

**FLORIDA DEPARTMENT OF EDUCATION
SUPERINTENDENT'S ANNUAL FINANCIAL REPORT (ESE 145)
DISTRICT SCHOOL BOARD OF NASSAU COUNTY
For the Fiscal Year Ended June 30, 2019**

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The Superintendent's Annual Financial Report (ESE 145) for the fiscal year ended June 30, 2019, was submitted in accordance with rule 6A-1.0071, Florida Administrative Code (section 1001.51(12)(b), Florida Statutes). This report was approved by the school board on September 12, 2019.


Signature of District School Superintendent

September 12, 2019
Signature Date

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, 2019. The intent of this discussion and analysis is to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the district's financial activities, (c) identify changes in the district's financial position, (d) identify material deviations from the approved budget and (e) highlight significant issues in individual funds. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the district's financial statements and notes to financial statements found immediately following the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2018-2019 fiscal year are as follows:

- The District's assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources at June 30, 2019, by \$183,869,847.88 (net position).
- The District's total net position increased by \$10,351,826.75, or 6 percent increase from the beginning net position of \$173,518,021.13 to \$183,869,847.88 at June 30, 2019.
- General revenues total \$125,099,967.99, 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 \$7,256,930.35, or 5 percent.
- Expenses total \$122,005,071.59. Only \$7,256,930.35 of these expenses were offset by program specific charges, with the remainder paid from general revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$13,978,978.22, which is \$1,298,375.00 less than the prior fiscal year balance. The General Fund total assigned and unassigned fund balances was \$9,702,067.47, or 10.15 percent of total General Fund revenues.

NON-FINANCIAL HIGHLIGHTS

Key highlights

- Nassau County School District received an overall grade of "A" for the 2018-2019 school year, with eleven out of thirteen schools receiving an "A" and no schools rated lower than a "B".
- Nassau County students in grades 3-5 ranked first in Mathematics on the Florida State Assessment; and second in the state for ELA and Science on the Florida State Assessment.
- Nassau County 5th graders ranked 1st in the state on the Science assessment.
- Nassau County staff work diligently to ensure that all students achieve graduation. The latest available data is for the 2017-2018 school year and it shows Nassau County with a Graduation Rate of 93 percent based on Federal Graduation Rate which does not include GED's (regular and adult) and special diplomas.
- Jessica Watkins, 4th grade teacher at Yulee Elementary School, was named Teacher of the Year for 2018-2019.
- Linda Akers, secretary in the facilities department, was name School Related Employee of the Year for 2018-2019.
- The District is finishing up a Kitchen Remodel & Campus Renovation & Enhancement Project at Fernandina Beach Middle School at a cost of \$5,850,950.00.
- The District converted all maintenance workforce to electronic communication via Ipad and telephone.
- The District finalized automated electronic system for school sites to report maintenance requests.
- Nassau County Food & Nutrition Services updated paint and décor in Yulee High School cafeteria.

- Outdoor pavilions or shades were added at Yulee Middle School courtyard, West Nassau High School, Yulee High, and Fernandina Beach High School outside the cafeteria to provide an outdoor dining space and additional opportunities for grab & go breakfast and positive behavior rewards.
- The cafeterias continued to promote farm to school and participated in the Fresh from Florida Harvest of the Month program featuring Florida- grown produce each month and served fresh local, aquaponic romaine lettuce in all salad bars at every school daily sourced from Traders Hill Farm in Hilliard, FL.
- The Transportation Department installed GPS on all school buses and released a parent tracking application called Here Comes The Bus.
- 1,001 Middle School Students earned Digital Tool Certificates, an increase of 364 (57%) over previous year.
- The Fernandina Beach High School Aerospace program received a donation of a Diamond DA20 Katana airplane.
- Nassau County middle schools offered the Advanced Information Technology course, a high school level course that prepares students for the Internet Business Associate certification. 184 students earned the certification in this pilot year.
- 71 Hilliard Middle/Senior Agriculture students earned certification, an increase of 63 (787%) over the prior year.
- The District launched its first adult apprenticeship program to assist in meeting the county's demand for HVAC technicians.
- In partnership with the Institute for Enterprise, the Nassau County School District launched the Entrepreneurship program for high school juniors and seniors

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to financial statements.

Government-wide Financial Statements

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

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 entity-wide perspective contained in the government-wide statements. All of the district's funds may be classified within one of two broad categories discussed below.

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 Funds – Other Federal Programs, Capital Projects – Local Capital Improvement Fund, and Capital Projects – Governmental Other Funds. 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 all the funds to demonstrate compliance with the budget.

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

The District uses agency funds to account for resources held for student activities and groups.

Notes to Financial Statements

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

Other Information

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

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, 2019, compared to net position as of June 30, 2018:

	Net Position, June 30,	
	Governmental	
	Activities	
	2019	2018
Current and Other Assets	57,878,287.25	48,845,829.70
Capital Assets	184,860,495.71	181,047,047.32
Total Assets	\$ 242,738,782.96	\$ 229,892,877.02
Deferred Outflows of Resources	\$ 28,138,441.00	\$ 25,312,711.00
Long-Term Liabilities	74,093,098.67	72,864,139.32
Other Liabilities	2,778,485.41	3,972,478.57
Total Liabilities	\$ 76,871,584.08	\$ 76,836,617.89
Deferred Inflows of Resources	\$ 10,135,792.00	\$ 4,850,949.00
Net Position:		
Net Investment in Capital Assets	183,133,180.03	179,156,217.03
Restricted	44,244,472.56	33,113,676.73
Unrestricted	(43,507,804.71)	(38,751,872.63)
Total Net Position	\$ 183,869,847.88	\$ 173,518,021.13

The District’s net investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment, less any related debt still outstanding) of \$183,133,180.03 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 \$44,244,472.56 represents resources that are subject to external restrictions on how they may be used.

The District’s deficit unrestricted net position of \$43,507,804.71 was mainly the result of accruing long-term liabilities of \$62,885,243 for net pension liabilities, \$4,110,365 for other postemployment benefit obligations, and \$5,370,174.99 for compensated absences payable.

The key elements of the changes in the District’s net position for the fiscal years ended June 30, 2019, and June 30, 2018, are as follows:

	Operating Results for the Fiscal Year Ended	
	Governmental	
	Activities	
	06-30-2019	06-30-2018
Program Revenues:		
Charges for Services	\$ 2,147,604.04	\$ 1,822,313.86
Operating Grants and Contributions	4,012,607.77	4,224,969.52
Capital Grants and Contributions	1,096,718.54	673,252.56
General Revenues:		
Property Taxes, Levied for Operational Purposes	42,841,616.86	41,702,452.50
Property Taxes, Levied for Capital Projects	13,340,043.71	12,267,978.32
Impact Fees	7,682,174.12	4,550,211.66
Grants and Contributions Not Restricted to Specific Programs	56,349,487.89	53,457,870.49
Unrestricted Investment Earnings	1,112,600.12	548,273.07
Miscellaneous	3,774,045.29	3,213,420.43
Total Revenues	132,356,898.34	122,460,742.41
Functions/Program Expenses:		
Instruction	65,490,799.95	60,555,780.50
Pupil Personnel Services	6,335,084.83	4,794,565.25
Instructional Media Services	1,506,804.01	1,514,521.49
Instruction and Curriculum Development Services	2,927,295.18	3,094,464.56
Instructional Staff Training Services	2,017,432.91	1,902,437.92
Instruction Related Technology	1,441,110.87	1,615,042.28
School Board	459,808.65	500,749.39
General Administration	1,163,476.19	1,064,856.85
School Administration	6,216,283.10	6,366,486.32
Facilities Acquisition and Construction	1,548,701.36	2,546,586.46
Fiscal Services	730,329.87	766,191.29
Food Services	6,117,455.78	5,906,854.37
Central Services	734,605.65	796,532.01
Pupil Transportation Services	5,515,931.68	6,075,068.30
Operation of Plant	9,265,798.93	8,914,736.12
Maintenance of Plant	3,313,150.43	3,368,591.00
Administrative Technology Services	1,100,326.04	1,244,466.47
Community Services	234,221.12	484,602.40
Unallocated Interest on Long-Term Debt	60,142.53	76,858.38
Unallocated Depreciation Expense	4,763,832.62	7,617,823.85
Loss on Disposal of Capital Assets	1,062,479.89	155,836.43
Total Functions/Program Expenses	122,005,071.59	119,363,051.64
Excess Before Special Items	10,351,826.75	3,097,690.77
Special Items		(3,632,189.98)
Change in Net Position	10,351,826.75	(534,499.21)
Net Position - Beginning	173,518,021.13	177,274,361.75
Adjustments to Beginning Net Position		(3,221,841.41)
Net Position - Beginning - Restated	173,518,021.13	174,052,520.34
Net Postion - Ending	\$ 183,869,847.88	\$ 173,518,021.13

The largest revenue source is local property taxes (42.8 percent), which increased by \$2,221,229.75, or 4.1 percent, as a result of an increase in taxable assessed values, although the total millage rate decreased for the 2018-19 fiscal year. The State of Florida is the next largest revenue source (38.4 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Grants and contributions not restricted to specific programs increased by \$2,891,617.40 or 5.4 percent, primarily due an increase in FEFP revenue from the State. FEFP revenues increased by \$2,177,920, or 7 percent, in part, because of an increase in State funding per student enrollment and because student full-time equivalent enrollment increased by 240 students, from 11,884 in the 2017-18 fiscal year to 12,124 in the 2018-19 fiscal year.

