

# STATE OF FLORIDA AUDITOR GENERAL

## Financial and Federal Single Audit

Report No. 2023-152  
March 2023

### CHARLOTTE COUNTY DISTRICT SCHOOL BOARD

For the Fiscal Year Ended  
June 30, 2022



Sherrill F. Norman, CPA  
Auditor General

### **Board Members and Superintendent**

During the 2021-22 fiscal year, Steve Dionisio served as Superintendent of the Charlotte County Schools and the following individuals served as School Board Members:

|   | <u>District No.</u> |
|---|---------------------|
| Cara Reynolds, Vice Chair through 11-8-21 | 1                   |
| Kim Amontree, Vice Chair from 11-9-21     | 2                   |
| Robert Segur                              | 3                   |
| Ian Vincent, Chair from 11-9-21           | 4                   |
| Wendy Atkinson, Chair through 11-8-21     | 5                   |

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

The team leader was Karen H. Raulerson, CPA, and the audit was supervised by Ramon L. Bover, CPA.

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

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# CHARLOTTE COUNTY DISTRICT SCHOOL BOARD

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# SUMMARY

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## SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

## SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

## SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Child Nutrition Cluster, Emergency Connectivity Fund Program, and Education Stabilization Fund were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs.

## AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. Our audit objectives were also to obtain reasonable assurance about whether material noncompliance with applicable Federal awards requirements occurred, whether due to fraud or error, and to express an opinion on the District's compliance based on our audit. In doing so, we:

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

- Examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.
- Determined whether corrective action was taken for the finding included in the prior audit report.

|                   |
|-------------------|
| AUDIT METHODOLOGY |
|-------------------|

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



Sherrill F. Norman, CPA  
Auditor General

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charlotte County District School Board, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the school internal funds, which represent 11 percent, 11 percent, 0 percent, 11 percent, 13 percent, and 15 percent, respectively, of the assets, liabilities, deferred inflows of resources, net position and fund balance, revenues, and expenses and expenditures of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the discretely presented component units columns. The financial statements of the school internal funds and the aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors.

## ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the school internal funds and the Charlotte Local Education Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an



opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our

opinion, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
March 21, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of the District School Board of Charlotte County has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2022. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found immediately following the MD&A.

### **FINANCIAL HIGHLIGHTS**

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

- As of June 30, 2022, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$392.9 million.
- The District's total net position increased by \$20.2 million, which represents a 5.4 percent increase over the 2020-2021 fiscal year.
- General revenues total \$227 million, or 93.7 percent of all revenues in the 2021-22 fiscal year, compared to \$220 million, or 95.1 percent in the prior year. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$15.4 million, or 6.3 percent, compared to \$11.2 million, or 4.9 percent in the prior year.
- At June 30, 2022, the District's governmental funds reported combined fund balances of \$163 million, an increase of \$16.5 million for the year.
- The unassigned fund balance of the General Fund, representing the net current financial resources available for future appropriation, totals \$27.3 million at June 30, 2022, or 16.8 percent of total General Fund expenditures.
- During the current year, General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$4.3 million. This may be compared to last year's results in which General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$9.8 million.

### **OVERVIEW OF FINANCIAL STATEMENTS**

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

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

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting. The statement of net position provides information about the District's financial position, its assets, liabilities, and deferred inflows/outflows of resources, using an economic resources measurement focus. Assets plus deferred outflows of resources, less liabilities and deferred

inflows of resources, equals net position, which is a measure of the District's financial health. The statement of activities presents information about the change in the District's net position, the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

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

- Governmental activities – This represents most of the District's services, including its educational programs such as basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- Component units – The District presents two separate legal entities in this report which are the Charlotte Local Education Foundation, Inc. and Babcock Neighborhood School, Inc. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by the Governmental Accounting Standards Board. Financial information for the component units are reported separately from the financial information presented for the District.

The Charlotte School Board Leasing Corporation (Leasing Corporation), although also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government.

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

### **Fund Financial Statements**

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entitywide perspective contained in the government-wide statements. All of the District's funds may be classified within one of the two 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, the governmental funds use a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. A financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. In particular, the sum of the assigned and unassigned fund balances may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

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

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

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

**Proprietary Funds:** Proprietary funds may be established to account for activities in which a fee is charged for services. Internal service funds are used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses an internal service fund to account for the Employee Benefits Fund. Since these services predominantly benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

### **Notes to Financial Statements**

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

### **Other Information**

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

|   |
|---|
| <b>GOVERNMENT-WIDE FINANCIAL ANALYSIS</b> |
|---|

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, 2022, compared to net position as of June 30, 2021:

## Net Position, End of Year

|                                       | <b>Governmental<br/>Activities</b> |                       |
|---------------------------------------|------------------------------------|-----------------------|
|                                       | <b>6-30-22</b>                     | <b>6-30-21</b>        |
| Current and Other Assets              | \$ 180,701,446                     | \$ 163,334,035        |
| Capital Assets                        | 368,728,416                        | 377,078,987           |
| <b>Total Assets</b>                   | <b>549,429,862</b>                 | <b>540,413,022</b>    |
| <b>Deferred Outflows of Resources</b> | <b>37,792,143</b>                  | <b>41,015,342</b>     |
| Long-Term Liabilities                 | 127,574,095                        | 189,938,612           |
| Other Liabilities                     | 8,867,055                          | 11,080,596            |
| <b>Total Liabilities</b>              | <b>136,441,150</b>                 | <b>201,019,208</b>    |
| <b>Deferred Inflows of Resources</b>  | <b>57,886,039</b>                  | <b>7,718,391</b>      |
| Net Position:                         |                                    |                       |
| Net Investment in Capital Assets      | 303,655,980                        | 312,078,987           |
| Restricted                            | 110,887,226                        | 99,835,762            |
| Unrestricted (Deficit)                | (21,648,390)                       | (39,223,984)          |
| <b>Total Net Position</b>             | <b>\$ 392,894,816</b>              | <b>\$ 372,690,765</b> |

The largest portion of the District's net position, \$303.7 million (77.3 percent), is investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources used to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The restricted portion of the District's net position, \$110.9 million (28.2 percent), represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was the result, in part, of accruing certain long-term liabilities; such as compensated absences, pension, and other postemployment benefits; that are funded on a pay-as-you-go basis. However, the District has sufficient current assets to meet current liabilities.

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

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

## Operating Results for the Fiscal Year Ended

|   | <b>Governmental<br/>Activities</b> |                       |
|---|------------------------------------|-----------------------|
|   | <b>6-30-22</b>                     | <b>6-30-21</b>        |
| Program Revenues:   |                                    |                       |
| Charges for Services  | \$ 2,921,275                       | \$ 2,377,345          |
| Operating Grants and Contributions                              | 11,579,495                         | 8,271,606             |
| Capital Grants and Contributions                                | 860,993                            | 566,952               |
| General Revenues:   |                                    |                       |
| Property Taxes, Levied for Operational Purposes                 | 115,206,078                        | 109,232,606           |
| Property Taxes, Levied for Capital Projects                     | 32,300,712                         | 30,052,148            |
| Local Sales Taxes   | -                                  | 5,000,000             |
| Grants and Contributions Not Restricted<br>to Specific Programs | 68,641,686                         | 64,674,935            |
| Unrestricted Investment Earnings                                | 593,728                            | 392,250               |
| Miscellaneous   | 10,284,379                         | 10,655,465            |
| <b>Total Revenues</b>   | <b>242,388,346</b>                 | <b>231,223,307</b>    |
| Functions/Program Expenses:                                     |                                    |                       |
| Instruction   | 110,952,992                        | 108,221,470           |
| Student Support Services  | 12,377,319                         | 10,376,308            |
| Instructional Media Services                                    | 1,801,010                          | 1,659,205             |
| Instruction and Curriculum Development Services                 | 6,418,541                          | 6,189,036             |
| Instructional Staff Training Services                           | 4,533,379                          | 3,601,242             |
| Instruction-Related Technology                                  | 1,954,038                          | 2,719,798             |
| Board   | 865,977                            | 852,458               |
| General Administration  | 940,196                            | 1,166,379             |
| School Administration   | 12,437,814                         | 10,575,439            |
| Facilities Acquisition and Construction                         | 10,681,710                         | 1,857,773             |
| Fiscal Services   | 1,116,462                          | 961,695               |
| Food Services   | 10,514,606                         | 8,897,613             |
| Central Services  | 2,998,856                          | 3,192,415             |
| Student Transportation Services                                 | 8,044,393                          | 6,446,218             |
| Operation of Plant  | 17,463,195                         | 15,598,840            |
| Maintenance of Plant  | 4,900,990                          | 4,508,353             |
| Administrative Technology Services                              | 1,889,583                          | 1,451,460             |
| Community Services  | 8,870,895                          | 6,482,957             |
| Unallocated Interest on Long-Term Debt                          | 3,422,339                          | 3,417,297             |
| Unallocated Depreciation Expense                                | -                                  | 16,226,038            |
| <b>Total Functions/Program Expenses</b>                         | <b>222,184,295</b>                 | <b>214,401,994</b>    |
| <b>Change in Net Position</b>                                   | <b>20,204,051</b>                  | <b>16,821,313</b>     |
| Net Position - Beginning  | 372,690,765                        | 352,452,152           |
| Adjustment to Beginning Net Position (1)                        | -                                  | 3,417,300             |
| Net Position - Beginning, as Restated                           | 372,690,765                        | 355,869,452           |
| <b>Net Position - Ending</b>                                    | <b>\$ 392,894,816</b>              | <b>\$ 372,690,765</b> |

(1) In the 2020-21 fiscal year, the adjustment to beginning net position was due to the District implementing GASB Statement No. 84 and reporting the school internal funds as part of governmental activities.

The largest revenue source is property taxes for operational purposes, which increased by \$6 million, or 5.5 percent, as a result of increased taxable values.

Pursuant to an agreement with Charlotte County, \$5,000,000 in 2020 one-cent sales tax proceeds were received in the 2020-21 fiscal year, for the purchase and installation of an integrated District-wide emergency response system.

A significant revenue source is the State of Florida (17 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 district, taking into consideration the District’s funding ability based on the local property tax base.

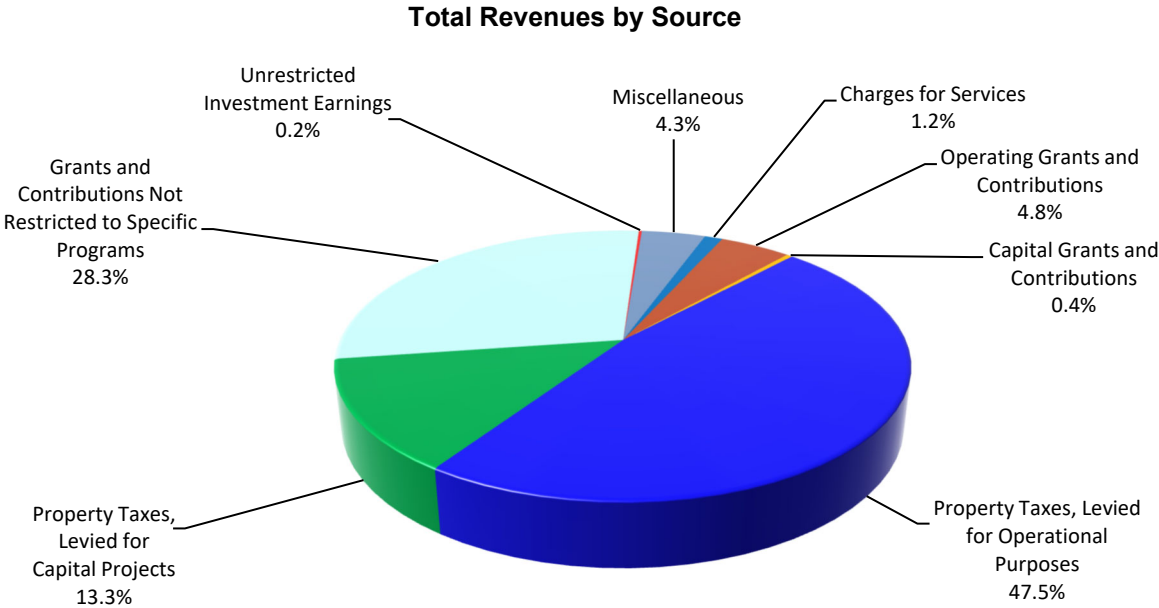
Grants and contributions not restricted to specific programs revenues increased by \$4 million, or 6.1 percent, primarily due to new State and Federal grants.

Instruction expenses represent approximately 49.9 percent of total governmental expenses in the 2021-22 fiscal year. Instruction expenses increased by \$2.7 million, or 2.5 percent, from the previous fiscal year due to the referendum, which allowed for a salary increase as well as adding an additional half hour to the student day, and additional budgeted positions.

Facilities acquisition and construction expenses increased by \$8.8 million primarily due to the District-wide One Button Lockdown system project.

