Santa Rosa County District School Board

FINANCIAL STATEMENTS

June 30, 2021



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INDEPENDENT AUDITORS' REPORT

To the Santa Rosa County District School Board and
Dr. Karen Barber, Superintendent of Schools
Milton, Florida

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Santa Rosa County District School Board (hereinafter referred to as "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Learning Academy, Inc. or Capstone Academy, LLC, as described in Note I to the financial statements, which represent 100% of the transactions and account balances of the discretely presented component unit columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for The Learning Academy, Inc. or Capstone Academy, LLC, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 a report dated March 22, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters. 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
March 22, 2022

Management's Discussion and Analysis

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year are as follows:

- As of June 30, 2021, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $182,120,245.
- The District's net position increased by $1,449,639, which represents a 0.8 percent increase from the prior fiscal year.
- General revenues total $290,522,470, or 94.1 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total $18,257,276, or 5.9 percent of all revenues.
- Expenses total $307,330,107. Only $18,257,276 of these expenses was offset by program specific charges, with the remaining paid from general revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals $30,745,878, which is $7,205,611 more than the prior fiscal year balance. The combined assigned and unassigned fund balance for the General Fund was $22,588,443, or approximately 9.8 percent of total General Fund revenues.

OVERVIEW OF THE 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, and its assets and liabilities using an economic resources measurement

focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the District. The statement of activities presents information about the change in the District's net position, the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating. 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.

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

- Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.

- Component units – The District presents three separate legal entities in this report. The Learning Academy, Inc., and Capstone Academy, LLC, charter schools, are legally separate organizations and component units that are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.

- The Santa Rosa 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.

Fund Financial Statements

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

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

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

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

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General Fund 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 District's self-insurance program. 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

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

The District uses agency funds to account for resources of the District's pre-tax flexible benefits plan and the school internal funds which are used to account for moneys collected at the various schools in connection with school, student athletic, class, and club activities.

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 other postemployment benefits and net pension liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		
	06/30/21	06/30/20	Increase (Decrease
Current and Other Assets	$ 96,544,306	$ 93,601,045	$ 2,943,261
Other Assets	309,614,688	297,471,890	12,142,798
Total Assets	406,158,994	391,072,935	15,086,059
Deferred outflows of resources	62,280,530	53,788,888	8,491,642
Long-term Liabilities	266,323,031	235,867,399	30,455,632
Other Liabilities	11,879,761	12,475,380	(595,619)
Total Liabilities	278,202,792	248,342,779	29,860,013
Deferred inflows of resources	8,116,487	15,848,438	(7,731,951)
Net Position:			
Net Investment in Capital Assets	263,098,885	262,007,891	1,090,994
Restricted	54,309,236	52,794,356	1,514,880
Unrestricted Deficit	(135,287,876)	(134,131,641)	(1,156,235)
Total Net Position	$ 182,120,245	$ 180,670,606	$ 1,449,639

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

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position is the result, in part, of accruing long-term liabilities (e.g., debt, compensated absences payable, net pension liability, and other postemployment benefits liability). The unrestricted net position decreased by $1,156,235 from the prior year primarily as a result of following:

- Cash and cash equivalents increased $5,656,985.
- Deferred outflows of resources related to pensions increased $8,396,386.
- Deferred inflows of resources related to pensions decreased $7,313,710, which were offset by an increase of $31,191,912 in the net pension liability.
- Long-term debt decreased $2,396,879.

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

Operating Results for the Fiscal Year Ended

	Governmental Activities		
	06/30/21	06/30/20	Increase (Decrease)
Program Revenues:			
Charges for Services	$ 4,268,700	$ 6,278,451	$ (2,009,751)
Operating Grants and Contributions	13,006,382	9,216,526	3,789,856
Capital Grants and Contributions	982,194	1,123,768	(141,574)
General Revenues:			
Property Taxes Levied for Operational Purposes	54,817,378	52,197,174	2,620,204
Property Taxes Levied for Capital Projects	18,065,506	15,573,830	2,491,676
Local Sales Taxes	12,177,574	10,194,669	1,982,905
Grants and Contributions Not Restricted to Specific Purposes	202,239,806	184,363,530	17,876,276
Unrestricted Investment Earnings	145,512	1,558,000	(1,412,488)
Miscellaneous	3,076,694	3,626,207	(549,513)
Total Revenues	308,779,746	284,132,155	24,647,591
Functions/Program Expenses:			
Instruction	$ 176,395,499	$ 171,938,544	$ 4,456,955
Pupil Personnel Services	12,687,976	14,781,451	(2,093,475)
Instructional Media Services	2,806,698	2,806,738	(40)
Instruction and Curriculum Development Services	8,646,895	8,229,054	417,841
Instructional Staff Training	2,676,431	4,557,038	(1,880,607)
Instruction Related Technology	4,838,829	4,804,614	34,215
School Board	726,571	988,523	(261,952)
General Administration	1,738,387	1,477,134	261,253
School Administration	17,527,645	17,630,614	(102,969)
Facilities Acquisition and Construction	2,246,760	136,875	2,109,885
Fiscal Services	2,039,139	1,408,879	630,260
Food Services	11,513,721	10,720,108	793,613
Central Services	3,863,232	3,212,798	650,434
Pupil Transportation Services	13,794,450	14,050,533	(256,083)
Operation of Plant	21,321,356	12,885,514	8,435,842
Maintenance of Plant	5,959,913	6,794,522	(834,609)
Administrative Technology Services	2,881,579	2,625,718	255,861
Community Services	2,734,350	3,104,802	(370,452)
Interest on Long-term Debt	1,931,022	1,823,307	107,715
Unallocated Depreciation Expense	10,999,654	10,152,401	847,253
Total Functions/Program Expenses	307,330,107	294,129,167	$ 13,200,940
Change in Net Position	1,449,639	(9,997,012)	11,446,651
Net Position - Beginning	180,670,606	190,667,618	(9,997,012)
Net Position - Ending	$ 182,120,245	$ 180,670,606	$ 1,449,639