Instruction expenses represent 51 in the 2017-18 fiscal year and 54 percent in the 2018-19 fiscal year of total governmental expenses.

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 \$10,220,424.43 during the fiscal year to \$54,930,868.20 at June 30, 2019. Of the total fund balance, \$5,791,455.31, or 10.5 percent, is unassigned fund balance, which is available for spending at the District's discretion; \$1,041,976.99 is nonspendable; \$44,186,823.74 is restricted; and \$3,910,612.16 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 \$5,791,455.31, while the total fund balance is \$13,978,978.22. 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 10.1 percent of the total General Fund revenues, while total fund balance represents 14.6 percent of total General Fund revenues.

Total fund balance decreased by \$1,298,376.00 during the fiscal year. Key factors impacting the change in fund balance are as follows:

- Increase in State revenues of \$2,520,546.73, primarily due to an increase in FEFP revenues due to increases in student enrollment and State funding per student enrollment.
- Total expenditures exceeded total revenues by \$3,953,156.22, while other financing sources net of uses totaled \$2,654,781.22 mainly due to transfer of cost associated with renovation and repair of existing school plants from the Capital Project – Local Capital Improvement Fund.

The Other Federal Programs has a total fund balance of zero, since revenues is dependent upon expenditures. This fund has revenues and expenditures of \$6,407,676.65 and encumbrances of \$69,001.12 at June 30, 2019.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of \$15,354,153.83, which is restricted for the acquisition, construction, and maintenance of capital assets. This fund has revenues of \$13,827,675.48, expenditures of \$7,795,037.79, and encumbrances of \$4,574,343.29 at June 30, 2019.

The Capital Projects – Other Capital Projects Fund has a total fund balance of \$22,928,738.54. 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 \$8,472,555.82, expenditures of \$377,322.42, and encumbrances of \$260,884.58 at June 30, 2019.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund final budgeted revenues and expenditures were in line with original budget amounts. Actual revenues are \$2,407,044.00 or 2.5 percent greater than the final budgeted amounts, while actual expenditures are \$8,491,129.52 or 8.5 percent, less than final budget amounts. The differences in revenues mainly resulted from unanticipated receipts miscellaneous local revenues. The difference between the budget and actual expenditures are due to the restricted and assigned resources as identified in the final fund balances for Restricted and Assigned categories of \$3,288,474.66 and \$3,910,612.16, respectively. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$10,537,244.74.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2019, is \$184,860,495.71 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; construction in progress; and audio visual and computer software. The accumulated depreciation for furniture, motor vehicles, and software/AV has not been updated due to balancing problems with the new tracking system for fixed assets. These values will be updated when practicable.

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

Long-Term Debt

At June 30, 2019, the District has total long-term debt outstanding of \$1,727,315.68, comprised of State School Bonds of \$31,000, District Revenue Bonds of \$1,696,315.68. During the current fiscal year, the District reduced bond payable debt of \$163,514.61 through scheduled principal payments.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Nassau County District School Board's finances. Questions concerning information provided in this report 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, FL 32034.

DISTRICT SCHOOL BOARD OF NASSAU COUNTY
STATEMENT OF NET POSITION
June 30, 2019

	Account Number	Primary Government Governmental Activities
ASSETS		
Cash and Cash Equivalents	1110	53,482,766.57
Investments	1160	423.08
Capital Credits	1130	168,933.64
Accounts Receivable, Net	1131	95,205.55
Due From Other Agencies	1220	3,088,981.42
Inventory	1150	1,041,976.99
<i>Capital Assets</i>		
Land	1310	5,131,370.53
Construction in Progress	1360	3,408,430.15
Nondepreciable Capital Assets		8,539,800.68
Improvements Other Than Buildings	1320	13,280,061.26
Less Accumulated Depreciation	1329	(9,200,875.28)
Buildings and Fixed Equipment	1330	242,532,118.78
Less Accumulated Depreciation	1339	(88,181,707.38)
Furniture, Fixtures and Equipment	1340	31,089,573.39
Less Accumulated Depreciation	1349	(17,934,517.39)
Motor Vehicles	1350	13,191,318.48
Less Accumulated Depreciation	1359	(8,499,850.88)
Audiovisual Materials	1381	592,105.14
Less Accumulated Depreciation	1388	(592,105.14)
Computer Software	1382	3,155,548.35
Less Accumulated Amortization	1389	(3,110,974.30)
Depreciable Capital Assets, Net		176,320,695.03
Total Capital Assets		184,860,495.71
Total Assets		242,738,782.96
DEFERRED OUTFLOWS OF RESOURCES		
Pension	1940	27,948,130.00
Other Postemployment Benefits	1950	190,311.00
Total Deferred Outflows of Resources		28,138,441.00
LIABILITIES		
Accrued Salaries and Benefits	2110	1,398,628.97
Payroll Deductions and Withholdings	2170	364,970.54
Accounts Payable	2120	586,126.95
Construction Contracts Payable	2140	153,488.15
Construction Contracts Payable - Retained Percentage	2150	204,476.15
Unearned Revenues	2410	70,794.65
<i>Long-Term Liabilities:</i>		
<i>Portion Due Within One Year:</i>		
Bonds Payable	2320	148,987.95
Liability for Compensated Absences	2330	543,504.23
Net Pension Liability	2365	510,401.00
Due Within One Year		1,202,893.18
<i>Portion Due After One Year:</i>		
Bonds Payable	2320	1,578,327.73
Liability for Compensated Absences	2330	4,826,670.76
Net Other Postemployment Benefits Obligation	2360	4,110,365.00
Net Pension Liability	2365	62,374,842.00
Due in More than One Year		72,890,205.49
Total Long-Term Liabilities		74,093,098.67
Total Liabilities		76,871,584.08
DEFERRED INFLOWS OF RESOURCES		
Pension	2640	6,692,965.00
Other Postemployment Benefits	2650	3,442,827.00
Total Deferred Inflows of Resources		10,135,792.00
NET POSITION		
Net Investment in Capital Assets	2770	183,133,180.03
<i>Restricted For:</i>		
Categorical Carryover Programs	2780	1,549,617.66
Food Service	2780	1,994,137.00
Debt Service	2780	37,556.86
Capital Projects	2780	38,920,196.12
Other Purposes	2780	1,738,857.00
Unrestricted	2790	(43,503,696.79)
Total Net Position		183,869,847.88

The notes to financial statements are an integral part of this statement.
ESE 145