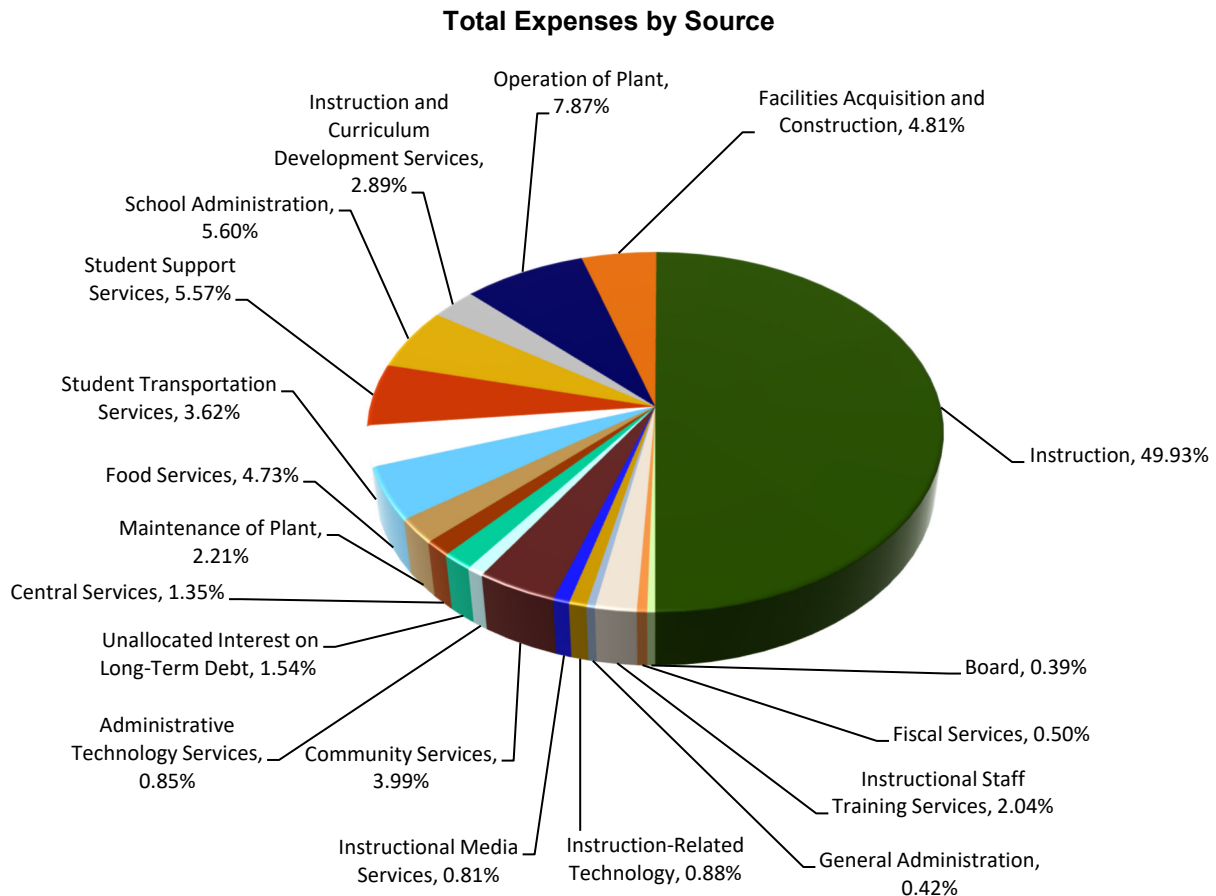
Depreciation expense totaling \$16.5 million was charged to the various functions in the 2021-22 fiscal year, compared to the previous fiscal year in which depreciation expense was unallocated.

The following graph shows total revenues by source:





The following graph shows total expenses by source:



## 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 \$16.5 million during the fiscal year to \$163 million at June 30, 2022. Approximately 16.7 percent of this amount is unassigned fund balance of \$27.3 million, which is available for spending at the District's discretion. The remainder of the fund balance is nonspendable inventory of \$2.3 million, restricted for specific purposes of \$110.1 million, or assigned for specific purposes of \$23.3 million.

### **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 \$27.3 million, while the total fund balance is \$42.3 million. 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 unassigned fund balance is approximately 17 percent of the total General Fund revenues, while assigned plus unassigned fund balance represents approximately 24.7 percent of total General Fund revenues. Total fund balance increased by \$4.3 million during the fiscal year mainly due to increases in local property tax revenue which resulted in increased tax revenues of \$6 million.

The Special Revenue – Federal Education Stabilization Fund is used to account for certain Federal resources provided to address the impact of the COVID-19 pandemic on elementary and secondary schools, including revenues and expenditures of \$10.1 million each. The funding was mainly used for instruction and instruction related services. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Debt Service – Federal Economic Stimulus Fund has a total fund balance of \$42.4 million. This fund is restricted for the accumulation of resources for, and the payment of, debt principal, interest, and related costs on the Qualified School Construction Bonds. The fund balance increased in the current fiscal year due to scheduled sinking fund deposits.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of \$50.2 million, all of which is restricted for the acquisition, construction, and maintenance of capital assets. The fund balance increased by \$5.3 million due mainly to property tax revenues exceeded expenditures. Of the total fund balance, \$11 million has been encumbered for specific projects.

### **Proprietary Funds**

Unrestricted net position of the Employee Self-Insurance Fund increased by \$3.3 million during the 2021-22 fiscal year to \$7.8 million at June 30, 2022, primarily due to an increase in premium revenues and a decrease in insurance claims.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the 2021-22 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of \$4.6 million, or 3 percent. At the same time, final appropriations are higher than the original budgeted amounts by \$4.2 million, or 2.5 percent. Budget revisions occurred primarily from changes in tax revenues received, adjustments to State FEFP revenues and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

Actual revenues are in line with the final budgeted amounts while actual expenditures are \$10.5 million, or 6.1 percent less than the final budgeted amounts. The decrease in expenditures was primarily due to continued cost containment measures implemented by the District. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$12.5 million.

## **CAPITAL ASSETS AND LONG-TERM DEBT**

### **Capital Assets**

The District's investment in capital assets totaled \$368.7 million as of June 30, 2022, (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements

other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software. The total decrease in capital assets for the current fiscal year was approximately 2.2 percent.

Major capital asset events included the following:

- Ongoing District-wide One Button Lockdown was installed on all campuses, resulting in an increase of \$6,990,985.
- Replacement of direct expansion air conditioning equipment in various locations has started and will continue into the next fiscal year.

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

### **Long-Term Debt**

At June 30, 2022, the District had total long-term debt outstanding of \$65 million, comprised of \$5 million Qualified Zone Academy Bonds payable and \$60 million of Qualified School Construction Bonds payable. The \$5 million QZAB will be paid on November 27, 2022, with accumulated sinking funds.

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

## **OTHER MATTERS OF SIGNIFICANCE**

Charlotte County will vote in November 2022, on whether to renew a one-mill property tax referendum. The projected budgeted revenue for the 2022-23 fiscal year from the Referendum Operating Tax Levy is \$27.3 million. Passage of the referendum will allow the District to continue to offer competitive pay and pursue continuous learning improvements and graduation rates. A loss of this revenue source would decrease revenues in fiscal year 2023-24 by approximately \$27.3 million.

The District continues to apply for Federal grants for learning recovery caused by the COVID-19 public health emergency. These grants are on a reimbursement of expenses basis and have a duration of one to two years. For fiscal year 2021-22, the District received approximately \$10.1 million and anticipates increased reimbursements during the 2022-23 fiscal year.

## **REQUESTS FOR INFORMATION**

This report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Charlotte County District School Board, 1445 Education Way, Port Charlotte, Florida 33948.

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# BASIC FINANCIAL STATEMENTS

## Charlotte County District School Board Statement of Net Position June 30, 2022

|  | Primary<br>Government<br>Governmental<br>Activities | Component<br>Units     |
|--|---|------------------------|
| <b>ASSETS</b>  |   |                        |
| Cash and Cash Equivalents                            | \$ 126,339,043.24                                   | \$ 5,932,101.00        |
| Investments  | -   | 1,971,792.00           |
| Accounts Receivable                                  | 57,566.06   | 19,593.00              |
| Due from Other Agencies                              | 4,913,999.59  | 78,822.00              |
| Inventories  | 2,260,255.45  | 6,000.00               |
| Restricted Cash and Cash Equivalents                 | 42,407,914.75                                       | -                      |
| Restricted Investments                               | 4,722,667.44  | -                      |
| Prepaid Items  | -   | 781,304.00             |
| Capital Assets:                                      |   |                        |
| Nondepreciable Capital Assets                        | 20,116,495.58                                       | 14,214,353.00          |
| Depreciable Capital Assets, Net                      | 348,611,920.17                                      | 10,929,389.00          |
| <b>TOTAL ASSETS</b>                                  | <b>549,429,862.28</b>                               | <b>33,933,354.00</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                |   |                        |
| Pensions   | 37,217,402.00                                       | -                      |
| OPEB   | 574,741.00  | -                      |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>          | <b>37,792,143.00</b>                                | <b>-</b>               |
| <b>LIABILITIES</b>                                   |   |                        |
| Accrued Salaries and Benefits                        | 1,891,274.32  | 403,413.00             |
| Payroll Deductions and Withholdings                  | 1,245,520.27  | -                      |
| Accounts Payable                                     | 2,331,562.80  | 118,519.00             |
| Sales Tax Payable                                    | 1.12  | -                      |
| Construction Contracts Payable                       | 3,187,305.22  | -                      |
| Construction Contracts Payable - Retained Percentage | 72,435.45   | 942,305.00             |
| Deposits Payable                                     | 138,430.10  | 468,860.00             |
| Unearned Revenue                                     | 525.16  | -                      |
| Long-Term Liabilities:                               |   |                        |
| Portion Due Within 1 Year                            | 7,899,983.72  | -                      |
| Portion Due After 1 Year                             | 119,674,111.91                                      | 27,937,802.00          |
| <b>TOTAL LIABILITIES</b>                             | <b>136,441,150.07</b>                               | <b>29,870,899.00</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                 |   |                        |
| Pensions   | 56,953,705.00                                       | -                      |
| OPEB   | 932,334.00  | -                      |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>           | <b>57,886,039.00</b>                                | <b>-</b>               |
| <b>NET POSITION</b>                                  |   |                        |
| Net Investment in Capital Assets                     | 303,655,980.30                                      | 2,040,227.00           |
| Restricted for:                                      |   |                        |
| State Required Carryover Programs                    | 1,066,466.69  | -                      |
| Debt Service   | 47,130,582.19                                       | 3,106,998.00           |
| Capital Projects                                     | 53,286,090.94                                       | -                      |
| Food Service   | 5,595,056.78  | -                      |
| Student Groups                                       | 3,809,029.69  | -                      |
| Other Purposes                                       | -   | 2,521,543.00           |
| Unrestricted   | (21,648,390.38)                                     | (3,606,313.00)         |
| <b>TOTAL NET POSITION</b>                            | <b>\$ 392,894,816.21</b>                            | <b>\$ 4,062,455.00</b> |

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

**Charlotte County District School Board  
Statement of Activities  
For the Fiscal Year Ended June 30, 2022**

| Functions/Programs                              | Expenses                 | Program Revenues           |  |  |
|---|--------------------------|----------------------------|--|--|
|   |                          | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| <b>Primary Government</b>                       |                          |                            |  |  |
| <b>Governmental Activities:</b>                 |                          |                            |  |  |
| Instruction                                     | \$ 110,952,991.75        | \$ 1,132,357.86            | \$ -                                     | \$ -                                   |
| Student Support Services                        | 12,377,318.46            | -                          | -  | -                                      |
| Instructional Media Services                    | 1,801,010.37             | -                          | -  | -                                      |
| Instruction and Curriculum Development Services | 6,418,540.89             | -                          | -  | -                                      |
| Instructional Staff Training Services           | 4,533,378.48             | -                          | -  | -                                      |
| Instruction-Related Technology                  | 1,954,037.78             | -                          | -  | -                                      |
| Board   | 865,977.37               | -                          | -  | -                                      |
| General Administration                          | 940,195.41               | -                          | -  | -                                      |
| School Administration                           | 12,437,814.02            | -                          | -  | -                                      |
| Facilities Acquisition and Construction         | 10,681,710.40            | 33,868.88                  | -  | 860,992.94                             |
| Fiscal Services                                 | 1,116,462.42             | -                          | -  | -                                      |
| Food Services                                   | 10,514,606.06            | 557,502.83                 | 11,579,494.69                            | -                                      |
| Central Services                                | 2,998,855.83             | -                          | -  | -                                      |
| Student Transportation Services                 | 8,044,393.33             | 225,495.70                 | -  | -                                      |
| Operation of Plant                              | 17,463,195.15            | -                          | -  | -                                      |
| Maintenance of Plant                            | 4,900,990.22             | -                          | -  | -                                      |
| Administrative Technology Services              | 1,889,582.88             | -                          | -  | -                                      |
| Community Services                              | 8,870,894.83             | 972,049.88                 | -  | -                                      |
| Unallocated Interest on Long-Term Debt          | 3,422,339.09             | -                          | -  | -                                      |
| <b>Total Governmental Activities</b>            | <b>\$ 222,184,294.74</b> | <b>\$ 2,921,275.15</b>     | <b>\$ 11,579,494.69</b>                  | <b>\$ 860,992.94</b>                   |
| <b>Component Units</b>                          |                          |                            |  |  |
| Charter Schools/Educational Foundation          | \$ 9,275,228.00          | \$ 186,387.00              | \$ 662,791.00                            | \$ 274,050.00                          |

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

**Total General Revenues**

**Change in Net Position**

Net Position - Beginning

Adjustment to Beginning Net Position

Net Position - Beginning, as Restated

**Net Position - Ending**

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

**Net (Expense) Revenue and Changes in  
Net Position**

| <u>Primary Government</u> |                  |
|---------------------------|------------------|
| <u>Governmental</u>       | <u>Component</u> |
| <u>Activities</u>         | <u>Units</u>     |

|                         |                    |
|-------------------------|--------------------|
| \$ (109,820,633.89)     | \$ -               |
| (12,377,318.46)         | -                  |
| (1,801,010.37)          | -                  |
| (6,418,540.89)          | -                  |
| (4,533,378.48)          | -                  |
| (1,954,037.78)          | -                  |
| (865,977.37)            | -                  |
| (940,195.41)            | -                  |
| (12,437,814.02)         | -                  |
| (9,786,848.58)          | -                  |
| (1,116,462.42)          | -                  |
| 1,622,391.46            | -                  |
| (2,998,855.83)          | -                  |
| (7,818,897.63)          | -                  |
| (17,463,195.15)         | -                  |
| (4,900,990.22)          | -                  |
| (1,889,582.88)          | -                  |
| (7,898,844.95)          | -                  |
| (3,422,339.09)          | -                  |
| <u>(206,822,531.96)</u> | <u>-</u>           |
| <br>-                   | <br>(8,152,000.00) |

|                          |                        |
|--------------------------|------------------------|
| 115,206,078.62           | -                      |
| 32,300,712.02            | -                      |
| 68,641,685.83            | 4,583,727.00           |
| 593,727.98               | -                      |
| <u>10,284,379.11</u>     | <u>3,098,935.00</u>    |
| <u>227,026,583.56</u>    | <u>7,682,662.00</u>    |
| 20,204,051.60            | (469,338.00)           |
| 372,690,764.61           | 4,357,841.00           |
| -                        | 173,952.00             |
| <u>372,690,764.61</u>    | <u>4,531,793.00</u>    |
| <u>\$ 392,894,816.21</u> | <u>\$ 4,062,455.00</u> |

