 249,625	\$ 212,237	\$ 347,213	\$ 394,902
Interest	145,654	153,034	260,388	216,919
Differences Between Expected and Actual Experience	641,622	-	(704,063)	-
Changes of Assumptions or Other Inputs	(856,146)	199,841	(2,595,477)	(541,911)
Benefit Payments	(162,588)	(190,311)	(329,531)	(338,684)
<b>Net Change in Total OPEB Liability</b>	<u>18,167</u>	<u>374,801</u>	<u>(3,021,470)</u>	<u>(268,774)</u>
Total OPEB Liability - Beginning	<u>4,485,166</u>	<u>4,110,365</u>	<u>7,131,835</u>	<u>7,400,609</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 4,503,333</u>	<u>\$ 4,485,166</u>	<u>\$ 4,110,365</u>	<u>\$ 7,131,835</u>
Covered-Employee Payroll	\$ 48,418,341	\$ 44,616,715	\$ 43,317,199	\$ 38,517,263
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	9.30%	10.05%	9.49%	18.52%

**Schedule of the District's Proportionate Share  
of the Net Pension Liability –  
Florida Retirement System Pension Plan (1)**

Fiscal Year Ending June 30	District's Proportion of the FRS Net Pension Liability	District's Proportionate Share of the FRS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.141777871%	\$ 24,406,282	\$ 53,470,525	45.64%	88.54%
2014	0.143543691%	8,758,276	55,132,674	15.89%	96.09%
2015	0.138869376%	17,936,842	55,274,650	32.45%	92.00%
2016	0.129815756%	32,778,580	56,496,509	58.02%	84.88%
2017	0.131089229%	38,775,314	58,909,792	65.82%	83.89%
2018	0.139549023%	42,032,889	64,182,620	65.49%	84.26%
2019	0.133775894%	46,070,556	65,104,091	70.76%	82.61%
2020	0.130210034%	56,434,947	67,211,253	83.97%	78.85%

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

**Schedule of District Contributions –  
Florida Retirement System Pension Plan (1)**

Fiscal Year Ending June 30	Contractually Required FRS Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	District's Covered Payroll	FRS Contributions as a Percentage of Covered Payroll
2014	\$ 3,144,216	\$ (3,144,216)	\$ -	\$ 55,132,674	5.70%
2015	3,385,753	(3,385,753)	-	55,274,650	6.13%
2016	3,165,764	(3,165,764)	-	56,496,509	5.60%
2017	3,412,575	(3,412,575)	-	58,909,792	5.79%
2018	3,977,035	(3,977,035)	-	64,182,620	6.20%
2019	4,148,018	(4,148,018)	-	65,104,091	6.37%
2020	4,326,302	(4,326,302)	-	67,211,253	6.44%
2021	5,323,956	(5,323,956)	-	68,040,611	7.82%

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

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

<b>Fiscal Year Ending June 30</b>	<b>District's Proportion of the HIS Net Pension Liability</b>	<b>District's Proportionate Share of the HIS Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2013	0.183767199%	\$ 15,999,351	\$ 53,470,525	29.92%	1.78%
2014	0.185360671%	17,331,675	55,132,674	31.44%	0.99%
2015	0.182057079%	18,566,958	55,274,650	33.59%	0.50%
2016	0.182189840%	21,233,471	56,496,509	37.58%	0.97%
2017	0.184698727%	19,748,840	58,909,792	33.52%	1.64%
2018	0.197015614%	20,852,354	64,182,620	32.49%	2.15%
2019	0.194569443%	21,770,374	65,104,091	33.44%	2.63%
2020	0.193623244%	23,641,083	67,211,253	35.17%	3.00%

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

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

<b>Fiscal Year Ending June 30</b>	<b>Contractually Required HIS Contribution</b>	<b>HIS Contributions in Relation to the Contractually Required Contribution</b>	<b>HIS Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>HIS Contributions as a Percentage of Covered Payroll</b>
2014	\$ 634,983	\$ (634,983)	\$ -	\$ 55,132,674	1.15%
2015	695,935	(695,935)	-	55,274,650	1.26%
2016	933,839	(933,839)	-	56,496,509	1.65%
2017	977,479	(977,479)	-	58,909,792	1.66%
2018	1,068,421	(1,068,421)	-	64,182,620	1.66%
2019	1,080,425	(1,080,425)	-	65,104,091	1.66%
2020	1,115,760	(1,115,760)	-	67,211,253	1.66%
2021	1,128,953	(1,128,953)	-	68,040,611	1.66%

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

## 1. Budgetary Basis of Accounting

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

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

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

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

### *Changes of Assumptions.*

- The discount rate was changed from 3.13 percent as of the beginning of the measurement period to 2.45 percent as of June 30, 2020.
- The medical claims costs and premiums were updated based on actual premium information provided for the valuation.
- The healthcare cost trend assumption was revised to reflect a lower inflation assumption (from 2.5 percent to 2.25 percent) and the assumed load to model the excise tax was removed, as it was repealed in December 2019.
- The salary increase rates were changed to be based on revised inflation and individual member pay increases used in the July 1, 2020, FRS Actuarial Valuation.
- The retirement and mortality rates were separated between instructional and noninstructional employees.