DISTRICT SCHOOL BOARD OF NASSAU COUNTY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
						Governmental Activities
<i>Governmental Activities:</i>						
Instruction	5000	65,490,799.95	30,446.00			(65,460,353.95)
Student Support Services	6100	6,335,084.83				(6,335,084.83)
Instructional Media Services	6200	1,506,804.01				(1,506,804.01)
Instruction and Curriculum Development Services	6300	2,927,295.18				(2,927,295.18)
Instructional Staff Training Services	6400	2,017,432.91				(2,017,432.91)
Instruction-Related Technology	6500	1,441,110.87				(1,441,110.87)
Board	7100	459,808.65				(459,808.65)
General Administration	7200	1,163,476.19				(1,163,476.19)
School Administration	7300	6,216,283.10				(6,216,283.10)
Facilities Acquisition and Construction	7400	1,548,701.36			381,557.79	(1,167,143.57)
Fiscal Services	7500	730,329.87				(730,329.87)
Food Services	7600	6,117,455.78	2,013,581.71	4,012,607.77		(91,266.30)
Central Services	7700	734,605.65				(734,605.65)
Student Transportation Services	7800	5,515,931.68	103,576.33			(5,412,355.35)
Operation of Plant	7900	9,265,798.93				(9,265,798.93)
Maintenance of Plant	8100	3,313,150.43			665,711.00	(2,647,439.43)
Administrative Technology Services	8200	1,100,326.04				(1,100,326.04)
Community Services	9100	234,221.12				(234,221.12)
Unallocated Interest on Long-Term Debt	9200	60,142.53			49,449.75	(10,692.78)
Unallocated Depreciation		4,763,832.62				(4,763,832.62)
Loss on Disposal of Capital Assets		1,062,479.89				(1,062,479.89)
Total Governmental Activities		122,005,071.59	2,147,604.04	4,012,607.77	1,096,718.54	(114,748,141.24)

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes	42,841,616.86
Property Taxes, Levied for Capital Projects	13,340,043.71
Impact Fees, Levied for Capital Projects	7,682,174.12
Grants and Contributions Not Restricted to Specific Programs	56,349,487.89
Investment Earnings	1,112,600.12
Miscellaneous	3,774,045.29
Total General Revenues, Special Items, Extraordinary Items and Transfers	125,099,967.99
Change in Net Position	10,351,826.75
Net Position, July 1, 2018	173,518,021.13
Adjustments to Net Position	
Net Position, June 30, 2019	183,869,847.88

**DISTRICT SCHOOL BOARD OF NASSAU COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019**

	Account Number	General 100	Other Federal Programs 420	Nonvoted Capital Improvement Fund 370	Other Capital Projects 390	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
ASSETS							
Cash and Cash Equivalents	1110	14,588,840.72	0.00	15,520,757.08	20,920,137.38	2,453,031.39	53,482,766.57
Investments	1160	0.00	0.00	0.00	0.00	423.08	423.08
Accounts Receivable, Net	1131	94,989.69	32.51	11.90	0.00	171.45	95,205.55
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	190,472.74	425,226.05	164,272.39	2,008,732.94	300,277.30	3,088,981.42
Due From Budgetary Funds	1141	370,545.42	0.00	0.00	0.00	0.00	370,545.42
Inventory	1150	988,436.09	0.00	0.00	0.00	53,540.90	1,041,976.99
Total Assets		16,233,284.66	425,258.56	15,685,041.37	22,928,870.32	2,807,444.12	58,079,899.03
DEFERRED OUTFLOWS OF RESOURCES							
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00	0.00	0.00
Total Deferred Outflows of Resources		0.00	0.00	0.00	0.00	0.00	0.00
Total Assets and Deferred Outflows of Resources		16,233,284.66	425,258.56	15,685,041.37	22,928,870.32	2,807,444.12	58,079,899.03
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Cash Overdraft	2125	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	1,398,628.97	0.00	0.00	0.00	0.00	1,398,628.97
Payroll Deductions and Withholdings	2170	364,970.54	0.00	0.00	0.00	0.00	364,970.54
Accounts Payable	2120	490,706.93	54,713.14	23,305.40	131.78	17,269.70	586,126.95
Due to Budgetary Funds	2161	0.00	370,545.42	0.00	0.00	0.00	370,545.42
Construction Contracts Payable	2140	0.00	0.00	103,105.99	0.00	50,382.16	153,488.15
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	204,476.15	0.00	0.00	204,476.15
Unearned Revenue	2410	0.00	0.00	0.00	0.00	70,794.65	70,794.65
Total Liabilities		2,254,306.44	425,258.56	330,887.54	131.78	138,446.51	3,149,030.83
FUND BALANCES							
<i>Nonspendable:</i>							
Inventory	2711	988,436.09	0.00	0.00	0.00	53,540.90	1,041,976.99
<i>Total Nonspendable Fund Balances</i>	2710	988,436.09	0.00	0.00	0.00	53,540.90	1,041,976.99
<i>Restricted for:</i>							
State Required Carryover Programs	2723	1,549,617.66	0.00	0.00	0.00	0.00	1,549,617.66
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	0.00	0.00	37,556.86	37,556.86
Capital Projects	2726	0.00	0.00	15,354,153.83	22,928,738.54	637,303.75	38,920,196.12
Food Service	2729	0.00	0.00	0.00	0.00	1,940,596.10	1,940,596.10
FL Career and Professional Ed	2729	1,286,201.24	0.00	0.00	0.00	0.00	1,286,201.24
Workforce Development	2729	401,578.29	0.00	0.00	0.00	0.00	401,578.29
Other Purposes	2729	51,077.47	0.00	0.00	0.00	0.00	51,077.47
<i>Total Restricted Fund Balances</i>	2720	3,288,474.66	0.00	15,354,153.83	22,928,738.54	2,615,456.71	44,186,823.74
<i>Total Committed Fund Balances</i>	2730	0.00	0.00	0.00	0.00	0.00	0.00
<i>Assigned to:</i>							
Health Insurance	2741	1,799,553.80	0.00	0.00	0.00	0.00	1,799,553.80
Special Education Programs	2743	524,961.31	0.00	0.00	0.00	0.00	524,961.31
Wellness	2744	171,178.16	0.00	0.00	0.00	0.00	171,178.16
Purchase Obligations	2749	282,282.51	0.00	0.00	0.00	0.00	282,282.51
Local Program and Other Purposes	2749	1,132,636.38	0.00	0.00	0.00	0.00	1,132,636.38
<i>Total Assigned Fund Balances</i>	2740	3,910,612.16	0.00	0.00	0.00	0.00	3,910,612.16
<i>Total Unassigned Fund Balances</i>	2750	5,791,455.31	0.00	0.00	0.00	0.00	5,791,455.31
Total Fund Balances	2700	13,978,978.22	0.00	15,354,153.83	22,928,738.54	2,668,997.61	54,930,868.20
Total Liabilities, Deferred Inflows of Resources and Fund Balances		16,233,284.66	425,258.56	15,685,041.37	22,928,870.32	2,807,444.12	58,079,899.03

The notes to financial statements are an integral part of this statement.
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**DISTRICT SCHOOL BOARD OF NASSAU COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
For the Fiscal Year Ended June 30, 2019**

Total Fund Balances - Governmental Funds		\$ 54,930,868.20
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.		184,860,495.71
Capital credits are not available to liquidate liabilities in governmental funds, but are accrued in governmental activities in the statement of net position.		168,933.64
Pension outflows and inflows are not reported in governmental funds, but are reported in governmental activities in the statement of net position.		
Deferred Outflows	28,138,441.00	
Deferred Inflows	<u>(10,135,792.00)</u>	18,002,649.00
Long Term Liabilities Not Due and Payable in Current Period:		
Bonds Payable	1,727,315.68	
Compensated Absences Payable	5,370,174.99	
Other Post Employment Benefits	4,110,365.00	
Net Pension Liability	<u>62,885,243.00</u>	(74,093,098.67)
Total Net Position - Governmental Activities		\$ 183,869,847.88

The notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF NASSAU COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019