**Charlotte County District School Board  
Balance Sheet – Governmental Funds  
June 30, 2022**

|  | <b>General<br/>Fund</b> | <b>Special Revenue -<br/>Federal Education<br/>Stabilization Fund</b> | <b>Debt Service -<br/>Federal Economic<br/>Stimulus Fund</b> |
|--|-------------------------|---|--|
| <b>ASSETS</b>  |                         |   |  |
| Cash and Cash Equivalents  | \$ 41,164,954.14        | \$ 252,985.23   | \$ -   |
| Accounts Receivable  | 57,566.06               | -   | -  |
| Due from Other Funds   | 1,340,229.78            | -   | -  |
| Due from Other Agencies  | 2,587,620.39            | 270,156.69  | -  |
| Inventories  | 1,523,574.87            | -   | -  |
| Restricted Cash and Cash Equivalents   | -                       | -   | 42,407,914.75  |
| Restricted Investments   | -                       | -   | -  |
| <b>TOTAL ASSETS</b>  | <b>\$ 46,673,945.24</b> | <b>\$ 523,141.92</b>  | <b>\$ 42,407,914.75</b>                                      |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND<br/>FUND BALANCES</b>       |                         |   |  |
| Liabilities:   |                         |   |  |
| Accrued Salaries and Benefits  | \$ 1,679,471.77         | \$ 73,698.68  | \$ -   |
| Payroll Deductions and Withholdings  | 870,392.40              | 239,860.28  | -  |
| Accounts Payable   | 1,805,807.08            | 209,582.96  | -  |
| Sales Tax Payable  | -                       | -   | -  |
| Construction Contracts Payable   | -                       | -   | -  |
| Construction Contracts Payable - Retained Percentage                           | -                       | -   | -  |
| Due to Other Funds   | -                       | -   | -  |
| Deposits Payable   | -                       | -   | -  |
| Unearned Revenue   | -                       | -   | -  |
| <b>Total Liabilities</b>   | <b>4,355,671.25</b>     | <b>523,141.92</b>   | <b>-</b>   |
| Deferred Inflows of Resources:   |                         |   |  |
| Unavailable Revenue - Educational Facilities Security Grant                    | -                       | -   | -  |
| Fund Balances:   |                         |   |  |
| Nonspendable:  |                         |   |  |
| Inventories  | 1,523,574.87            | -   | -  |
| Restricted for:  |                         |   |  |
| State Required Carryover Programs  | 1,066,466.69            | -   | -  |
| Debt Service   | -                       | -   | 42,407,914.75  |
| Capital Projects   | -                       | -   | -  |
| Food Service   | -                       | -   | -  |
| Student Groups   | -                       | -   | -  |
| Total Restricted Fund Balance  | 1,066,466.69            | -   | 42,407,914.75  |
| Assigned for:  |                         |   |  |
| Subsequent Year's Budget   | 12,453,044.00           | -   | -  |
| Disaster Recovery  | -                       | -   | -  |
| Total Assigned Fund Balance  | 12,453,044.00           | -   | -  |
| Unassigned Fund Balance  | 27,275,188.43           | -   | -  |
| <b>Total Fund Balances</b>   | <b>42,318,273.99</b>    | <b>-</b>  | <b>42,407,914.75</b>   |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCES</b> | <b>\$ 46,673,945.24</b> | <b>\$ 523,141.92</b>  | <b>\$ 42,407,914.75</b>                                      |

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



| <b>Capital Projects -<br/>Local Capital<br/>Improvement Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---|---|
| \$ 52,879,546.44   | \$ 22,509,524.35                        | \$ 116,807,010.16                       |
| -  | -                                       | 57,566.06                               |
| -  | -                                       | 1,340,229.78                            |
| 568,861.80   | 1,487,360.71                            | 4,913,999.59                            |
| -  | 736,680.58                              | 2,260,255.45                            |
| -  | -                                       | 42,407,914.75                           |
| -  | 4,722,667.44                            | 4,722,667.44                            |
| <u>\$ 53,448,408.24</u>  | <u>\$ 29,456,233.08</u>                 | <u>\$ 172,509,643.23</u>                |

|                     |                     |                     |
|---------------------|---------------------|---------------------|
| \$ 8,428.27         | \$ 128,881.31       | \$ 1,890,480.03     |
| 15,841.34           | 91,614.31           | 1,217,708.33        |
| -                   | 176,832.47          | 2,192,222.51        |
| -                   | 1.12                | 1.12                |
| 3,187,305.22        | -                   | 3,187,305.22        |
| 72,435.45           | -                   | 72,435.45           |
| -                   | 640,907.92          | 640,907.92          |
| -                   | 138,430.10          | 138,430.10          |
| -                   | 525.16              | 525.16              |
| <u>3,284,010.28</u> | <u>1,177,192.39</u> | <u>9,340,015.84</u> |

|          |                   |                   |
|----------|-------------------|-------------------|
| <u>-</u> | <u>217,193.00</u> | <u>217,193.00</u> |
|----------|-------------------|-------------------|

|          |                   |                     |
|----------|-------------------|---------------------|
| <u>-</u> | <u>736,680.58</u> | <u>2,260,255.45</u> |
|----------|-------------------|---------------------|

|                      |                      |                       |
|----------------------|----------------------|-----------------------|
| -                    | -                    | 1,066,466.69          |
| -                    | 4,722,667.44         | 47,130,582.19         |
| 50,164,397.96        | 3,121,692.98         | 53,286,090.94         |
| -                    | 4,858,376.20         | 4,858,376.20          |
| -                    | 3,809,029.69         | 3,809,029.69          |
| <u>50,164,397.96</u> | <u>16,511,766.31</u> | <u>110,150,545.71</u> |

|                      |                      |                       |
|----------------------|----------------------|-----------------------|
| -                    | -                    | 12,453,044.00         |
| -                    | 10,813,400.80        | 10,813,400.80         |
| -                    | 10,813,400.80        | 23,266,444.80         |
| -                    | -                    | 27,275,188.43         |
| <u>50,164,397.96</u> | <u>28,061,847.69</u> | <u>162,952,434.39</u> |

|                         |                         |                          |
|-------------------------|-------------------------|--------------------------|
| <u>\$ 53,448,408.24</u> | <u>\$ 29,456,233.08</u> | <u>\$ 172,509,643.23</u> |
|-------------------------|-------------------------|--------------------------|

**Charlotte County District School Board**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2022**

**Total Fund Balances - Governmental Funds** \$ 162,952,434.39

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. 368,728,415.75

Certain funding is not available to pay for current period expenditures and, therefore, is reported as unavailable revenue on the governmental fund statements. However, under full accrual, this amount increases net position in the statement of net position. 217,193.00

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

|                                       |                     |                 |
|---------------------------------------|---------------------|-----------------|
| Deferred Outflows Related to Pensions | \$ 37,217,402.00    |                 |
| Deferred Outflows Related to OPEB     | 574,741.00          |                 |
| Deferred Inflows Related to Pensions  | (56,953,705.00)     |                 |
| Deferred Inflows Related to OPEB      | <u>(932,334.00)</u> | (20,093,896.00) |

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 7,783,811.13

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

|  |                        |                         |
|--|------------------------|-------------------------|
| Qualified Zone Academy Bond Payable        | \$ (5,000,000.00)      |                         |
| Qualified School Construction Bond Payable | (60,000,000.00)        |                         |
| Compensated Absences Payable               | (9,160,125.06)         |                         |
| Total OPEB Liability                       | (3,018,683.00)         |                         |
| Net Pension Liability                      | <u>(49,514,334.00)</u> | <u>(126,693,142.06)</u> |

**Net Position - Governmental Activities** **\$ 392,894,816.21**

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

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**Charlotte County District School Board**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances – Governmental Funds**  
**For the Fiscal Year Ended June 30, 2022**

|  | <b>General<br/>Fund</b> | <b>Special Revenue -<br/>Federal Education<br/>Stabilization Fund</b> | <b>Debt Service -<br/>Federal Economic<br/>Stimulus Fund</b> |
|--|-------------------------|---|--|
| <b>Revenues</b>  |                         |   |  |
| Intergovernmental:                                       |                         |   |  |
| Federal Direct   | \$ 166,760.17           | \$ 1,896,147.93   | \$ 2,993,082.00  |
| Federal Through State and Local                          | 578,895.93              | 8,219,919.57  | -  |
| State  | 39,669,326.22           | -   | -  |
| Local:   |                         |   |  |
| Property Taxes   | 115,206,078.62          | -   | -  |
| Charges for Services                                     | -                       | -   | -  |
| Miscellaneous  | 5,142,153.12            | -   | 90,666.57  |
| Total Local Revenues                                     | <u>120,348,231.74</u>   | <u>-</u>  | <u>90,666.57</u>   |
| <b>Total Revenues</b>                                    | <u>160,763,214.06</u>   | <u>10,116,067.50</u>  | <u>3,083,748.57</u>  |
| <b>Expenditures</b>                                      |                         |   |  |
| Current - Education:                                     |                         |   |  |
| Instruction  | 94,957,534.64           | 5,862,957.28  | -  |
| Student Support Services                                 | 10,310,181.02           | 851,360.47  | -  |
| Instructional Media Services                             | 1,724,282.87            | 12,818.82   | -  |
| Instruction and Curriculum Development Services          | 4,320,685.06            | 153,073.20  | -  |
| Instructional Staff Training Services                    | 1,673,599.58            | 529,332.78  | -  |
| Instruction-Related Technology                           | 1,345,315.66            | 630,204.28  | -  |
| Board  | 846,885.06              | 5,000.00  | -  |
| General Administration                                   | 447,218.65              | 162,206.07  | -  |
| School Administration                                    | 11,555,779.51           | 257,188.58  | -  |
| Facilities Acquisition and Construction                  | -                       | 6,632.50  | -  |
| Fiscal Services  | 1,156,588.10            | 6,337.25  | -  |
| Food Services  | -                       | 50,000.00   | -  |
| Central Services   | 2,923,342.38            | 21,875.00   | -  |
| Student Transportation Services                          | 7,739,913.31            | 69,764.73   | -  |
| Operation of Plant                                       | 16,684,419.36           | 459,225.86  | -  |
| Maintenance of Plant                                     | 4,733,589.86            | 19,062.50   | -  |
| Administrative Technology Services                       | 1,818,125.67            | 13,750.00   | -  |
| Community Services                                       | 154,835.90              | 977,392.03  | -  |
| Fixed Capital Outlay:                                    |                         |   |  |
| Facilities Acquisition and Construction                  | -                       | -   | -  |
| Other Capital Outlay                                     | 94,559.51               | 27,886.15   | -  |
| Debt Service:  |                         |   |  |
| Interest and Fiscal Charges                              | 600.00                  | -   | 3,421,000.00   |
| <b>Total Expenditures</b>                                | <u>162,487,456.14</u>   | <u>10,116,067.50</u>  | <u>3,421,000.00</u>  |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> | <u>(1,724,242.08)</u>   | <u>-</u>  | <u>(337,251.43)</u>  |
| <b>Other Financing Sources (Uses)</b>                    |                         |   |  |
| Transfers In   | 5,957,285.00            | -   | 3,910,320.37   |
| Loss Recoveries  | 22,970.25               | -   | -  |
| Transfers Out  | -                       | -   | -  |
| <b>Total Other Financing Sources (Uses)</b>              | <u>5,980,255.25</u>     | <u>-</u>  | <u>3,910,320.37</u>  |
| <b>Net Change in Fund Balances</b>                       | 4,256,013.17            | -   | 3,573,068.94   |
| Fund Balances, Beginning                                 | 38,062,260.82           | -   | 38,834,845.81  |
| <b>Fund Balances, Ending</b>                             | <u>\$ 42,318,273.99</u> | <u>\$ 0.00</u>  | <u>\$ 42,407,914.75</u>                                      |

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

| <b>Capital Projects -<br/>Local Capital<br/>Improvement Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---|---|
| \$ -   | \$ 3,637,379.89                         | \$ 8,693,369.99                         |
| -  | 22,154,949.24                           | 30,953,764.74                           |
| 457,285.00   | 1,091,234.51                            | 41,217,845.73                           |
| 32,300,712.02  | -                                       | 147,506,790.64                          |
| -  | 557,502.83                              | 557,502.83                              |
| 893,220.46   | 7,092,869.01                            | 13,218,909.16                           |
| 33,193,932.48  | 7,650,371.84                            | 161,283,202.63                          |
| 33,651,217.48  | 34,533,935.48                           | 242,148,183.09                          |
| -  | 7,132,894.03                            | 107,953,385.95                          |
| -  | 857,001.73                              | 12,018,543.22                           |
| -  | -                                       | 1,737,101.69                            |
| -  | 1,742,208.84                            | 6,215,967.10                            |
| -  | 2,220,749.93                            | 4,423,682.29                            |
| -  | -                                       | 1,975,519.94                            |
| -  | -                                       | 851,885.06                              |
| -  | 455,211.82                              | 1,064,636.54                            |
| -  | 166,360.74                              | 11,979,328.83                           |
| 10,507,529.36  | 260,511.16                              | 10,774,673.02                           |
| -  | -                                       | 1,162,925.35                            |
| -  | 10,349,588.41                           | 10,399,588.41                           |
| -  | 328.04                                  | 2,945,545.42                            |
| -  | 23,323.42                               | 7,833,001.46                            |
| -  | 99,076.30                               | 17,242,721.52                           |
| -  | 6,855.84                                | 4,759,508.20                            |
| -  | -                                       | 1,831,875.67                            |
| -  | 7,732,211.12                            | 8,864,439.05                            |
| 7,500,098.48   | 8,660.00                                | 7,508,758.48                            |
| 233,605.85   | 317,230.49                              | 673,282.00                              |
| -  | 739.09                                  | 3,422,339.09                            |
| 18,241,233.69  | 31,372,950.96                           | 225,638,708.29                          |
| 15,409,983.79  | 3,160,984.52                            | 16,509,474.80                           |
| -  | 242,708.40                              | 10,110,313.77                           |
| -  | -                                       | 22,970.25                               |
| (10,110,313.77)  | -                                       | (10,110,313.77)                         |
| (10,110,313.77)  | 242,708.40                              | 22,970.25                               |
| 5,299,670.02   | 3,403,692.92                            | 16,532,445.05                           |
| 44,864,727.94  | 24,658,154.77                           | 146,419,989.34                          |
| \$ 50,164,397.96   | \$ 28,061,847.69                        | \$ 162,952,434.39                       |