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

*Changes of Assumptions.* In 2020, the long-term expected rate of return was decreased from 6.9 percent to 6.8 percent.

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

*Changes of Assumptions.* In 2020, the municipal bond rate used to determine total pension liability was decreased from 3.5 percent to 2.21 percent, and the mortality assumption was updated.

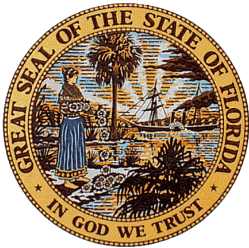
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## Nassau County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Total Expenditures
<b>Clustered</b>			
<b>Child Nutrition Cluster</b>			
United States Department of Agriculture:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	21002	\$ 20,740.78
National School Lunch Program	10.555	21001, 21003	543,606.61
COVID-19 National School Lunch Program	COVID-19, 10.555	21001, 21003	42,801.73
Total National School Lunch Program			<u>586,408.34</u>
Summer Food Service Program for Children	10.559	20006, 20007, 21006, 21007	<u>6,243,220.78</u>
<b>Total Child Nutrition Cluster</b>			<u>6,850,369.90</u>
<b>Special Education Cluster</b>			
United States Department of Education:			
Special Education - Grants to States:			
Florida Department of Education	84.027	263	2,426,028.31
University of South Florida		None	11,293.21
Total Special Education - Grants to States	84.027		<u>2,437,321.52</u>
Special Education - Preschool Grants:			
Florida Department of Education	84.173	267	101,209.33
<b>Total Special Education Cluster</b>			<u>2,538,530.85</u>
<b>Child Care and Development Fund Cluster</b>			
United States Department of Health and Human Services:			
Early Learning Coalition of North Florida:			
Child Care and Development Block Grant	COVID-19, 93.575	None	67,590.96
<b>Not Clustered</b>			
<b>United States Department of Defense</b>			
Air Force Junior Reserve Officers Training Corps	12.UNK	N/A	73,770.75
<b>United States Department of Justice</b>			
Florida Office of the Attorney General:			
Crime Victim Assistance	16.575	2020-00526	88,514.18
<b>United States Department of the Treasury</b>			
Nassau County Board of County Commissioners:			
Coronavirus Relief Fund	COVID-19, 21.019	None	1,183,452.00
<b>United States Department of Education</b>			
Florida Department of Education:			
Adult Education - Basic Grants to States	84.002	191	166,027.04
Title I Grants to Local Educational Agencies	84.010	212	1,578,512.68
Career and Technical Education - Basic Grants to States	84.048	161	188,808.78
Education for Homeless Children and Youth	84.196	127	96,815.38
English Language Acquisition State Grants	84.365	102	24,595.87
Supporting Effective Instruction State Grants	84.367	224	316,378.21
Student Support and Academic Enrichment Program	84.424	241	113,024.31
Education Stabilization Fund:			
Governor's Emergency Education Relief Fund	COVID-19, 84.425C	123	306,080.94
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124	2,001,012.97
Total Education Stabilization Fund	84.425		<u>2,307,093.91</u>
<b>Total United States Department of Education</b>			<u>4,791,256.18</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 15,593,484.82</u>

The accompanying notes are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Nassau County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2021. 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.
- (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance – National School Lunch Program. Includes \$449,181.93 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) COVID-19 National School Lunch Program. The District incurred \$42,801.73 in expenditures for the National School Lunch Program in the 2019-20 fiscal year.



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Auditor General

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

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Nassau County District School Board as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 22, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **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 may exist that have not been identified.

### **Compliance and Other Matters**

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

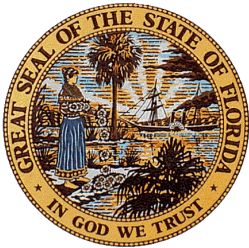
### **Purpose of this Report**

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 22, 2022



Sherrill F. Norman, CPA  
Auditor General

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

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

### Report on Compliance for Each Major Federal Program

We have audited the Nassau County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2021. The District's major Federal programs are identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

### *Management's Responsibility*

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

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

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 program for the fiscal year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

District management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 22, 2022

# **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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## **SECTION I – SUMMARY OF AUDITOR’S RESULTS**

### **Financial Statements**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:  
Material weakness(es) identified? No  
Significant deficiency(ies) identified? None reported  
Noncompliance material to financial statements noted? No

### **Federal Awards**

Internal control over major Federal programs:  
Material weakness(es) identified? No  
Significant deficiency(ies) identified? None reported

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

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

Identification of major Federal programs:

Assistance Listing Numbers:	Name of Federal Programs or Cluster:
21.019	Coronavirus Relief Fund
84.010	Title I Grants to Local Educational Agencies
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low risk auditee? Yes

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

No matters are reported.

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

No matters are reported

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

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

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

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The District did not have prior audit findings required to be reported under 2 CFR 200.51.