	Account Number	General 100	Other Federal Programs 420	Nonvoted Capital Improvement Fund 370	Other Capital Projects 390	Other Governmental Funds	Total Governmental Funds
REVENUES							
Federal Direct	3100	61,234.34	710,579.90	0.00	0.00	0.00	771,814.24
Federal Through State and Local	3200	562,961.09	5,695,492.79	0.00	0.00	3,961,180.77	10,219,634.65
State Sources	3300	49,146,719.77	0.00	0.00	417,830.00	902,815.54	50,467,365.31
<i>Local Sources:</i>							
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	42,841,616.86	0.00	0.00	0.00	0.00	42,841,616.86
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	13,340,043.71	0.00	0.00	13,340,043.71
Charges for Service - Food Service	345X	0.00	0.00	0.00	0.00	2,013,581.71	2,013,581.71
Impact Fees	3496	0.00	0.00	0.00	7,682,174.12	0.00	7,682,174.12
Other Local Revenue		2,989,192.09	1,603.96	487,631.77	372,551.70	87,065.94	3,938,045.46
Total Local Sources	3400	45,830,808.95	1,603.96	13,827,675.48	8,054,725.82	2,100,647.65	69,815,461.86
Total Revenues		95,601,724.15	6,407,676.65	13,827,675.48	8,472,555.82	6,964,643.96	131,274,276.06
EXPENDITURES							
<i>Current:</i>							
Instruction	5000	59,571,495.83	3,404,951.19	0.00	0.00	0.00	62,976,447.02
Student Support Services	6100	5,485,174.67	650,673.41	0.00	0.00	0.00	6,135,848.08
Instructional Media Services	6200	1,444,807.26	0.00	0.00	0.00	0.00	1,444,807.26
Instruction and Curriculum Development Services	6300	1,419,470.65	1,371,830.23	0.00	0.00	0.00	2,791,300.88
Instructional Staff Training Services	6400	1,450,699.60	497,235.18	0.00	0.00	0.00	1,947,934.78
Instruction-Related Technology	6500	1,400,957.96	0.00	0.00	0.00	0.00	1,400,957.96
Board	7100	451,262.53	0.00	0.00	0.00	0.00	451,262.53
General Administration	7200	770,663.37	368,238.73	0.00	0.00	0.00	1,138,902.10
School Administration	7300	5,962,861.91	0.00	0.00	0.00	0.00	5,962,861.91
Facilities Acquisition and Construction	7410	406,007.36	0.00	941,191.60	191,127.34	26,271.31	1,564,597.61
Fiscal Services	7500	706,947.55	0.00	0.00	0.00	0.00	706,947.55
Food Services	7600	85,043.17	0.00	0.00	0.00	5,908,141.88	5,993,185.05
Central Services	7700	743,554.89	275.00	0.00	0.00	0.00	743,829.89
Student Transportation Services	7800	5,302,499.60	42,841.83	0.00	0.00	0.00	5,345,341.43
Operation of Plant	7900	9,098,221.01	0.00	0.00	0.00	0.00	9,098,221.01
Maintenance of Plant	8100	3,271,616.82	0.00	0.00	0.00	0.00	3,271,616.82
Administrative Technology Services	8200	1,068,521.70	0.00	0.00	0.00	0.00	1,068,521.70
Community Services	9100	214,334.64	10,993.05	0.00	0.00	0.00	225,327.69
<i>Debt Service: (Function 9200)</i>							
Redemption of Principal	710	0.00	0.00	0.00	0.00	163,514.61	163,514.61
Interest	720	0.00	0.00	0.00	0.00	59,708.21	59,708.21
Dues and Fees	730	0.00	0.00	0.00	0.00	434.32	434.32
Miscellaneous	790	0.00	0.00	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>							
Facilities Acquisition and Construction	7420	3,585.56	0.00	3,383,843.56	105,016.80	643,397.32	4,135,843.24
Charter School Local Capital Improvement	7430	0.00	0.00	0.00	0.00	0.00	0.00
Other Capital Outlay	9300	697,154.29	60,638.03	3,470,002.63	81,178.28	129,433.21	4,438,406.44
Total Expenditures		99,554,880.37	6,407,676.65	7,795,037.79	377,322.42	6,930,900.86	121,065,818.09
Excess (Deficiency) of Revenues Over (Under) Expenditures		(3,953,156.22)	0.00	6,032,637.69	8,095,233.40	33,743.10	10,208,457.97
OTHER FINANCING SOURCES (USES)							
Issuance of Bonds	3710	0.00	0.00	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00	0.00	0.00
Loss Recoveries	3740	228.96	0.00	11,737.50	0.00	0.00	11,966.46
Transfers In	3600	2,700,270.26	0.00	45,718.00	0.00	0.00	2,745,988.26
Transfers Out	9700	(45,718.00)	0.00	(2,502,020.26)	(198,250.00)	0.00	(2,745,988.26)
Total Other Financing Sources (Uses)		2,654,781.22	0.00	(2,444,564.76)	(198,250.00)	0.00	11,966.46
Net Change in Fund Balances		(1,298,375.00)	0.00	3,588,072.93	7,896,983.40	33,743.10	10,220,424.43
Fund Balances, July 1, 2018	2800	15,277,353.22	0.00	11,766,080.90	15,031,755.14	2,635,254.51	44,710,443.77
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2019	2700	13,978,978.22	0.00	15,354,153.83	22,928,738.54	2,668,997.61	54,930,868.20

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

**DISTRICT SCHOOL BOARD OF NASSAU COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019**

Net Change in Fund Balances - Governmental Funds **\$ 10,220,424.43**

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 capital outlays depreciation expense in excess of in the current fiscal year.

Capital Outlay Expenditures - Governmental Funds	8,575,131.36	
Depreciation Expense	(4,763,832.62)	
Donated Assets	<u>1,064,629.54</u>	4,875,928.28

In the governmental funds, the cost of capital 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. (1,062,479.89)

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. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position This is the amount of debt repayments in the current fiscal year.

State School Bonds	49,000.00	
District Revenue Bonds	<u>114,514.61</u>	163,514.61

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	168,933.64	
Prior Year Accruals	<u>(162,907.36)</u>	6,026.28

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental fund, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences used in excess of the amount earned in the current fiscal year. (52,854.96)

Other postemployment benefits costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net increase in the other postemployment benefits liability for the current fiscal year. (66,623.00)

In the governmental funds, the cost of pension was recognized as an expenditure in the fiscal year the employee salary was earned. This value is paid to an outside entity who adminstrates the pension program. However, in the statement of activities the proportional pension expense made during the pension measurement period is only shown less contributions for the subsequent measurement period. (3,732,109.00)

Change in Net Position of Governmental Activities **10,351,826.75**

The notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF NASSAU COUNTY
LISTING OF PAGES NOT APPLICABLE AND NOT SHOWN IN REPORT
For the Fiscal Year Ended June 30, 2019

PAGE TITLE	EXHIBIT TITLE	PAGE NUMBER
STATEMENT OF NET POSITION PROPRIETARY FUNDS	C-5	8
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS	C-6	9
STATEMENT OF CASH FLOWS PROPRIETARY FUNDS	C-7	10

DISTRICT SCHOOL BOARD OF NASSAU COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2019

	Account Number	Total Agency Funds 89X
ASSETS		
Cash and Cash Equivalents	1110	1,422,452.00
Investments	1160	0.00
Accounts Receivable, Net	1131	0.00
Pension Contributions Receivable	1132	
Interest Receivable on Investments	1170	0.00
Due From Budgetary Funds	1141	0.00
Due From Other Agencies	1220	0.00
Inventory	1150	0.00
Total Assets		1,422,452.00
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	
Pension	1940	
Other Postemployment Benefits	1950	
Total Deferred Outflows of Resources		
LIABILITIES		
Cash Overdraft	2125	0.00
Accrued Salaries and Benefits	2110	0.00
Payroll Deductions and Withholdings	2170	0.00
Accounts Payable	2120	0.00
Internal Accounts Payable	2290	1,422,452.00
Due to Other Agencies	2230	
Due to Budgetary Funds	2161	0.00
Total Liabilities		1,422,452.00
DEFERRED INFLOWS OF RESOURCES		
Accumulated Increase in Fair Value of Hedging Derivatives	2610	
Pension	2640	
Other Postemployment Benefits	2650	
Total Deferred Inflows of Resources		
NET POSITION		
Held in Trust for Pension Benefits	2785	
Held in Trust for Other Purposes	2785	
Total Net Position		

The notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF NASSAU COUNTY
LISTING OF PAGES NOT APPLICABLE AND NOT SHOWN IN REPORT
For the Fiscal Year Ended June 30, 2019

PAGE TITLE	EXHIBIT TITLE	PAGE NUMBER
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS	C-9	12
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS	C-10	13
COMBINING STATEMENT OF ACTIVITIES MAJOR AND NONMAJOR COMPONENT UNITS Major Component Unit Name	C-11a	14
COMBINING STATEMENT OF ACTIVITIES (CONTINUED) MAJOR AND NONMAJOR COMPONENT UNITS Major Component Unit Name	C-11b	15
COMBINING STATEMENT OF ACTIVITIES (CONTINUED) MAJOR AND NONMAJOR COMPONENT UNITS TOTAL NONMAJOR COMPONENT UNITS	C-11c	16
COMBINING STATEMENT OF ACTIVITIES MAJOR AND NONMAJOR COMPONENT UNITS TOTAL COMPONENT UNITS	C-11d	17

DISTRICT SCHOOL BOARD OF NASSAU COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business type activities, which rely to a significant extent on fees charged to external customers for support.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Nassau County School District's (District) 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 is allocated to the pupil 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 Nassau County School District (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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**DISTRICT SCHOOL BOARD OF NASSAU COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

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

D. Basis of Presentation: Fund Financial Statements

The fund financial statements provide information about the District's funds, including the fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise 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 – Other Fund – to account for certain Federal grant program resources.
- 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, motor vehicle purchases, and debt service payments on October 1st.
- Capital Projects - Other Fund – to account for the financial resources generated by the collection of impact fees to be used for educational capital outlay needs, including new construction, renovation and remodeling projects.