**Charlotte County District School Board**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

**Net Change in Fund Balances - Governmental Funds** **\$ 16,532,445.05**

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current fiscal year. (8,350,571.54)

In the statement of activities, revenues are recorded when earned. In governmental funds, revenues are recognized when measurable and available. This is the change in deferred inflows of resources. (357,661.93)

Interest on long-term debt is accrued as a liability in government-wide statements, but is not recognized in governmental funds until due. This is the change in accrued interest payable. 71,153.00

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences used in excess of the amount earned in the current fiscal year. 1,324,436.76

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

|   |                  |           |
|---|------------------|-----------|
| Increase in Total OPEB Liability                  | \$ (298,590.00)  |           |
| Increase in Deferred Outflows of Resources - OPEB | 271,883.00       |           |
| Decrease in Deferred Inflows of Resources - OPEB  | <u>74,902.00</u> | 48,195.00 |

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

|                          |                       |              |
|--------------------------|-----------------------|--------------|
| FRS Pension Contribution | \$ 8,878,404.00       |              |
| HIS Pension Contribution | 1,770,662.00          |              |
| FRS Pension Expense      | (663,756.00)          |              |
| HIS Pension Expense      | <u>(2,363,058.00)</u> | 7,622,252.00 |

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of the internal service fund is reported with governmental activities. 3,313,803.26

**Change in Net Position - Governmental Activities** **\$ 20,204,051.60**

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

**Charlotte County District School Board**  
**Statement of Net Position – Proprietary Fund**  
**June 30, 2022**

|                                     | <u>Internal Service<br/>Fund</u> |
|-------------------------------------|----------------------------------|
| <b>ASSETS</b>                       |                                  |
| Current Assets:                     |                                  |
| Cash and Cash Equivalents           | \$ 9,532,033.08                  |
| <b>LIABILITIES</b>                  |                                  |
| Current Liabilities:                |                                  |
| Accrued Salaries and Benefits       | 794.29                           |
| Payroll Deductions and Withholdings | 27,811.94                        |
| Accounts Payable                    | 139,340.29                       |
| Due to Other Funds                  | 699,321.86                       |
| Estimated Insurance Claims Payable  | 880,953.57                       |
| <b>TOTAL LIABILITIES</b>            | <u>1,748,221.95</u>              |
| <b>NET POSITION</b>                 |                                  |
| Unrestricted                        | <u>\$ 7,783,811.13</u>           |

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

**Charlotte County District School Board  
Statement of Revenues, Expenses, and Changes in Fund  
Net Position – Proprietary Fund  
For the Fiscal Year Ended June 30, 2022**

|                                    | <b>Internal Service<br/>Fund</b> |
|------------------------------------|----------------------------------|
| <b>OPERATING REVENUES</b>          |                                  |
| Premiums                           | \$ 17,253,694.60                 |
| Other                              | 1,811,524.12                     |
| <b>Total Operating Revenues</b>    | <u>19,065,218.72</u>             |
| <b>OPERATING EXPENSES</b>          |                                  |
| Salaries                           | 45,199.53                        |
| Employee Benefits                  | 11,673.99                        |
| Purchased Services                 | 5,290,552.86                     |
| Insurance Claims                   | 10,403,989.08                    |
| <b>Total Operating Expenses</b>    | <u>15,751,415.46</u>             |
| <b>Operating Income</b>            | <u>3,313,803.26</u>              |
| <b>Change in Net Position</b>      | 3,313,803.26                     |
| Total Net Position - Beginning     | 4,470,007.87                     |
| <b>Total Net Position - Ending</b> | <u>\$ 7,783,811.13</u>           |

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



**Charlotte County District School Board  
Statement of Cash Flows – Proprietary Fund  
For the Fiscal Year Ended June 30, 2022**

|  | <b>Internal Service<br/>Fund</b> |
|--|----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                  |
| Cash Received from Board and Participants  | \$ 15,867,411.38                 |
| Cash Payments for Claims   | (10,382,774.25)                  |
| Cash Payments to Suppliers for Goods and Services  | (6,605,090.20)                   |
| Cash Payments to Employees for Services  | (32,434.23)                      |
| Other Receipts   | 1,811,524.12                     |
| <b>Net Cash Provided by Operating Activities</b>   | <b>658,636.82</b>                |
| Cash and Cash Equivalents, Beginning   | 8,873,396.26                     |
| <b>Cash and Cash Equivalents, Ending</b>   | <b>\$ 9,532,033.08</b>           |
| <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>    |                                  |
| Operating Income   | \$ 3,313,803.26                  |
| Adjustments to Reconcile Operating Income to Net Cash Provided<br>by Operating Activities: |                                  |
| Changes in Assets and Liabilities:   |                                  |
| Accrued Salaries and Benefits  | (608.39)                         |
| Payroll Deductions and Withholdings  | 25,047.68                        |
| Accounts Payable   | (35,555.97)                      |
| Due to Other Funds   | (1,278,981.37)                   |
| Unearned Revenue   | (1,386,283.22)                   |
| Estimated Insurance Claims Payable   | 21,214.83                        |
| <b>Total Adjustments</b>   | <b>(2,655,166.44)</b>            |
| <b>Net Cash Provided by Operating Activities</b>   | <b>\$ 658,636.82</b>             |

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

# NOTES TO FINANCIAL STATEMENTS

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Charlotte 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 is allocated to the various functions.

### B. Reporting Entity

The Charlotte County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education (SBE) rules. The governing body of the District is the Board, which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Charlotte 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 the application of these criteria, the following component units are included within the District's reporting entity:

**Blended Component Unit.** A blended component unit is, in substance, part of the primary government's operations, even though it is a legally separate entity. Thus, the blended component unit is appropriately presented as part of the District. The Charlotte School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note II.H. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation

are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

**Discretely Presented Component Units.** The component units columns in the government-wide financial statements include the financial data of the District's other component units. A separate column is used to emphasize that they are legally separate from the District.

The Charlotte Local Education Foundation, Inc. (Foundation), is a separate not-for-profit corporation organized and operated as a direct-support organization to receive, hold, invest, and administer property and to make expenditures to and for the benefit of the District. Because of the nature and significance of its relationship with the District, the Foundation is considered a component unit.

Babcock Neighborhood School, Inc. (Corporation), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The Corporation operates Babcock Neighborhood School and Babcock High School (charter schools) under charters approved by its sponsor, the Charlotte County District School Board. The charter schools are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charter, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District. Finally, the nature and significance of the charter schools' relationships with the District are such that their exclusion would cause the District basic financial statements to be misleading.

The financial data reported on the accompanying statements was derived from the Foundation's and charter schools' audited financial statements for the fiscal year ended June 30, 2022. The audit reports are filed in the District's administrative offices at 1445 Education Way, Port Charlotte, Florida 33948.

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

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

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 blended component unit. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Federal Education Stabilization Fund – to account for certain Federal grant program resources provided as emergency relief to address the impact of COVID-19 on elementary and secondary schools.
- Debt Service – Federal Economic Stimulus Fund – to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs on the District's Qualified School Construction Bonds (QSCB).
- 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.

Additionally, the District reports the following proprietary fund type:

- Internal Service Fund – to account for the District's health self-insurance program.

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

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

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

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

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

thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. 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 60 days of year end). Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

The Foundation is accounted for under the not-for-profit basis of accounting and uses the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

## **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, cash with fiscal agent, and short-term liquid investments with original maturities of 3 months or less from the date of acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME and amounts held in money market mutual funds.

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

### **2. Investments**

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

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

Investments made locally consist of money market funds and a Federal Home Loan Banks (FHLB) note and are reported at fair value or amortized cost.

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

### **3. Inventories**

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

### **4. Capital Assets**

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$5,000. A policy change was made effective July 1, 2021, that increased the capitalization threshold from \$1,000 to \$5,000 for new acquisitions after that date. Property acquired prior to July 1, 2021, will follow the financial reporting rules under which the assets were acquired. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation.

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

| <u>Description</u>                           | <u>Estimated Useful Lives</u> |
|--|-------------------------------|
| Improvements Other Than Buildings            | 15 years                      |
| Buildings and Fixed Equipment                | 20 - 50 years                 |
| Furniture, Fixtures, and Equipment           | 7 years                       |
| Motor Vehicles                               | 7 - 10 years                  |
| Audio Visual Materials and Computer Software | 5 years                       |

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

### **5. Pensions**

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

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

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

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

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

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

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

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

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

In addition to liabilities, the statement of net position and the governmental funds balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category on the statement of net position. The deferred inflows of resources related to pensions and OPEB are discussed in subsequent notes. The District also has a type of unavailable revenue, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category in the governmental funds balance sheet. The governmental funds report unavailable revenue from an Educational Facilities Security Grant. This amount is deferred and will be recognized as an inflow of resources in the period the amounts become available.

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

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

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

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

## **10. Fund Balance Policies**

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances at June 30, 2022.

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. Also classified as assigned are amounts that are constrained to be used for specific purposes based on actions of the Superintendent. 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, the District has adopted Board Policy 6233, which provides that each year's final adopted budget shall include an appropriated (unassigned) projected fund balance of not less than 5 percent of the District's General Fund revenues as an unassigned amount to be set aside for use in emergency situations. The projected fund balance may be allowed to fall below 5 percent only after a super majority vote of the Board.



## **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. Such amendments may impact funding allocations for subsequent fiscal years. The FDOE may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the fiscal year when the adjustments are made.

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

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

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

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

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

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

The Board adopted the 2021 tax levy on September 9, 2021. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

Property tax revenues are recognized in the government-wide financial statements when the 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 Charlotte County Tax Collector at fiscal year end but not yet remitted to the District.

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

#### **4. Voted Additional Millage**

On November 6, 2018, the voters of Charlotte County approved a one mill ad valorem tax increase in the County for 4 years, effective July 1, 2019, to pay for essential operating expenses in accordance with Sections 1011.71(9) and 1011.73(2), Florida Statutes. Revenues will be used to maintain the quality of the public school system, to enhance school security, to recruit and retain highly effective teachers and employees with competitive salaries, to enhance student achievement, to provide workforce development, and to increase instructional time.

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

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

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

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in

the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

## 7. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

## II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### A. Cash Deposits with Financial Institutions

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

### B. Investments

The District's investments at June 30, 2022, are reported as follows:

| Investments   | Maturities       | Fair Value               |
|---|------------------|--------------------------|
| SBA:  |                  |                          |
| Florida PRIME (1), (2)                                  | 28 Days          | \$ 152,435,158.55        |
| Bank of America - Money Market (1)                      | 8 Days           | 101,545.20               |
| Federal Home Loan Banks (FHLB)                          |                  |                          |
| Discount Note (3)                                       | October 31, 2022 | 4,722,667.44             |
| Goldman Sachs Financial Square Government Fund (1), (4) | 13 Days          | 104.02                   |
| <b>Total Investments</b>                                |                  | <b>\$ 157,259,475.21</b> |

- (1) Investments that have original maturities of 3 month or less are considered cash equivalents for financial statement reporting purposes.
- (2) A portion of these investments (\$42,407,810.73) are held under a master trust agreement and supplemental master trust agreement in connection with the Qualified School Construction Bonds (QSCB). See Note II.H.2.
- (3) This investment is held under a paying agent agreement in connection with the Qualified Zone Academy Bonds (QZAB). See Note II.H.1.
- (4) This investment is held under a master trust agreement and supplemental master trust agreement in connection with the QSCB. See Note II.H.2.

### 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 FHLB investment is 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, Bank of America, and Goldman Sachs Financial Square Government Fund use a weighted average days to maturity (WAM). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2022, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

The District's investment in the FHLB discount note is authorized under a forward delivery agreement (FDA) with the QZAB paying agent. The FDA guarantees an interest rate of 3.25 percent. The provider of the FDA bears the interest rate risk.

### **Credit Risk**

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

States Treasury. The District does not have a formal investment policy that further limits its investment choices.

The District's investment in Florida PRIME, Bank of America money market mutual fund, and Goldman Sachs Financial Square Government Fund are rated AAAM by Standard & Poor's.

The FHLB investment note is rated Aaa by Moody's Investor Services and AA+ by Standard & Poor's.

### **Custodial Credit Risk**

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

The District's investment in the FHLB note is held in a custodial account by the paying agent.

### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not have a formal investment policy that limits the amount the District may invest in any one issuer. The FHLB note comprises 3 percent of total investments and 100 percent of investments in the nonmajor Debt Service – Other Fund.