Additionally, the District reports the following fiduciary fund type:

- Agency Funds – to account 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.

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

E. Measurement Focus and Basis of Accounting

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

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

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JUNE 30, 2019**

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 when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 30 days of year-end). Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, 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.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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, highly liquid investments with original maturities of three months or less. Investments classified as cash equivalents include a money market mutual fund and amounts placed with the State Board of Administration (SBA) in Florida, PRIME.

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

2. Investments

Investments consist of amounts placed in the SBA debt service accounts for investment of debt service monies and amounts placed with the SBA for participation in the Florida PRIME investment pools

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created by Sections 218.405, Florida Statutes, and those made locally. These investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

The District’s investments in Florida PRIME, 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. These investments are reported at fair value, which is amortized cost.

Investments made locally consist of a money market mutual fund and are 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 a moving weighted-average basis, except that the United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased.

4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair 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, \$711,698.26 of stated land values are based on these appraised values. Interest costs incurred during construction of capital assets are not consider 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:

Improvements Other than Buildings	15 years
Buildings and Fixed Equipment	50 years
Furniture, Fixtures, and Equipment	3 - 15 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.

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

In addition to liabilities, the statement of net position and the governmental funds balance sheet 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualifies for reporting in this category on the statement of net position. 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 statements, a flow assumption must be made about the order in which the resources are considered to be applied.

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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 balance at June 30, 2019.

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, effective August 13, 2015, Board Policy 6.15 was amended to provide 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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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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 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 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 State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the District on an annual basis. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE.

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

3. District Property Taxes

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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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 2018 tax levy on September 26, 2018. 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 an Ordinance No. 2005-56 adopted by the County Commission in July 2005. This ordinance was most recently amended on January 8, 2018, when Resolution 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 upon interlocal agreement. The fees shall 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 an operating, maintenance or repair expense. The authorized capital improvement cost include, but are not limited to, school sites, building, relocatable classroom, 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.

6. Compensated Absences

In the government-wide financial statements, compensated absences (e.g. paid absences for employee vacation 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

**DISTRICT SCHOOL BOARD OF NASSAU COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019**

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. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk-Deposits In the case of deposits, this is the risk that in the event of a bank failure, the District will not be able to recover deposits. 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

As of June 30, 2019, the District has the following investments and maturities:

Investments	Maturities	Fair Value
SBA:		
Florida PRIME (1)	28 Day Average	\$ 9,337,200.50
Debt Service Accounts	6 Months	\$ 423.08
Dreyfus Cash Management Institutional Shares		
Money Market Mutual Fund (1)	30 Day Average	\$ 35,729,787.17
Total Investments, Reporting Entity		\$ 45,067,410.75

Notes: (1) Investments reported as a cash equivalent for financial statement reporting purposes.

➤ Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District’s investments in SBA debt service accounts are valued using Level 1 inputs.

➤ 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 monies 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

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hours limit contributions to or withdrawals from the trust fund to ensure that the board [State Board of Administration] can invest monies entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government 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, 2019, 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 limits its investment choices

The District’s investments in the SBA debt service accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate risk and credit risk for this account. Disclosures for the debt service accounts are included in the notes to financial statements of the State’s Comprehensive Annual Financial Report.

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

The District’s investment in the Dreyfus 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 2017-18 fiscal year, the District received \$2,793.82 and \$1,593.47, related to the 1990 and 1991 capital credits, respectively, and new credits of \$6,026.28. At June 30, 2019, the accumulated credits to the District’s accounts were \$168,933.64.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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D. Changes in Capital Assets

Changes in capital assets are presented in the table below:

Depreciation expense was charged to functions as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 5,131,370.53			\$ 5,131,370.53
Construction in Progress	92,743.83	4,135,843.24	820,156.92	3,408,430.15
Total Capital Assets Not Being Depreciated	5,224,114.36	4,135,843.24	820,156.92	8,539,800.68
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	12,715,542.60	564,518.66		13,280,061.26
Buildings and Fixed Equipment	242,276,480.52	255,638.26		242,532,118.78
Furniture, Fixtures, and Equipment	27,467,585.61	4,577,685.66	955,697.88	31,089,573.39
Motor Vehicles	12,340,287.23	926,232.00	75,200.75	13,191,318.48
Audio Visual Materials and Computer Software	3,779,234.75		31,581.26	3,747,653.49
Total Capital Assets Being Depreciated	298,579,130.71	6,324,074.58	1,062,479.89	303,840,725.40
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	8,736,611.14		464,264.14	8,272,347.00
Buildings and Fixed Equipment	83,882,138.90		4,299,568.48	79,582,570.42
Furniture, Fixtures, and Equipment (1)	17,934,517.39			17,934,517.39
Motor Vehicles (1)	8,499,850.88			8,499,850.88
Audio Visual Materials and Computer Software (1)	3,703,079.44			3,703,079.44
Total Accumulated Depreciation	122,756,197.75	-	4,763,832.62	117,992,365.13
Total Capital Assets Being Depreciated, Net	175,822,932.96	6,324,074.58	(3,701,352.73)	185,848,360.27
Governmental Activities Capital Assets, Net	\$ 181,047,047.32	\$ 10,459,917.82	\$ (2,881,195.81)	\$ 194,388,160.95

Note 1 - Due to change in the Fixed Assets system in the middle of the fiscal year, we are unable to balance the manual records with the new Fixed Asset system. We are working with the ERP Provider and will adjust the ESE 145 report and notes as soon as we are able to balance the reports.

Function	Amount
GOVERNMENTAL ACTIVITIES	
Pupil Transportation Services	\$ -
Unallocated	4,763,832.62
Total Depreciation Expense - Governmental Activities	\$ 4,763,832.62

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E. Florida Retirement System

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

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

The District's FRS and HIS pension expense totaled \$8,947,243 for the fiscal year ended June 30, 2019.

FRS Pension Plan

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

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

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

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retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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 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 chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class members initially enrolled before July 1, 2011</i>	
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
<i>Regular Class members initially enrolled on or after July 1, 2011</i>	
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
<i>Elected County Officers</i>	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS 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 is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. 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.

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Contributions. The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2018-19 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
FRS, Regular	3.00	8.26
FRS, Elected County Officers	3.00	48.70
DROP - Applicable to		
Members from All of the Above Classes	0.00	14.03
FRS, Reemployed Retiree	(B)	(B)

Notes: (A) 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.

(B) Contribution rates are dependent upon retirement class and plan in which reemployed.

The District’s contributions, including employee contributions, to the Plan totaled \$4,148,018 for the fiscal year ended June 30, 2019, excluding HIS plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the District reported a liability of \$42,032,889 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District’s proportionate share of the net pension liability was based on the District’s 2017-18 fiscal year contributions relative to the 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the District’s proportionate share was 0.139549023 percent, which was an increase of 0.008459794 from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$7,208,420. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,560,818	\$ 129,241
Change of assumptions	13,734,304	
Net difference between projected and actual earnings on FRS pension plan investments		3,247,553
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	1,471,173	943,724
District FRS contributions subsequent to the measurement date	4,148,018	
Total	\$ 22,914,313	\$ 4,320,518

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The deferred outflows of resources related to pensions, totaling \$4,148,018, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2020	\$ 5,392,316
2021	3,646,183
2022	545,672
2023	2,637,352
2024	1,886,597
Thereafter	337,657
Total	\$ 14,445,777

Actuarial Assumptions. The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	7 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

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<u>Asset Class</u>	Target Allocation (A)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	2.9%	2.9%	1.8%
Fixed income	18%	4.4%	4.3%	4.0%
Global equity	54%	7.8%	6.3%	17.0%
Real Estate (Property)	11%	6.6%	6.0%	11.3%
Private Equity	10%	10.7%	7.8%	26.5%
Strategic investments	6%	6.0%	5.7%	8.6%
Total	<u>100.00%</u>			
Assumed inflation - Mean			2.6%	1.9%

Note: (A) As outlined in the Plan's investment policy

Discount Rate. The discount rate used to measure the total pension liability was 7 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2018 valuation was updated from 7.1 percent to 7 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 7 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6 percent) or 1 percentage-point higher (8 percent) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
District's proportionate share of the net pension liability	\$ 76,711,786	\$ 42,032,889	\$ 13,230,015

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, 2019, the District reported a payable of \$116,395.65 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2019.

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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, 2019, 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, 2019, 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 \$1,080,425 for the fiscal year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the District reported a net pension liability of \$20,852,354 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, and update procedures were used to determine liabilities as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was .197015614 percent, which was an increase of .012316887 from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$1,738,823. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 319,240	\$ 35,427
Change of assumptions	2,319,039	2,604,685
Net difference between projected and actual earnings on FRS pension plan investments	12,587	
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	1,302,526	132,335
District FRS contributions subsequent to the measurement date	1,080,425	
Total	\$ 5,033,817	\$ 2,772,447

The deferred outflows of resources totaling \$1,080,425, was related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. 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>
2020	\$ 474,132
2021	473,071
2022	372,074
2023	246,043
2024	(71,209)
Thereafter	86,833
Total	\$ 1,580,944

Actuarial Assumptions. The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.87 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

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

Discount Rate. The discount rate used to measure the total pension liability was 3.87 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

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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 3.58 percent to 3.87 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.87 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate:

	1% Decrease ▼ (2.87%)	Current Discount Rate ▼ (3.87%)	1% Increase ▼ (4.87%)
District's proportionate share of the net pension liability	\$ 23,749,609	\$ 20,852,354	\$ 18,437,324

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, 2019, the District reported a payable of \$26,358.14 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2019.

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 of Florida 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. 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 Class, 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 plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2018-19 fiscal year were as follows:

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Class	Percent of Gross Compensation
FRS, Regular	6.30

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. 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, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District’s Investment Plan pension expense totaled \$838,670.07 for the fiscal year ended June 30, 2019.

Payables to the Pension Plan. At June 30, 2019 the District reported a payable of \$24,333.96 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2019.

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, prescription drug, dental, and vision 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

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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, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	41
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	974
Total	1,015

Total OPEB Liability. The District’s total OPEB liability of \$4,110,365 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2018.

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	2.5 percent
Salary Increases	Salary increase rates used in the July 1, 2018 actuarial valuation of the Florida Retirement System for Regular Class members; 3.7% - 7.8%, including inflation.
Discount Rate	3.62 percent
Retirement Age	Retirement rates used in the July 1, 2018 actuarial valuation of the Florida Retirement System for Regular Class members. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Mortality	Mortality tables used in the July 1, 2018 actuarial valuation of the Florida Retirement System for Regular Class members including generational projections of mortality improvements using scale BB. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at -1.0% for 2018 (based on actual premiums), 6.75% for 2019, 6.5% for 2020 and gradually decreasing to an ultimate trend rate of 4.24% plus 0.58% increase for excise tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in the per capita health costs.

For plans that do not have formal assets, the discount rate should equal a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.62% was based upon the daily rate closest to but not later than the measurement date of Fidelity’s “20-Year Municipal GO AA Index.”

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Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2018 actuarial valuation of the FRS Pension Plan for Regular Class members. These demographic assumptions were developed by FRS from an actuarial experience study, and therefore are appropriate for use in this 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, 2018 actuarial valuation of the FRS 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.

	Amount
Balance at June 30, 2018	\$ 7,131,835
Changes for the year:	
Service Cost	347,213
Interest	260,388
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(704,063)
Changes in Assumptions or Other Inputs	(2,595,477)
Benefit Payments	(329,531)
Net Changes	(3,021,470)
Balance at June 30, 2019	\$ 4,110,365

Changes of assumptions and other inputs are as follows: the discount rate from 3.56 percent in 2017 to 3.62 percent in 2018, rate of coverage acceptance lowered to 30 percent, rate of lapsing increased to 90 percent, and per capita cost and premium changes.

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 (3.62 percent) or 1 percentage point higher (4.62 percent) than the current rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Total OPEB Liability	\$ 4,643,218	\$ 4,110,365	\$ 3,661,285

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.75 percent decreasing to 3.24 percent) or 1 percentage point higher (7.75 percent decreasing 5.24 percent) than the current healthcare cost trend rates:

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	1% Decrease (5.75% decreasing to 3.24%)	Healthcare Cost Trend Rates (6.75% decreasing to 4.24%)	1% Increase (7.75% decreasing to 5.24%)
Total OPEB Liability	\$ 3,506,756	\$ 4,110,365	\$ 4,876,981

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$256,934. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of Assumptions or Other Inputs Benefits Paid Subsequent to the Measurement Date	\$ - 190,311	\$ 3,442,827 -
Total	\$ 190,311	\$ 3,442,827

Of the total amount reported as deferred outflows of resources related to OPEB, \$190,311 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows: (GASB Cod. P52.138i.)

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2020	\$ (350,667)
2021	\$ (350,667)
2022	\$ (350,667)
2023	\$ (350,667)
2024	\$ (350,667)
Thereafter	(1,689,492)
Total	\$ (3,442,827)

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G. Construction and Other Significant Commitments

Construction Contracts. Encumbrances include the following major construction contract commitments at fiscal year-end:

Project	Contract Amount	Completed to Date	Balance Committed
Fernandina Beach Middle School Cafeteria and Campus Wide Renovation			
Architect	483,320.30	403,672.22	79,648.08
Contractor	5,131,258.28	1,840,284.93	3,290,973.35
Direct Purchases	921,352.80	921,352.80	
Total	\$ 6,535,931.38	\$ 3,165,309.95	\$ 3,370,621.43

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

The following is a schedule of encumbrances at June 30, 2019:

Major Funds					
General	Special Revenue Funds - Other Federal	Capital Projects - Local Capital Improvement	Capital Projects - Other	Nonmajor Governmental Funds	Total Governmental Funds
\$ 522,436	\$ 69,001	\$ 4,574,343	\$ 260,885	\$ 324,490	\$ 5,751,155

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 Consortium (NEFEC) 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 NEFEC. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. NEFEC 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 NEFEC is composed of superintendents of all participating districts. The Putnam County District School Board serves as fiscal agent for NEFEC.

Employee group health, hospitalizations, and life insurance coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

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

I. Long-Term Liabilities

1. Bonds Payable

Bonds payable at June 30, 2019, are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:			
Series 20145B, Refunding	31,000.00	5.0	2020
C Series 2012	1,696,315.68	3.18	2031
	<u>\$ 1,727,315.68</u>		
Total Bonds Payable			

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

➤ State School Bonds

These bonds are issued by the State Board of Education on behalf of the District. The bonds mature serially, and are secured by a pledge of the District’s portion of the State-assessed motor vehicle license tax. The State’s full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of Debt Service Fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration.

➤ District Revenue Bonds

These bonds are authorized by Chapter 80-550, Laws of Florida, which provides that the bonds be secured from the pari-mutuel tax proceeds distributed annually to Nassau County from the State’s Pari-mutuel Tax Collection Trust Fund pursuant to Chapter 550, Florida Statutes (effective July 1, 2000, tax proceeds were distributed pursuant to Section 212.20(6)(d)7.a., Florida Statutes (2001), now Section 212.20(6)(d)6.a., Florida Statutes (2011)). The annual distribution is remitted by the Florida Department of Financial Services to the District. 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 \$2,054,328.70 of pari-mutuel revenues in connection with the District Revenue Bonds, Series 2012. During the 2018-19 fiscal year, the District recognized pari-mutuel revenues totaling \$223,250.00 and expended \$171,152.82 (77percent) 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.