## C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>       | <u>Deletions</u>       | <u>Ending<br/>Balance</u> |
|---|------------------------------|------------------------|------------------------|---------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                  |                              |                        |                        |                           |
| Capital Assets Not Being Depreciated:           |                              |                        |                        |                           |
| Land  | \$ 10,337,853.08             | \$ -                   | \$ -                   | \$ 10,337,853.08          |
| Construction in Progress                        | 10,542,232.77                | 7,474,256.37           | 8,237,846.64           | 9,778,642.50              |
| Total Capital Assets Not Being Depreciated      | <u>20,880,085.85</u>         | <u>7,474,256.37</u>    | <u>8,237,846.64</u>    | <u>20,116,495.58</u>      |
| Capital Assets Being Depreciated:               |                              |                        |                        |                           |
| Improvements Other Than Buildings               | 16,885,233.04                | 8,272,348.75           | -                      | 25,157,581.79             |
| Buildings and Fixed Equipment                   | 557,994,157.25               | -                      | -                      | 557,994,157.25            |
| Furniture, Fixtures, and Equipment              | 25,276,406.60                | 505,084.00             | 1,939,117.24           | 23,842,373.36             |
| Motor Vehicles                                  | 15,451,429.36                | 168,198.00             | 353,029.83             | 15,266,597.53             |
| Audio Visual Materials and<br>Computer Software | <u>1,218,638.27</u>          | <u>-</u>               | <u>-</u>               | <u>1,218,638.27</u>       |
| Total Capital Assets Being Depreciated          | <u>616,825,864.52</u>        | <u>8,945,630.75</u>    | <u>2,292,147.07</u>    | <u>623,479,348.20</u>     |
| Less Accumulated Depreciation for:              |                              |                        |                        |                           |
| Improvements Other Than Buildings               | 7,573,506.86                 | 1,364,793.92           | -                      | 8,938,300.78              |
| Buildings and Fixed Equipment                   | 222,105,394.76               | 12,671,408.73          | -                      | 234,776,803.49            |
| Furniture, Fixtures, and Equipment              | 19,574,165.05                | 1,476,870.53           | 1,939,117.24           | 19,111,918.34             |
| Motor Vehicles                                  | 10,172,290.61                | 1,003,504.41           | 353,029.83             | 10,822,765.19             |
| Audio Visual Materials and<br>Computer Software | <u>1,201,605.80</u>          | <u>16,034.43</u>       | <u>-</u>               | <u>1,217,640.23</u>       |
| Total Accumulated Depreciation                  | <u>260,626,963.08</u>        | <u>16,532,612.02</u>   | <u>2,292,147.07</u>    | <u>274,867,428.03</u>     |
| Total Capital Assets Being Depreciated, Net     | <u>356,198,901.44</u>        | <u>(7,586,981.27)</u>  | <u>-</u>               | <u>348,611,920.17</u>     |
| Governmental Activities Capital Assets, Net     | <u>\$ 377,078,987.29</u>     | <u>\$ (112,724.90)</u> | <u>\$ 8,237,846.64</u> | <u>\$ 368,728,415.75</u>  |

Depreciation expense was charged to functions as follows:

| <u>Function</u>                                      | <u>Amount</u>           |
|--|-------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                       |                         |
| Instruction  | \$ 9,645,510.13         |
| Student Support Services                             | 1,296,060.09            |
| Instructional Media Services                         | 185,680.97              |
| Instruction and Curriculum Development               | 687,831.05              |
| Instructional Staff Training Services                | 405,686.57              |
| Instruction-Related Technology                       | 35,179.32               |
| Board  | 51,594.69               |
| General Administration                               | 46,707.22               |
| School Administration                                | 1,342,041.52            |
| Facilities Services                                  | 319.70                  |
| Fiscal Services                                      | 123,680.95              |
| Food Services  | 563,660.70              |
| Central Services                                     | 305,348.39              |
| Student Transportation Services                      | 645,393.61              |
| Operation of Plant                                   | 637,332.06              |
| Maintenance of Plant                                 | 385,676.44              |
| Administrative Technology Services                   | 157,308.28              |
| Community Services                                   | <u>17,600.33</u>        |
| Total Depreciation Expense – Governmental Activities | <u>\$ 16,532,612.02</u> |

## **D. Retirement Plans**

### **1. FRS – Defined Benefit Pension Plans**

#### **General Information about the FRS**

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

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

The District's FRS and HIS pension expense totaled \$3,026,814 for the fiscal year ended June 30, 2022.

#### **FRS Pension Plan**

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

- *Regular* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers* – Members who hold specified elective offices in local government.
- *Senior Management Service* – Members in senior management level positions.

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

however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

| <b><u>Class, Initial Enrollment, and Retirement Age/Years of Service</u></b> | <b><u>Percent Value</u></b> |
|--|-----------------------------|
| <b>Regular Members Initially Enrolled Before July 1, 2011</b>                |                             |
| Retirement up to age 62 or up to 30 years of service                         | 1.60                        |
| Retirement at age 63 or with 31 years of service                             | 1.63                        |
| Retirement at age 64 or with 32 years of service                             | 1.65                        |
| Retirement at age 65 or with 33 or more years of service                     | 1.68                        |
| <b>Regular Members Initially Enrolled On or After July 1, 2011</b>           |                             |
| Retirement up to age 65 or up to 33 years of service                         | 1.60                        |
| Retirement at age 66 or with 34 years of service                             | 1.63                        |
| Retirement at age 67 or with 35 years of service                             | 1.65                        |
| Retirement at age 68 or with 36 or more years of service                     | 1.68                        |
| <b>Elected County Officers</b>   | 3.00                        |
| <b>Senior Management Service</b>   | 2.00                        |

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



**Contributions.** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021-22 fiscal year were as follows:

| <b><u>Class</u></b>   | <b><u>Percent of Gross Salary</u></b> |                            |
|---|---------------------------------------|----------------------------|
|   | <b><u>Employee</u></b>                | <b><u>Employer (1)</u></b> |
| FRS, Regular  | 3.00                                  | 10.82                      |
| FRS, Elected County Officers                                  | 3.00                                  | 51.42                      |
| FRS, Senior Management Service                                | 3.00                                  | 29.01                      |
| DROP – Applicable to<br>Members from All of the Above Classes | 0.00                                  | 18.34                      |
| FRS, Reemployed Retiree                                       | (2)                                   | (2)                        |

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

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

The District's contributions to the Plan totaled \$8,878,404 for the fiscal year ended June 30, 2022.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2022, the District reported a liability of \$15,009,116 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of the net pension liability was based on the District's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the District's proportionate share was 0.198694566 percent, which was an increase of 0.020750761 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized the Plan pension expense of \$663,756. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <b><u>Description</u></b>   | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|---|--|---|
| Differences Between Expected and<br>Actual Experience   | \$ 2,572,586                                     | \$ -  |
| Change of Assumptions   | 10,269,981                                       | -   |
| Net Difference Between Projected and Actual<br>Earnings on FRS Pension Plan Investments                                 | -  | 52,363,034                                      |
| Changes in Proportion and Differences Between<br>District FRS Contributions and Proportionate<br>Share of Contributions | 7,457,314  | 1,636,315                                       |
| District FRS Contributions Subsequent to<br>the Measurement Date  | 8,878,404  | -   |
| <b>Total</b>  | <b>\$ 29,178,285</b>                             | <b>\$ 53,999,349</b>                            |

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$8,878,404, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as

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

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u>          |
|-----------------------------------|------------------------|
| 2023                              | \$ (6,073,909)         |
| 2024                              | (6,900,256)            |
| 2025                              | (9,356,555)            |
| 2026                              | (12,250,605)           |
| 2027                              | 881,857                |
| <b>Total</b>                      | <b>\$ (33,699,468)</b> |

Actuarial Assumptions. The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

| <u>Asset Class</u>       | <u>Target Allocation (1)</u> | <u>Annual Arithmetic Return</u> | <u>Compound Annual (Geometric) Return</u> | <u>Standard Deviation</u> |
|--------------------------|------------------------------|---------------------------------|---|---------------------------|
| Cash                     | 1.0%                         | 2.1%                            | 2.1%                                      | 1.1%                      |
| Fixed Income             | 20.0%                        | 3.8%                            | 3.7%                                      | 3.3%                      |
| Global Equity            | 54.2%                        | 8.2%                            | 6.7%                                      | 17.8%                     |
| Real Estate (Property)   | 10.3%                        | 7.1%                            | 6.2%                                      | 13.8%                     |
| Private Equity           | 10.8%                        | 11.7%                           | 8.5%                                      | 26.4%                     |
| Strategic Investments    | 3.7%                         | 5.7%                            | 5.4%                                      | 8.4%                      |
| <b>Total</b>             | <b>100%</b>                  |                                 |   |                           |
| Assumed inflation - Mean |                              |                                 | 2.4%                                      | 1.2%                      |

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

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

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

|  | <b>1%<br/>Decrease<br/>(5.8%)</b> | <b>Current<br/>Discount Rate<br/>(6.8%)</b> | <b>1%<br/>Increase<br/>(7.8%)</b> |
|--|-----------------------------------|---|-----------------------------------|
| District's Proportionate Share of<br>the Net Pension Liability | \$ 67,121,773                     | \$ 15,009,116                               | \$ (28,551,222)                   |

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

### **HIS Pension Plan**

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

**Benefits Provided.** For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. 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, 2022, 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 \$1,770,662 for the fiscal year ended June 30, 2022.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2022, the District reported a net pension liability of \$34,505,218 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, and update procedures were used to determine the net pension liability as of June 30, 2021. The District's proportionate share of the net pension liability was based on the District's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the District's proportionate share was 0.281296276 percent, which was an increase of 0.004873664 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized the HIS Plan pension expense of \$2,363,058. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <u>Description</u>  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Experience  | \$ 1,154,632                              | \$ 14,452                                |
| Change of Assumptions   | 2,711,338                                 | 1,421,703                                |
| Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments                              | 35,971                                    | -  |
| Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions | 2,366,514                                 | 1,518,201                                |
| District HIS Contributions Subsequent to the Measurement Date   | 1,770,662                                 | -  |
| <b>Total</b>  | <b>\$ 8,039,117</b>                       | <b>\$ 2,954,356</b>                      |

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$1,770,662, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u>       |
|-----------------------------------|---------------------|
| 2023                              | \$ 599,296          |
| 2024                              | 166,795             |
| 2025                              | 598,854             |
| 2026                              | 885,847             |
| 2027                              | 867,896             |
| Thereafter                        | 195,411             |
| <b>Total</b>                      | <b>\$ 3,314,099</b> |

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

|                     |  |
|---------------------|--|
| Inflation           | 2.40 percent                               |
| Salary Increases    | 3.25 percent, average, including inflation |
| Municipal Bond Rate | 2.16 percent                               |

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

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

**Discount Rate.** The discount rate used to measure the total pension liability was 2.16 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 2.21 percent to 2.16 percent.

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

|  | <b>1%<br/>Decrease<br/>(1.16%)</b> | <b>Current<br/>Discount Rate<br/>(2.16%)</b> | <b>1%<br/>Increase<br/>(3.16%)</b> |
|--|------------------------------------|--|------------------------------------|
| District's Proportionate Share of<br>the Net Pension Liability | \$ 39,891,374                      | \$ 34,505,218                                | \$ 30,092,467                      |

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

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

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in

DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2021-22 fiscal year were as follows:

| <u>Class</u>                   | <u>Percent of<br/>Gross<br/>Compensation</u> |
|--------------------------------|--|
| FRS, Regular                   | 6.30   |
| FRS, Elected County Officers   | 11.34  |
| FRS, Senior Management Service | 7.67   |

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$4,032,266 for the fiscal year ended June 30, 2022.

## E. Other Postemployment Benefit Obligations

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

**Benefits Provided.** The OPEB Plan provides healthcare insurance benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

**Employees Covered by Benefit Terms.** At June 30, 2021, the following employees were covered by the benefit terms:

|  |              |
|--|--------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 56           |
| Active Employees   | <u>1,364</u> |
| Total  | <u>1,420</u> |

**Total OPEB Liability.** The District's total OPEB liability of \$3,018,683 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2021.

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

|                             |   |
|-----------------------------|---|
| Inflation                   | 2.25 percent  |
| Salary Increases            | 3.4 percent – 7.8 percent, including inflation  |
| Discount Rate               | 1.92 percent  |
| Healthcare Cost Trend Rates | Based on Getzen Model, with the trend rate starting at 6 percent, followed by 5.75 percent, and gradually decreasing to an ultimate trend rate of 3.75 percent in 2040. |
| Aging Factors               | Based on the 2013 SOA Study "Health Care Costs – From Birth to Death."  |
| Expenses                    | Administrative expenses are included in the per capita health costs.  |

The discount rate was based on the daily rate of Fidelity's 20-Year Municipal General Obligation AA Index closest to but not later than the measurement date.

Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2021, actuarial valuation of the FRS Defined Benefit Pension Plan. These demographic assumptions were developed by FRS from an actuarial experience study, and therefore are appropriate for use in the OPEB Plan actuarial valuation. These include assumed rates of future termination, mortality, disability, and retirement. In addition, salary increase assumptions (for development of the pattern of the normal cost increases) were the same as those used in the July 1, 2021, actuarial valuation of the FRS Defined Benefit Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment Plan are the same as for similarly situated participants of the FRS Defined Benefit Pension Plan.

**Changes in the Total OPEB Liability.**

|  | <u><b>Amount</b></u> |
|--|----------------------|
| Balance at June 30, 2021                           | \$ 2,720,093         |
| Changes for the year:                              |                      |
| Service Cost                                       | 146,304              |
| Interest   | 67,573               |
| Differences Between Expected and Actual Experience | 359,464              |
| Changes of Assumptions or Other Inputs             | (58,109)             |
| Benefit Payments                                   | (216,642)            |
| Net Changes  | 298,590              |
| Balance at June 30, 2022                           | \$ 3,018,683         |

Changes of assumptions or other inputs was based on the following:

- The discount rate was changed from 2.45 percent as of the beginning of the measurement period to 1.92 percent as of June 30, 2021. This change increased the total OPEB liability.
- The medical claims cost and premiums were updated based on the recent claim data provided for this valuation. This change has a decreasing impact on the results of this valuation.
- The long-term healthcare cost trend assumption was lowered from 3.99 percent in the prior valuation to 3.75 percent as of June 30, 2022. This change had a decreasing impact on the result of this valuation.
- Elimination of two of the four available options. This change had a decreasing impact on the results of this valuation.