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Annual requirements to amortize all bonded debt outstanding as of June 30, 2019 are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2020	31,620.00	31,000.00	620.00
Total State School Bonds	31,620.00	31,000.00	620.00
District Revenue Bonds:			
2020	171,152.82	117,987.95	53,164.87
2021	171,152.82	121,912.50	49,240.32
2022	171,152.82	125,820.13	45,332.69
2023	171,152.82	129,853.02	41,299.80
2024-2027	684,611.28	562,280.57	122,330.71
2028-2031	685,106.14	638,461.51	46,644.63
Total District Revenue Bonds	2,054,328.70	1,696,315.68	358,013.02
Total	2,085,948.70	1,727,315.68	358,633.02

2. Changes In Long-Term Liabilities

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

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable	\$ 1,890,830.29	\$ -	\$ 163,514.61	\$ 1,727,315.68	\$ 148,987.95
Compensated Absences Payable	5,317,320.03	596,359.19	543,504.23	5,370,174.99	547,461.64
Other Postemployment Benefits Payable	7,131,835.00	607,601.00	3,629,071.00	4,110,365.00	
Net Pension Liability	58,524,154.00	35,476,355.00	31,115,264.00	62,885,245.00	510,401.00
Total Governmental Activities	\$ 72,864,139.32	\$ 36,680,315.19	\$ 35,451,353.84	\$ 74,093,100.67	\$ 1,206,850.59

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

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J. Fund Balance Reporting

The following is a schedule of fund balances by category at June 30, 2019:

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Projects - Local Capital Improvement	Capital Projects - Other			
Fund Balances						
Nonspendable:						
Inventories	\$ 988,436.09	\$ -	\$ -	\$ 53,540.90		\$ 1,041,976.99
Restricted:						
State Req. Carryover	1,549,617.66					1,549,617.66
Food Service				1,940,596.10		1,940,596.10
Debt Service				37,556.86		37,556.86
Capital Projects		15,354,153.83	22,928,738.54	637,303.75		38,920,196.12
FL Career and Professional Education	1,286,201.24					1,286,201.24
Workforce Development	401,578.29					401,578.29
Other Purposes	51,077.47					51,077.47
Assigned:						
Health Insurance	1,799,553.80					1,799,553.80
Special Education Program	524,961.31					524,961.31
Wellness	171,178.16					171,178.16
Purchase Obligations	282,282.51					282,282.51
Local Programs and Other Purposes	1,132,636.38					1,132,636.38
Unassigned	5,791,455.31					5,791,455.31
Total Fund Balances	\$ 13,978,978.22	\$ 15,354,153.83	\$ 22,928,738.54	\$ 2,668,997.61		\$ 54,930,868.20

In addition to committed and assigned fund balance categories discussed in the **Fund Balance Policies** note disclosure, 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.

**DISTRICT SCHOOL BOARD OF NASSAU COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019**

K. Interfund Receivables And Payables

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 370,545.02	\$
Special Revenue - Other Federal		\$ 370,545.42
Total	\$ 370,545.02	\$ 370,545.42

Interfund balances generally arise due to expenditure 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 and Expenditures/Expenses

1. Schedule of State Revenue Sources

The following is a schedule of the District’s State revenue sources for the 2018-19 fiscal year:

Source	Amount
Florida Education Finance Program	\$33,311,733.00
Categorical Educational Program - Class Size Reduction	13,033,659.00
School Recognition	791,923.00
Workforce Development Program	597,263.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	429,384.00
Gross Receipts (Public Education Capital Outlay)	665,711.00
Best and Brightest Teacher Scholarship Program	1,050,499.27
Miscellaneous	587,193.04
Total	\$50,467,365.31

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

**DISTRICT SCHOOL BOARD OF NASSAU COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019**

2. Property Taxes

The following is a summary of millage and taxes levied on the 2018 tax roll for the 2018-19 fiscal year:

	Millages	Taxes Levied
<u>GENERAL FUND</u>		
Nonvoted School Tax:		
Required Local Effort	4.069	\$ 37,446,714
Basic Discretionary Local Effort	0.748	\$ 6,883,790
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvements	1.500	\$ 13,804,392
Total	6.317	\$ 58,134,896

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	\$ 2,700,270.26	\$ 45,718.00
Capital Projects:		
Local Capital Improvements	45,718.00	2,502,020.26
Other Capital		198,250.00
Total	\$ 2,745,988.26	\$ 2,745,988.26

Interfund transfers represent permanent transfers of money between funds. The transfer out of General fund were due to the 2017-18 Audit finding. 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 The transfer out of the Capital Projects – Other Fund was to reimburse the General Fund for lease payments on portables.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE DISTRICT'S –
TOTAL OPEB LIABILITIES AND RELATED RATIOS**

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 347,213.00	\$ 394,902.00
Interest	260,388	216,919
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	(704,063)	-
Changes of Assumptions or Other Inputs	(2,595,477)	(541,911)
Benefit Payments	<u>(329,531)</u>	<u>(338,684)</u>
Net Change in Total OPEB Liability	(3,021,470)	(268,774)
Total OPEB Liability - Beginning, as Restated	<u>7,131,835</u>	<u>7,400,609</u>
Total OPEB Liability - Ending	<u><u>\$ 4,110,365</u></u>	<u><u>\$ 7,131,835</u></u>
Covered-Employee Payroll	\$ 65,104,091	\$ 64,382,620
Total OPEB Liability as a Percentage of Covered-Employee Payroll	6.31%	11.08%

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – FLORIDA RETIREMENT SYSTEM PENSION PLAN

	2018	2017	2016	2015	2014
District's proportion of the FRS net pension liability (asset)	13.9549023%	13.1089229%	12.9815756%	13.8869376%	14.3543691%
District's proportionate share of the FRS net pension liability (asset)	\$ 42,032,889	\$ 38,775,314	\$ 32,778,580	\$ 17,936,842	\$ 8,758,276
District's covered-employee payroll	\$ 64,382,620	\$ 58,909,792	\$ 56,496,509	\$ 55,274,650	\$ 55,132,674
District's proportionate share of the FRS net pension liability (asset) as a percentage of its covered-employee payroll	65.29%	65.82%	68.00%	36.97%	18.02%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%
2013					
District's proportion of the FRS net pension liability (asset)	14.1777871%				
District's proportionate share of the FRS net pension liability (asset)	\$ 24,406,282				
District's covered-employee payroll	\$ 53,470,525				
District's proportionate share of the FRS net pension liability (asset) as a percentage of its covered-employee payroll	51.36%				
FRS Plan fiduciary net position as a percentage of the total pension liability	88.54%				

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

SCHEDULE OF DISTRICT CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM PENSION PLAN

	2019	2018	2017	2016	2015
Contractually required FRS contribution	\$ 4,148,018	\$ 3,977,035	\$ 3,412,575	\$ 3,165,764	\$ 3,385,753
FRS contributions in relation to the contractually required contribution	(4,148,018)	(3,977,035)	(3,412,575)	(3,165,764)	(3,385,753)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 65,104,091	\$ 64,382,620	\$ 58,909,792	\$ 56,496,509	\$ 55,274,650
FRS contributions as a percentage of covered-employee payroll	6.37%	6.18%	5.79%	5.60%	6.13%
		2014	2013		
Contractually required FRS contribution	\$ 3,144,216	\$ 1,907,903			
FRS contributions in relation to the contractually required contribution	(3,144,216)	(1,907,903)			
FRS contribution deficiency (excess)	\$ -	\$ -			
District's covered-employee payroll	\$ 55,132,674	\$ 53,470,525			
FRS contributions as a percentage of covered-employee payroll	5.70%	3.57%			

Note: (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**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the HIS net pension liability (asset)	19.7015614%	18.4698727%	18.2189840%	18.2057079%	18.5360671%
District's proportionate share of the HIS net pension liability (asset)	\$ 20,852,354	\$ 19,748,840	\$ 21,233,471	\$ 18,566,958	\$ 17,331,675
District's covered-employee payroll	\$ 64,382,620	\$ 58,909,792	\$ 56,496,509	\$ 55,274,650	\$ 55,132,674
District's proportionate share of the HIS net pension liability (asset) as a percentage of its covered-employee payroll	32.39%	33.52%	37.58%	33.59%	31.44%
HIS Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%
	<u>2013</u>				
District's proportion of the HIS net pension liability (asset)	18.3767199%				
District's proportionate share of the HIS net pension liability (asset)	\$ 15,999,351				
District's covered-employee payroll	\$ 53,470,525				
District's proportionate share of the HIS net pension liability (asset) as a percentage of its covered-employee payroll	29.92%				
HIS Plan fiduciary net position as a percentage of the total pension liability	1.78%				

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

**SCHEDULE OF DISTRICT CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY PENSION PLAN**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required HIS contribution	\$ 1,080,425	\$ 1,068,421	\$ 977,479	\$ 933,839	\$ 695,935
HIS contributions in relation to the contractually required contribution	<u>(1,080,425)</u>	<u>(1,068,421)</u>	<u>(977,479)</u>	<u>(933,839)</u>	<u>(695,935)</u>
HIS contribution deficiency (excess)	\$ █ 0	\$ █ 0	\$ █ 0	\$ █ 0	\$ █ 0
District's covered-employee payroll	\$ 65,104,091	\$ 64,382,620	\$ 58,909,792	\$ 56,496,509	\$ 55,274,650
HIS contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.65%	1.26%
	<u>2014</u>	<u>2013</u>			
Contractually required HIS contribution	634,983	\$ 601,975			
HIS contributions in relation to the contractually required contribution	<u>(634,983)</u>	<u>(601,975)</u>			
HIS contribution deficiency (excess)	\$ █ 0	\$ █ 0			
District's covered-employee payroll	55,132,674	\$ 53,470,525			
HIS contributions as a percentage of covered-employee payroll	1.15%	1.13%			

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

I. BUDGETARY BASIS OF ACCOUNTING

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

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any 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.

II. SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS

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

Changes of Assumptions.

- The discount rate was increased from 3.56 percent to 3.62 percent.
- The retiree medical coverage assumption was decrease from 35 percent to 30 percent.
- The post 65 lapsing assumption was increased from 85 percent to 90 percent.
- The medical claims cost and premiums were updated

III. SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN*Changes of Assumptions.*

- The long-term expected rate of return was decreased from 7.1 percent to 7.0 percent

IV. SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY DEFINED BENEFIT PENSION PLAN*Changes of Assumptions.*

- The municipal rate used to determine total pension liability increased from 3.58 percent to 3.87 percent

DISTRICT SCHOOL BOARD OF NASSAU COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
REVENUES					
Federal Direct	3100	60,000.00	60,000.00	61,234.34	1,234.34
Federal Through State and Local	3200		34,508.00	562,961.09	528,453.09
State Sources	3300	48,216,924.00	49,138,481.50	49,146,719.77	8,238.27
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	42,521,714.00	42,521,714.00	42,841,616.86	319,902.86
Other Local Revenue		1,243,740.17	1,439,976.65	2,989,192.09	1,549,215.44
Total Local Sources	3400	43,765,454.17	43,961,690.65	45,830,808.95	1,869,118.30
Total Revenues		92,042,378.17	93,194,680.15	95,601,724.15	2,407,044.00
EXPENDITURES					
<i>Current:</i>					
Instruction	5000	62,838,021.08	63,894,983.37	59,571,495.83	4,323,487.54
Student Support Services	6100	4,591,008.77	5,792,610.63	5,485,174.67	307,435.96
Instructional Media Services	6200	1,475,294.51	1,579,802.98	1,444,807.26	134,995.72
Instruction and Curriculum Development Services	6300	1,372,928.31	1,552,643.44	1,419,470.65	133,172.79
Instructional Staff Training Services	6400	1,555,168.46	1,714,686.04	1,450,699.60	263,986.44
Instruction-Related Technology	6500	1,490,730.03	1,510,272.20	1,400,957.96	109,314.24
Board	7100	536,471.40	536,496.40	451,262.53	85,233.87
General Administration	7200	1,251,230.93	991,734.39	770,663.37	221,071.02
School Administration	7300	6,911,137.73	6,155,998.76	5,962,861.91	193,136.85
Facilities Acquisition and Construction	7410	229,591.12	476,475.98	406,007.36	70,468.62
Fiscal Services	7500	720,358.97	718,816.72	706,947.55	11,869.17
Food Services	7600	23,658.05	85,741.07	85,043.17	697.90
Central Services	7700	737,692.18	793,315.95	743,554.89	49,761.06
Student Transportation Services	7800	5,336,811.18	5,473,708.89	5,302,499.60	171,209.29
Operation of Plant	7900	9,338,797.41	9,424,791.49	9,098,221.01	326,570.48
Maintenance of Plant	8100	3,685,864.06	3,532,983.34	3,271,616.82	261,366.52
Administrative Technology Services	8200	1,125,494.57	1,222,441.35	1,068,521.70	153,919.65
Community Services	9100	2,031,697.66	1,560,695.00	214,334.64	1,346,360.36
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420	12,412.00	12,412.00	3,585.56	8,826.44
Other Capital Outlay	9300	1,015,399.89	1,015,399.89	697,154.29	318,245.60
Total Expenditures		106,279,768.31	108,046,009.89	99,554,880.37	8,491,129.52
Excess (Deficiency) of Revenues Over (Under) Expenditures		(14,237,390.14)	(14,851,329.74)	(3,953,156.22)	10,898,173.52
OTHER FINANCING SOURCES (USES)					
Loss Recoveries	3740	0.00	0.00	228.96	228.96
Transfers In	3600	2,978,953.00	3,061,428.00	2,700,270.26	(361,157.74)
Transfers Out	9700	0.00	(45,718.00)	(45,718.00)	0.00
Total Other Financing Sources (Uses)		2,978,953.00	3,015,710.00	2,654,781.22	(360,928.78)
Net Change in Fund Balances		(11,258,437.14)	(11,835,619.74)	(1,298,375.00)	10,537,244.74
Fund Balances, July 1, 2018	2800	15,277,353.22	15,277,353.22	15,277,353.22	0.00
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2019	2700	4,018,916.08	3,441,733.48	13,978,978.22	10,537,244.74

DISTRICT SCHOOL BOARD OF NASSAU COUNTY
LISTING OF PAGES NOT APPLICABLE AND NOT SHOWN IN REPORT
For the Fiscal Year Ended June 30, 2019

PAGE TITLE	EXHIBIT TITLE	PAGE NUMBER
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DISTRICT SCHOOL BOARD OF NASSAU COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUNDS - OTHER FEDERAL PROGRAMS
For the Fiscal Year Ended June 30, 2019

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
REVENUES					
Federal Direct	3100	977,540.46	977,540.46	710,579.90	(266,960.56)
Federal Through State and Local	3200	5,627,288.93	6,078,355.96	5,695,492.79	(382,863.17)
Other Local Revenue		0.00	0.00	1,603.96	1,603.96
Total Local Sources	3400	0.00	0.00	1,603.96	1,603.96
Total Revenues		6,604,829.39	7,055,896.42	6,407,676.65	(648,219.77)
EXPENDITURES					
<i>Current:</i>					
Instruction	5000	3,272,858.78	3,540,053.22	3,404,951.19	135,102.03
Student Support Services	6100	603,143.90	759,624.11	650,673.41	108,950.70
Instructional Media Services	6200	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	1,481,933.38	1,534,732.71	1,371,830.23	162,902.48
Instructional Staff Training Services	6400	544,598.51	626,031.59	497,235.18	128,796.41
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00
General Administration	7200	452,432.86	382,812.48	368,238.73	14,573.75
School Administration	7300	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00
Central Services	7700	5,205.00	18,700.00	275.00	18,425.00
Student Transportation Services	7800	118,871.93	54,098.27	42,841.83	11,256.44
Operation of Plant	7900	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00
Community Services	9100	3,968.33	18,027.34	10,993.05	7,034.29
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420	0.00	0.00	0.00	0.00
Other Capital Outlay	9300	121,816.70	121,816.70	60,638.03	61,178.67
Total Expenditures		6,604,829.39	7,055,896.42	6,407,676.65	648,219.77
Excess (Deficiency) of Revenues Over (Under) Expenditures		0.00	0.00	0.00	0.00
OTHER FINANCING SOURCES (USES)					
Total Other Financing Sources (Uses)		0.00	0.00	0.00	0.00
Net Change in Fund Balances		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2018	2800	0.00	0.00	0.00	0.00
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2019	2700	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF NASSAU COUNTY
LISTING OF PAGES NOT APPLICABLE AND NOT SHOWN IN REPORT
For the Fiscal Year Ended June 30, 2019

PAGE TITLE	EXHIBIT TITLE	PAGE NUMBER
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