**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 (0.92 percent) or 1 percentage point higher (2.92 percent) than the current rate:

|                      | <u><b>1%<br/>Decrease<br/>(0.92%)</b></u> | <u><b>Current<br/>Discount Rate<br/>(1.92%)</b></u> | <u><b>1%<br/>Increase<br/>(2.92%)</b></u> |
|----------------------|---|---|---|
| Total OPEB Liability | \$ 3,253,834                              | \$ 3,018,683  | \$ 2,817,440                              |



**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 percent decreasing to 2.75 percent) or 1 percentage point higher (7 percent decreasing to 4.75 percent) than the current healthcare cost trend rates:

|                      | <b>1% Decrease<br/>(5% decreasing<br/>to 2.75 percent)</b> | <b>Healthcare Cost<br/>Trend Rates<br/>(6% decreasing<br/>to 3.75%)</b> | <b>1% Increase<br/>(7% decreasing<br/>to 4.75%)</b> |
|----------------------|--|---|---|
| Total OPEB Liability | \$ 2,665,655   | \$ 3,018,683  | \$ 3,461,048  |

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$121,413. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| <u><b>Description</b></u>                          | <u><b>Deferred Outflows<br/>of Resources</b></u> | <u><b>Deferred Inflows<br/>of Resources</b></u> |
|--|--|---|
| Differences Between Expected and Actual Experience | \$ 327,369                                       | \$ 45,765                                       |
| Changes of Assumptions or Other Inputs             | 77,764   | 886,569   |
| Benefits Paid Subsequent to the Measurement Date   | 169,608  | -   |
| <b>Total</b>                                       | <u><u>\$ 574,741</u></u>                         | <u><u>\$ 932,334</u></u>                        |

The deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date, totaling \$169,608, will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u><b>Fiscal Year Ending June 30</b></u> | <u><b>Amount</b></u>       |
|--|----------------------------|
| 2023                                     | \$ (92,464)                |
| 2024                                     | (92,464)                   |
| 2025                                     | (92,464)                   |
| 2026                                     | (92,464)                   |
| 2027                                     | (92,464)                   |
| Thereafter                               | (64,881)                   |
| <b>Total</b>                             | <u><u>\$ (527,201)</u></u> |

## **F. Construction and Other Significant Commitments**

**Construction Contracts.** The following is a schedule of major construction contract commitments at June 30, 2022:

| <b>Project</b>                                     | <b>Contract Amount</b> | <b>Completed to Date</b> | <b>Balance Committed</b> |
|--|------------------------|--------------------------|--------------------------|
| HVAC/DX Equipment                                  | \$ 856,333             | \$ 382,838               | \$ 473,495               |
| Port Charlotte High School Auditorium Renovations  | 1,422,432              | 882,669                  | 539,763                  |
| Port Charlotte High School Locker Room Renovations | 968,988                | 615,484                  | 353,504                  |
| Board Room Remodel                                 | 379,920                | 17,355                   | 362,565                  |
| District One Button Lockdown System                | 9,882,833              | 8,146,537                | 1,736,296                |
| Vineland Elementary School Playground              | 388,317                | 82,718                   | 305,599                  |
| Lemon Bay High School Football Field Gates         | 1,466,682              | 940,712                  | 525,970                  |
| Port Charlotte High School Jumbo Tron              | 498,928                | 44,257                   | 454,671                  |
| Fire Alarm Replacement                             | 1,139,651              | 361,093                  | 778,558                  |
| Murdock Middle School AHU                          | 728,265                | 20,210                   | 708,055                  |
| Technical Upgrades                                 | 2,964,805              | 24,900                   | 2,939,905                |
| <b>Total</b>                                       | <b>\$ 20,697,154</b>   | <b>\$ 11,518,773</b>     | <b>\$ 9,178,381</b>      |

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

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

| <b>Major Funds</b> |  |   |                                    |                                 |
|--------------------|--|---|------------------------------------|---------------------------------|
| <b>Special</b>     |  |   |                                    |                                 |
| <b>Revenue -</b>   |  | <b>Capital</b>                              | <b>Nonmajor Governmental Funds</b> | <b>Total Governmental Funds</b> |
| <b>General</b>     | <b>Federal Education Stabilization</b> | <b>Projects - Local Capital Improvement</b> |                                    |                                 |
| \$ 452,309         | \$ 143,792                             | \$ 11,046,207                               | \$ 172,313                         | \$ 11,814,621                   |

## G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has established self-insurance programs for its employee health and hospitalization and its workers' compensation liability coverage. The Board is a member of the Florida School Board Insurance Trust (FSBIT), a protected self-insurance fund for Florida school boards. FSBIT was established under the authority of Section 624.462, Florida Statutes, for the purpose of pooling property, casualty, and workers' compensation exposure; purchasing and procuring insurance coverage of various types or providing self-insurance; and providing risk management services for the Florida school boards.

The District's health insurance program for its employees is provided on a self-insured basis up to specific limits. The District has entered into an agreement with an insurance company to provide specific excess coverage of claims above \$300,000 on an individual basis, and aggregate excess coverage of \$5 million when total claims minus specific excess coverage exceeds the loss fund established annually by the District. The District has contracted with an insurance administrator to administer these self-insurance programs, including the processing, investigating, and payment of claims.

Settled claims resulting from the risks described above have not exceeded commercial insurance coverage in any of the past 3 years.

As of June 30, 2022, a liability in the amount of \$880,953.57 was actuarially determined to cover estimated incurred but not reported insurance claims payable.

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

| <b>Fiscal Year</b> | <b>Beginning of<br/>Fiscal Year<br/>Liability</b> | <b>Current Year<br/>Claims and<br/>Changes in<br/>Estimates</b> | <b>Claims<br/>Payments</b> | <b>Balance at<br/>Fiscal<br/>Year End</b> |
|--------------------|---|---|----------------------------|---|
| 2020-21            | \$ 679,311.29                                     | \$ 12,467,511.03  | \$ 12,287,083.58           | \$ 859,738.74                             |
| 2021-22            | 859,738.74  | 10,403,989.08   | 10,382,774.25              | 880,953.57                                |

## H. Long-Term Liabilities

### 1. Qualified Zone Academy Bonds Payable

On November 27, 2006, the District entered into a financing agreement, characterized as a lease-purchase agreement, with the Leasing Corporation, whereby the District secured financing under the Qualified Zone Academy Bonds (QZAB) Program in the amount of \$5 million. The QZAB Program provides no interest cost financing to purchase certain goods and services for schools located in eligible District areas (zones). Interest on the debt is "paid" by the United States Government through the issuance of Federal income tax credits to the holder of the QZAB debt (the bank). The rate of return to the bank was established by the United States Government at the time of the sale.

The financing was accomplished through the issuance of a Series 2006-QZAB Note on November 27, 2006. The financing proceeds were designated for technology upgrades and replacements; computer laptops; and instructional equipment/materials at the following schools: The Academy at Charlotte Tech Center, Charlotte Harbor Center School, Neil Armstrong Elementary School, Port Charlotte Middle School, and Port Charlotte High School. The Leasing Corporation issued the bonds, purchased the equipment, and then leased the equipment to the District under terms of the lease-purchase agreement.

Repayment of the original \$5 million financing proceeds is due in full on November 27, 2022. In connection with the financing, the District entered into a forward delivery agreement requiring annual deposits of \$242,708.40 into a sinking fund for 16 consecutive years, beginning in 2007. The forward delivery agreement provides a guaranteed investment return of 3.25 percent per annum, which together with the required annual deposits, will be sufficient to repay the debt at maturity. The invested assets accumulated pursuant to the forward delivery agreement are held under a custodial agreement until the debt matures. As of June 30, 2022, the market value of the sinking fund account was \$4,722,667.44.

## **2. Qualified School Construction Bond Payable**

In the 2009-10 fiscal year, the District established a master lease-purchase program for the lease-purchase financing of various current and future educational facilities and sites. The general terms of this program were determined pursuant to a Master Lease-Purchase Agreement and Master Trust Agreement between the District and the Leasing Corporation.

On May 28, 2010, the District entered into a financing arrangement with the Leasing Corporation under this program whereby the District secured financing under the Qualified School Construction Bonds (QSCB) program. The QSCB program was established by Section 1521 of the America Recovery and Reinvestment Act (ARRA) and codified in Section 54A and 54F of the Internal Revenue Code. Among other things, the program provides low interest cost financing to school districts to construct certain educational facilities. Interest on the debt is paid by the District and reimbursed in part by the Federal government.

The financing was accomplished through the issuance of a School Board of Charlotte County, Florida Master Lease Program – Master Lease Certificates, Series 2010A-QSCB in the principal amount of \$60 million. The certificate proceeds were for the replacement construction of two schools, Meadow Park Elementary School and Lemon Bay High School. Under terms of Lease Schedule 2010A to the Master Lease-Purchase Agreement, and other related agreements, the District provided a ground lease to the Leasing Corporation, then would construct, acquire, install, and lease-purchase the projects from the Leasing Corporation.

Repayment of the original \$60 million certificate proceeds is due in full on May 1, 2027. Interest payments are due semi-annually based on a 5.7 percent annual interest rate, and a Federal interest subsidy reimbursement is available at an annual rate of 5.29 percent. Interest payments in 2022 were \$3,420,000 and interest subsidies were \$2,993,082. Rent paid by the District to the Leasing Corporation corresponds to the annual debt service requirements on the bonds. Rents are paid from “Available Revenues” of the District, including capital outlay millage revenues. The lease term ends on the date the certificates are paid in full.

In connection with the financing and pursuant to a Series 2010A Supplemental Master Trust Agreement, the Leasing Corporation assigned its rights to the rent collections to a Trustee (Regions Bank) requiring the District to deposit the 17 annual “basic” rent payments of \$3,529,412 (corresponding to the principal portion of the bond) beginning in 2011, into a sinking fund held by the Trustee, as security for the bond. These amounts will be sufficient to pay the \$60 million principal balance at maturity. Investment income earned in the Sinking Fund can be used to reduce future annual rent payments. At June 30, 2022, the market value of the sinking fund account was \$42,407,914.75.

### 3. 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        |
|--------------------------------------|--------------------------|-------------------------|--------------------------|--------------------------|------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>       |                          |                         |                          |                          |                        |
| Qualified Zone Academy Bond          | \$ 5,000,000.00          | \$ -                    | \$ -                     | \$ 5,000,000.00          | \$ 5,000,000.00        |
| Qualified School Construction Bond   | 60,000,000.00            | -                       | -                        | 60,000,000.00            | -                      |
| Estimated Insurance Claims Payable   | 859,738.74               | 10,425,203.91           | 10,403,989.08            | 880,953.57               | 880,953.57             |
| Compensated Absences Payable         | 10,484,561.82            | 891,111.13              | 2,215,547.89             | 9,160,125.06             | 1,675,741.15           |
| Total OPEB Liability                 | 2,720,093.00             | 573,341.00              | 274,751.00               | 3,018,683.00             | 169,608.00             |
| Net Pension Liability                | 110,874,218.00           | 30,695,133.00           | 92,055,017.00            | 49,514,334.00            | 173,681.00             |
| <b>Total Governmental Activities</b> | <b>\$ 189,938,611.56</b> | <b>\$ 42,584,789.04</b> | <b>\$ 104,949,304.97</b> | <b>\$ 127,574,095.63</b> | <b>\$ 7,899,983.72</b> |

For the governmental activities, compensated absences, pensions, and other postemployment benefits are generally liquidated with resources of the General Fund. The estimated insurance claims are generally liquidated with the resources of the Internal Service Fund.

#### I. Fund Balance Reporting

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

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

#### J. 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               | \$ 1,340,229.78        | \$ -                   |
| Nonmajor Governmental | -                      | 640,907.92             |
| Internal Service      | -                      | 699,321.86             |
| <b>Total</b>          | <b>\$ 1,340,229.78</b> | <b>\$ 1,340,229.78</b> |

The interfund receivables and payables represents moneys owed to the General Fund to cover expenditures incurred awaiting reimbursement from various grant sources and for temporary cash

advances. Interfund receivables and payables are expected to be collected within 1 year of the end of the fiscal period.

## K. Revenues

### 1. Schedule of State Revenue Sources

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

| <b>Source</b>   | <b>Amount</b>           |
|---|-------------------------|
| Florida Education Finance Program                           | \$ 20,083,482.00        |
| Categorical Educational Program - Class Size Reduction      | 16,116,763.00           |
| Workforce Development Program                               | 2,373,283.00            |
| Motor Vehicle License Tax (Capital Outlay and Debt Service) | 658,253.51              |
| Charter School Capital Outlay                               | 457,285.00              |
| Voluntary Prekindergarten Program                           | 434,322.85              |
| Sales Tax Distribution                                      | 148,833.32              |
| Food Service Supplement                                     | 121,823.00              |
| State License Tax   | 102,391.58              |
| Miscellaneous   | 721,408.47              |
| <b>Total</b>  | <b>\$ 41,217,845.73</b> |

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

### 2. Property Taxes

The following is a summary of millages and taxes levied on the 2021 tax roll for the 2021-22 fiscal year:

|  | <b>Millages</b> | <b>Taxes Levied</b>   |
|--|-----------------|-----------------------|
| <b>General Fund</b>                                      |                 |                       |
| Nonvoted School Tax:                                     |                 |                       |
| Required Local Effort                                    | 3.602           | \$ 80,336,102         |
| Basic Discretionary Local Effort                         | 0.748           | 16,682,788            |
| Voted School Tax:  |                 |                       |
| Additional Voted Operations Millage                      | 1.000           | 22,303,193            |
| <b>Capital Projects - Local Capital Improvement Fund</b> |                 |                       |
| Nonvoted Tax:  |                 |                       |
| Local Capital Improvements                               | 1.500           | 33,454,790            |
| <b>Total</b>   | <b>6.850</b>    | <b>\$ 152,776,873</b> |

## L. Interfund Transfers

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

| <b>Funds</b>              | <b>Interfund</b>        |                         |
|---------------------------|-------------------------|-------------------------|
|                           | <b>Transfers In</b>     | <b>Transfers Out</b>    |
| Major:                    |                         |                         |
| General                   | \$ 5,957,285.00         | \$ -                    |
| Debt Service:             |                         |                         |
| Federal Economic Stimulus | 3,910,320.37            | -                       |
| Capital Projects:         |                         |                         |
| Local Capital Improvement | -                       | 10,110,313.77           |
| Nonmajor Governmental     | 242,708.40              | -                       |
| <b>Total</b>              | <b>\$ 10,110,313.77</b> | <b>\$ 10,110,313.77</b> |

Interfund transfers represent permanent transfers of moneys between funds. In general, funds are transferred to the General Fund from the Capital Projects – Local Capital Improvement Fund to provide funding for minor maintenance, property and casualty insurance, and equipment expenditures in the General Fund. Transfers to the debt service funds are to fund the required annual sinking fund payments.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

### Budgetary Comparison Schedule General and Major Special Revenue Funds For the Fiscal Year Ended June 30, 2022

|   | General Fund       |                  |                  | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|--------------------|------------------|------------------|---|
|   | Original<br>Budget | Final<br>Budget  | Actual           |   |
| <b>Revenues</b>                                 |                    |                  |                  |   |
| Intergovernmental:                              |                    |                  |                  |   |
| Federal Direct                                  | \$ 150,000.00      | \$ 150,000.00    | \$ 166,760.17    | \$ 16,760.17  |
| Federal Through State and Local                 | 600,000.00         | 600,000.00       | 578,895.93       | (21,104.07)   |
| State   | 35,228,514.00      | 39,579,697.00    | 39,669,326.22    | 89,629.22   |
| Local:  |                    |                  |                  |   |
| Property Taxes                                  | 114,549,199.00     | 114,807,101.00   | 115,206,078.62   | 398,977.62  |
| Miscellaneous                                   | 3,710,000.00       | 3,710,000.00     | 5,142,153.12     | 1,432,153.12  |
| Total Local Revenues                            | 118,259,199.00     | 118,517,101.00   | 120,348,231.74   | 1,831,130.74  |
| <b>Total Revenues</b>                           | 154,237,713.00     | 158,846,798.00   | 160,763,214.06   | 1,916,416.06  |
| <b>Expenditures</b>                             |                    |                  |                  |   |
| Current - Education:                            |                    |                  |                  |   |
| Instruction                                     | 101,597,788.00     | 100,814,041.00   | 94,957,534.64    | 5,856,506.36  |
| Student Support Services                        | 12,015,584.00      | 10,761,979.00    | 10,310,181.02    | 451,797.98  |
| Instructional Media Services                    | 1,810,040.00       | 1,814,440.00     | 1,724,282.87     | 90,157.13   |
| Instruction and Curriculum Development Services | 4,694,289.00       | 4,754,789.00     | 4,320,685.06     | 434,103.94  |
| Instructional Staff Training Services           | 1,606,481.00       | 1,889,691.00     | 1,673,599.58     | 216,091.42  |
| Instruction-Related Technology                  | 1,204,111.00       | 1,969,211.00     | 1,345,315.66     | 623,895.34  |
| Board   | 829,121.00         | 929,121.00       | 846,885.06       | 82,235.94   |
| General Administration                          | 375,932.00         | 473,725.00       | 447,218.65       | 26,506.35   |
| School Administration                           | 11,259,823.00      | 11,748,234.49    | 11,555,779.51    | 192,454.98  |
| Facilities Acquisition and Construction         | -                  | -                | -                | -   |
| Fiscal Services                                 | 1,146,706.00       | 1,184,906.00     | 1,156,588.10     | 28,317.90   |
| Food Services                                   | -                  | -                | -                | -   |
| Central Services                                | 2,857,388.00       | 2,980,688.00     | 2,923,342.38     | 57,345.62   |
| Student Transportation Services                 | 7,419,964.00       | 8,185,039.00     | 7,739,913.31     | 445,125.69  |
| Operation of Plant                              | 15,059,486.00      | 18,074,086.00    | 16,684,419.36    | 1,389,666.64  |
| Maintenance of Plant                            | 5,042,228.00       | 5,209,228.00     | 4,733,589.86     | 475,638.14  |
| Administrative Technology Services              | 1,720,524.00       | 1,968,024.00     | 1,818,125.67     | 149,898.33  |
| Community Services                              | 179,776.00         | 179,776.00       | 154,835.90       | 24,940.10   |
| Fixed Capital Outlay:                           |                    |                  |                  |   |
| Other Capital Outlay                            | -                  | 94,559.51        | 94,559.51        | -   |
| Debt Service:                                   |                    |                  |                  |   |
| Interest and Fiscal Charges                     | -                  | 600.00           | 600.00           | -   |
| <b>Total Expenditures</b>                       | 168,819,241.00     | 173,032,138.00   | 162,487,456.14   | 10,544,681.86   |
| <b>Deficiency of Revenues Over Expenditures</b> | (14,581,528.00)    | (14,185,340.00)  | (1,724,242.08)   | 12,461,097.92   |
| <b>Other Financing Sources</b>                  |                    |                  |                  |   |
| Transfers In                                    | 5,950,000.00       | 5,958,000.00     | 5,957,285.00     | (715.00)  |
| Loss Recoveries                                 | -                  | -                | 22,970.25        | 22,970.25   |
| <b>Total Other Financing Sources</b>            | 5,950,000.00       | 5,958,000.00     | 5,980,255.25     | 22,255.25   |
| <b>Net Change in Fund Balances</b>              | (8,631,528.00)     | (8,227,340.00)   | 4,256,013.17     | 12,483,353.17   |
| Fund Balances, Beginning                        | 38,062,260.82      | 38,062,261.00    | 38,062,260.82    | (0.18)  |
| <b>Fund Balances, Ending</b>                    | \$ 29,430,732.82   | \$ 29,834,921.00 | \$ 42,318,273.99 | \$ 12,483,352.99  |



**Special Revenue - Federal Education Stabilization Fund**

| <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>   | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|----------------------------|-------------------------|-----------------|---|
| \$ -                       | \$ 2,152,280.97         | \$ 1,896,147.93 | \$ (256,133.04)   |
| 2,083,190.00               | 38,871,996.00           | 8,219,919.57    | (30,652,076.43)   |
| -                          | -                       | -               | -   |
| -                          | -                       | -               | -   |
| -                          | -                       | -               | -   |
| -                          | -                       | -               | -   |
| 2,083,190.00               | 41,024,276.97           | 10,116,067.50   | (30,908,209.47)   |
| 771,126.00                 | 27,648,243.32           | 5,862,957.28    | 21,785,286.04   |
| 303,437.87                 | 2,838,571.00            | 851,360.47      | 1,987,210.53  |
| 81.00                      | 12,819.00               | 12,818.82       | 0.18  |
| 3,370.00                   | 217,889.00              | 153,073.20      | 64,815.80   |
| 145,599.00                 | 1,398,635.00            | 529,332.78      | 869,302.22  |
| 249,643.00                 | 630,204.28              | 630,204.28      | -   |
| -                          | 1,083,575.00            | 5,000.00        | 1,078,575.00  |
| 23,134.33                  | 1,768,483.00            | 162,206.07      | 1,606,276.93  |
| 183,081.80                 | 598,858.00              | 257,188.58      | 341,669.42  |
| 80.00                      | 115,720.00              | 6,632.50        | 109,087.50  |
| 61.00                      | 6,337.25                | 6,337.25        | -   |
| 31.00                      | 200,000.00              | 50,000.00       | 150,000.00  |
| 13.00                      | 21,875.00               | 21,875.00       | -   |
| 27,569.00                  | 81,740.00               | 69,764.73       | 11,975.27   |
| 375,676.00                 | 3,115,598.00            | 459,225.86      | 2,656,372.14  |
| 85.00                      | 197,550.00              | 19,062.50       | 178,487.50  |
| 148.00                     | 13,750.00               | 13,750.00       | -   |
| 54.00                      | 1,046,542.97            | 977,392.03      | 69,150.94   |
| -                          | 27,886.15               | 27,886.15       | -   |
| -                          | -                       | -               | -   |
| 2,083,190.00               | 41,024,276.97           | 10,116,067.50   | 30,908,209.47   |
| -                          | -                       | -               | -   |
| -                          | -                       | -               | -   |
| -                          | -                       | -               | -   |
| -                          | -                       | -               | -   |
| -                          | -                       | -               | -   |
| -                          | -                       | -               | -   |
| \$ 0.00                    | \$ 0.00                 | \$ 0.00         | \$ 0.00   |

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

|   | <u>2022</u>                | <u>2021</u>                | <u>2020</u>                | <u>2019</u>                | <u>2018</u>                |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Total OPEB Liability</b>   |                            |                            |                            |                            |                            |
| Service Cost  | \$ 146,304                 | \$ 136,356                 | \$ 168,149                 | \$ 188,955                 | \$ 202,219                 |
| Interest  | 67,573                     | 82,920                     | 134,686                    | 133,884                    | 112,984                    |
| Differences Between Expected and<br>Actual Experience                       | 359,464                    | -                          | (64,833)                   | -                          | -                          |
| Changes of Assumptions or Other Inputs                                      | (58,109)                   | 94,668                     | (1,020,955)                | (18,706)                   | (199,300)                  |
| Benefit Payments  | <u>(216,642)</u>           | <u>(213,392)</u>           | <u>(299,925)</u>           | <u>(347,109)</u>           | <u>(75,204)</u>            |
| <b>Net Change in Total OPEB Liability</b>                                   | <u>298,590</u>             | <u>100,552</u>             | <u>(1,082,878)</u>         | <u>(42,976)</u>            | <u>40,699</u>              |
| Total OPEB Liability - Beginning  | <u>2,720,093</u>           | <u>2,619,541</u>           | <u>3,702,419</u>           | <u>3,745,395</u>           | <u>3,704,696</u>           |
| <b>Total OPEB Liability - Ending</b>  | <u><b>\$ 3,018,683</b></u> | <u><b>\$ 2,720,093</b></u> | <u><b>\$ 2,619,541</b></u> | <u><b>\$ 3,702,419</b></u> | <u><b>\$ 3,745,395</b></u> |
| Covered-Employee Payroll  | \$ 67,394,628              | \$ 64,572,725              | \$ 62,999,244              | \$ 80,894,560              | \$ 81,639,624              |
| <b>Total OPEB Liability as a Percentage<br/>of Covered-Employee Payroll</b> | 4.48%                      | 4.21%                      | 4.16%                      | 4.58%                      | 4.59%                      |

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

| <b>Fiscal Year<br/>Ending<br/>June 30</b> | <b>District's<br/>Proportion of the<br/>FRS Net Pension<br/>Liability</b> | <b>District's<br/>Proportionate<br/>of the FRS Net<br/>Pension Liability</b> | <b>District's<br/>Covered Payroll</b> | <b>District's<br/>Proportionate Share<br/>of the FRS Net<br/>Pension Liability as a<br/>Percentage of its<br/>Covered Payroll</b> | <b>FRS Plan Fiduciary<br/>Net Position as a<br/>Percentage of the<br/>Total Pension<br/>Liability</b> |
|---|---|--|---------------------------------------|---|---|
| 2013                                      | 0.193020325%  | \$ 33,227,389  | \$ 83,239,500                         | 39.92%  | 88.54%  |
| 2014                                      | 0.205279740%  | 12,525,083   | 86,635,181                            | 14.46%  | 96.09%  |
| 2015                                      | 0.206555340%  | 26,614,836   | 87,860,115                            | 30.29%  | 92.00%  |
| 2016                                      | 0.189108069%  | 47,749,936   | 88,705,232                            | 53.83%  | 84.88%  |
| 2017                                      | 0.176681365%  | 52,261,162   | 85,825,992                            | 60.89%  | 83.89%  |
| 2018                                      | 0.173204545%  | 52,170,107   | 85,281,045                            | 61.17%  | 84.26%  |
| 2019                                      | 0.165418288%  | 56,967,755   | 84,195,314                            | 67.66%  | 82.61%  |
| 2020                                      | 0.177943805%  | 77,123,468   | 96,031,764                            | 80.31%  | 78.85%  |
| 2021                                      | 0.198694566%  | 15,009,116   | 99,623,385                            | 15.07%  | 96.40%  |

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

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

| <b>Fiscal<br/>Year Ending<br/>June 30</b> | <b>Contractually<br/>Required<br/>FRS Contribution</b> | <b>FRS Contributions<br/>in Relation to the<br/>Contractually<br/>Required<br/>Contribution</b> | <b>FRS<br/>Contribution<br/>Deficiency (Excess)</b> | <b>District's<br/>Covered Payroll</b> | <b>FRS<br/>Contributions<br/>as a Percentage of<br/>Covered Payroll</b> |
|---|--|---|---|---------------------------------------|---|
| 2014                                      | \$ 4,496,497   | \$ (4,496,497)  | \$ -  | \$ 86,635,181                         | 5.19%   |
| 2015                                      | 5,023,809  | (5,023,809)   | -   | 87,860,115                            | 5.72%   |
| 2016                                      | 4,611,702  | (4,611,702)   | -   | 88,705,232                            | 5.20%   |
| 2017                                      | 4,599,451  | (4,599,451)   | -   | 85,825,992                            | 5.36%   |
| 2018                                      | 4,936,190  | (4,936,190)   | -   | 85,281,045                            | 5.79%   |
| 2019                                      | 5,129,161  | (5,129,161)   | -   | 84,195,314                            | 6.09%   |
| 2020                                      | 5,912,284  | (5,912,284)   | -   | 96,031,764                            | 6.16%   |
| 2021                                      | 7,569,404  | (7,569,404)   | -   | 99,623,385                            | 7.60%   |
| 2022                                      | 8,878,404  | (8,878,404)   | -   | 106,668,214                           | 8.32%   |

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

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

| <b>Fiscal<br/>Year Ending<br/>June 30</b> | <b>District's<br/>Proportion of the<br/>HIS Net Pension<br/>Liability</b> | <b>District's<br/>Proportionate Share<br/>of the HIS Net<br/>Pension Liability</b> | <b>District's<br/>Covered Payroll</b> | <b>District's<br/>Proportionate Share<br/>of the HIS Net<br/>Pension Liability as a<br/>Percentage of its<br/>Covered Payroll</b> | <b>HIS Plan Fiduciary<br/>Net Position as a<br/>Percentage of the<br/>Total Pension<br/>Liability</b> |
|---|---|--|---------------------------------------|---|---|
| <b>2013</b>                               | 0.285622663%  | \$ 24,867,208  | \$ 83,239,500                         | 29.87%  | 1.78%   |
| <b>2014</b>                               | 0.291585519%  | 27,263,957   | 86,635,181                            | 31.47%  | 0.99%   |
| <b>2015</b>                               | 0.289535232%  | 29,528,039   | 87,860,115                            | 33.61%  | 0.50%   |
| <b>2016</b>                               | 0.287123520%  | 33,463,057   | 88,705,232                            | 37.72%  | 0.97%   |
| <b>2017</b>                               | 0.269234423%  | 28,787,787   | 85,825,992                            | 33.54%  | 1.64%   |
| <b>2018</b>                               | 0.261067708%  | 27,631,699   | 85,281,045                            | 32.40%  | 2.15%   |
| <b>2019</b>                               | 0.251659743%  | 28,158,205   | 84,195,314                            | 33.44%  | 2.63%   |
| <b>2020</b>                               | 0.276422612%  | 33,750,751   | 96,031,764                            | 35.15%  | 3.00%   |
| <b>2021</b>                               | 0.281296276%  | 34,505,218   | 99,623,385                            | 34.64%  | 3.56%   |

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

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

| <b>Fiscal<br/>Year Ending<br/>June 30</b> | <b>Contractually<br/>Required<br/>HIS Contribution</b> | <b>HIS Contributions<br/>in Relation to the<br/>Contractually<br/>Required<br/>Contribution</b> | <b>HIS<br/>Contribution<br/>Deficiency (Excess)</b> | <b>District's<br/>Covered Payroll</b> | <b>HIS<br/>Contributions<br/>as a Percentage of<br/>Covered Payroll</b> |
|---|--|---|---|---------------------------------------|---|
| <b>2014</b>                               | \$ 998,874   | \$ (998,874)  | \$ -  | \$ 86,635,181                         | 1.15%   |
| <b>2015</b>                               | 1,106,784  | (1,106,784)   | -   | 87,860,115                            | 1.26%   |
| <b>2016</b>                               | 1,471,691  | (1,471,691)   | -   | 88,705,232                            | 1.66%   |
| <b>2017</b>                               | 1,424,866  | (1,424,866)   | -   | 85,825,992                            | 1.66%   |
| <b>2018</b>                               | 1,415,777  | (1,415,777)   | -   | 85,281,045                            | 1.66%   |
| <b>2019</b>                               | 1,397,442  | (1,397,442)   | -   | 84,195,314                            | 1.66%   |
| <b>2020</b>                               | 1,592,894  | (1,592,894)   | -   | 96,031,764                            | 1.66%   |
| <b>2021</b>                               | 1,653,462  | (1,653,462)   | -   | 99,623,385                            | 1.66%   |
| <b>2022</b>                               | 1,770,662  | (1,770,662)   | -   | 106,668,214                           | 1.66%   |

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

## **1. Budgetary Basis of Accounting**

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

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

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

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. In 2022, changes of assumptions was based on the following:

- The discount rate was changed from 2.45 percent as of the beginning of the measurement period to 1.92 percent as of June 30, 2021. This change increased the total OPEB liability.
- The medical claims cost and premiums were updated based on the recent claim data provided for this valuation. This change has a decreasing impact on the results of this valuation.
- The long-term healthcare cost trend assumption was lowered from 3.99 percent in the prior valuation to 3.75 percent as of June 30, 2022. This change had a decreasing impact on the result of this valuation.
- Elimination of two of the four available options. This change had a decreasing impact on the results of this valuation.

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

*Changes of Assumptions.* In 2021, the maximum amortization period was decreased to 20 years for all current and future amortization bases.

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

*Changes of Assumptions.* In 2021, the municipal bond rate used to determine total pension liability was decreased from 2.21 percent to 2.16 percent.

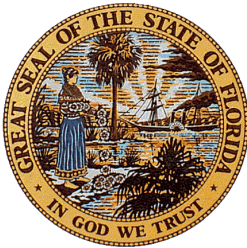
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## Charlotte County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/<br>Program or Cluster  | Federal<br>Assistance Listing<br>Number | Pass - Through<br>Entity Identifying<br>Number | Passed<br>Through to<br>Subrecipients | Total<br>Expenditures |
|--|---|--|---------------------------------------|-----------------------|
| <b>Clustered</b>   |   |  |                                       |                       |
| <b>Child Nutrition Cluster</b>   |   |  |                                       |                       |
| United States Department of Agriculture  |   |  |                                       |                       |
| Florida Department of Agriculture and Consumer Services:   |   |  |                                       |                       |
| School Breakfast Program   | 10.553                                  | 22002  | \$ -                                  | \$ 2,891,523.62       |
| National School Lunch Program  | 10.555                                  | 22001, 22003                                   | -                                     | 8,419,757.56          |
| Summer Food Service Program for Children   | 10.559                                  | 21006, 21007, 22006, 22007                     | -                                     | 146,390.51            |
| <b>Total Child Nutrition Cluster</b>   |   |  | -                                     | 11,457,671.69         |
| <b>Student Financial Assistance Cluster</b>  |   |  |                                       |                       |
| United States Department of Education:   |   |  |                                       |                       |
| Federal Supplemental Educational Opportunity Grants  | 84.007                                  | N/A  | -                                     | 10,492.00             |
| Federal Pell Grant Program   | 84.063                                  | N/A  | -                                     | 849,653.02            |
| <b>Total Student Financial Assistance Cluster</b>  |   |  | -                                     | 860,145.02            |
| <b>Special Education Cluster</b>   |   |  |                                       |                       |
| United States Department of Education:   |   |  |                                       |                       |
| Florida Department of Education:   |   |  |                                       |                       |
| Special Education - Grants to States   | 84.027                                  | 263  | -                                     | 4,348,405.34          |
| COVID-19 Special Education - Grants to States  | COVID-19, 84.027                        | 263  | -                                     | 45,604.74             |
| Sarasota County District School Board:   |   |  |                                       |                       |
| Special Education - Grants to States   | 84.027                                  | None   | -                                     | 91,945.91             |
| Total Special Education - Grants to States   | 84.027                                  |  | -                                     | 4,485,955.99          |
| Florida Department of Education:   |   |  |                                       |                       |
| Special Education - Preschool Grants   | 84.173                                  | 267  | -                                     | 166,582.21            |
| <b>Total Special Education Cluster</b>   |   |  | -                                     | 4,652,538.20          |
| <b>Head Start Cluster</b>  |   |  |                                       |                       |
| United States Department of Health and Human Services:   |   |  |                                       |                       |
| Head Start   | 93.600                                  | N/A  | -                                     | 2,719,314.94          |
| COVID-19 Head Start  | COVID-19, 93.600                        | N/A  | -                                     | 159,648.96            |
| <b>Total Head Start Cluster</b>  |   |  | -                                     | 2,878,963.90          |
| <b>Not Clustered</b>   |   |  |                                       |                       |
| <b>United States Department of Defense:</b>  |   |  |                                       |                       |
| Navy Junior Reserve Officers Training Corps  | 12.UNK                                  | N/A  | -                                     | 166,760.17            |
| <b>United States Federal Communications Commission</b>   |   |  |                                       |                       |
| Emergency Connectivity Fund Program  | 32.009                                  | N/A  | -                                     | 771,765.00            |
| <b>United States Department of Education</b>   |   |  |                                       |                       |
| Education Stabilization Fund:  |   |  |                                       |                       |
| Higher Education Emergency Relief Fund - Student Aid Portion   | COVID-19, 84.425E                       | N/A  | -                                     | 369,883.58            |
| Higher Education Emergency Relief Fund - Institutional Portion   | COVID-19, 84.425F                       | N/A  | -                                     | 594,850.39            |
| Florida Department of Education:   |   |  |                                       |                       |
| Governor's Emergency Education Relief Fund   | COVID-19, 84.425C                       | 123  | -                                     | 96,879.00             |
| Elementary and Secondary School Emergency Relief Fund  | COVID-19, 84.425D                       | 124  | -                                     | 5,858,321.69          |
| American Rescue Plan - Elementary and Secondary School<br>Emergency Relief Fund                                  | COVID-19, 84.425U                       | 121  | -                                     | 2,186,960.97          |
| American Rescue Plan - Elementary and Secondary School<br>Emergency Relief Fund - Homeless Children & Youth Fund | COVID-19, 84.425W                       | 122  | -                                     | 32,153.17             |
| Total Education Stabilization Fund   | 84.425                                  |  | -                                     | 9,139,048.80          |
| Florida Department of Education:   |   |  |                                       |                       |
| Adult Education - Basic Grants to States   | 84.002                                  | 191, 193                                       | -                                     | 214,062.57            |
| Title I Grants to Local Educational Agencies   | 84.010                                  | 212  | -                                     | 3,896,737.12          |
| Career and Technical Education - Basic Grants to States  | 84.048                                  | 161  | -                                     | 176,068.40            |
| Education for Homeless Children and Youth  | 84.196                                  | 127  | -                                     | 44,997.24             |
| Charter Schools  | 84.282                                  | 298  | 398,948.75                            | 398,948.75            |
| English Language Acquisition State Grants  | 84.365                                  | 102  | -                                     | 65,477.00             |
| Supporting Effective Instruction State Grants  | 84.367                                  | 224  | -                                     | 650,373.53            |
| Student Support and Academic Enrichment Program  | 84.424                                  | 241  | 4,549.93                              | 244,630.43            |
| <b>Total United States Department of Education</b>   |   |  | 403,498.68                            | 14,830,343.84         |
| <b>Total Expenditures of Federal Awards</b>  |   |  | \$ 403,498.68                         | \$ 35,618,187.82      |

The accompanying notes are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Charlotte County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
- (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance:
- (A) National School Lunch Program – Includes \$396,343.79 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (B) Emergency Connectivity Fund – Includes \$771,765 of equipment and services received at fair value during the fiscal year.
- (5) Head Start. Expenditures include \$999,715.38 for grant number/program year 04CH011701/02 and \$1,719,599.56 for grant number/program year 04CH011701/03.



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charlotte County District School Board as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 21, 2023, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the District's financial statements. For the charter school audits, this report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the school internal funds and the Charlotte Local Education Foundation, Inc., were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the school internal funds and the Charlotte Local Education Foundation, Inc. or that are reported on separately by those auditors who audited the financial statements of the school internal funds and the Charlotte Local Education Foundation, Inc.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements,



but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

#### **Report on Compliance and Other Matters**

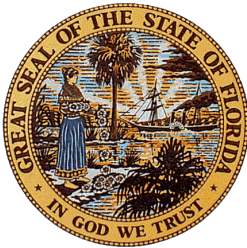
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
March 21, 2023



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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

### Report on Compliance for Each Major Federal Program

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

We have audited the Charlotte County District School Board's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2022. The District's major Federal programs are identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

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

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

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a


Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the ***Auditor's Responsibilities for the Audit of Compliance*** section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
March 21, 2023

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

#### **Financial Statements**

|  |               |
|--|---------------|
| Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified    |
| Internal control over financial reporting:   |               |
| Material weakness(es) identified?  | No            |
| Significant deficiency(ies) identified?  | None reported |
| Noncompliance material to financial statements noted?  | No            |

#### **Federal Awards**

|  |                                     |
|--|-------------------------------------|
| Internal control over major Federal programs:  |                                     |
| Material weakness(es) identified?  | No                                  |
| Significant deficiency(ies) identified?  | None reported                       |
| Type of auditor's report issued on compliance for major Federal programs:                          | Unmodified                          |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No                                  |
| Identification of major Federal programs:  |                                     |
| Assistance Listing Numbers:  | Name of Federal Program or Cluster: |
| 10.553, 10.555, and 10.559   | Child Nutrition Cluster             |
| 32.009   | Emergency Connectivity Fund Program |
| 84.425   | Education Stabilization Fund        |
| Dollar threshold used to distinguish between type A and type B programs:                           | \$1,068,545                         |
| Auditee qualified as low risk auditee?   | Yes                                 |

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

No matters are reported.

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

No matters are reported.

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

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The District had taken corrective action for the financial statement finding included in the prior audit report.

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

Steve Dionisio  
Superintendent



### **School Board**

Cara Reynolds, Chairman  
Wendy Atkinson, Vice-Chairman  
Kim Amontree  
John LeClair  
Bob Segur

| <b>Audit Report<br/>No.<br/>(Finding No.)</b> | <b>Program/Area</b>         | <b>Brief Description</b>   | <b>Status</b>      |
|---|-----------------------------|--|--------------------|
| Purvis Gray<br>(2021-001)                     | Financial Statement Finding | District financial reporting procedures need improvement to ensure that major funds are properly identified, the notes to the financial statements are updated and include all materially significant disclosures, and the schedule of expenditures of federal awards (SEFA) information is properly presented in the AFR submitted to the FDOE. | Fully<br>Corrected |

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