Grants and contributions not restricted to specific programs represent 65.5 percent of total governmental revenues in the 2020-2021 fiscal year and increased by $17,826,276 or 9.7 percent from the 2019-2020 fiscal year, primarily due to an increase in Florida Education Finance Program (FEFP) funding and Class Size Reduction. This funding increase is primarily due to additional student FTE. The FEFP formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Instruction expenses represent 57.4 percent of total governmental expenditures for the 2020-2021 fiscal year. Instruction expenses increased by $4,456,955 or 2.6 percent, from the 2019-2020 fiscal year.

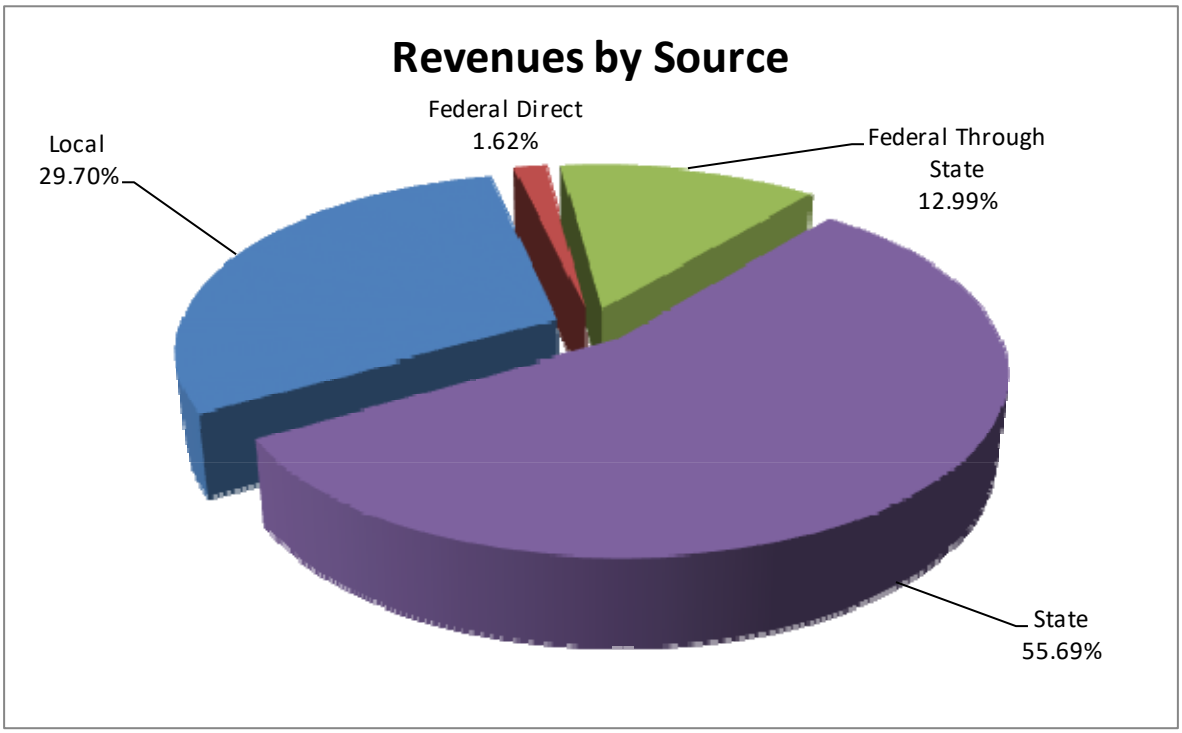
FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

The total fund balances of governmental funds increased by $8,377,545 during the fiscal year to $78,823,958 at June 30, 2021. Of this amount, $21,805,588, or 27.36 percent is unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is non-spendable, restricted, committed, or assigned to indicate that 1) $183,997 is not in spendable form, 2) $54,273,473 is restricted for particular purposes, 3) $1,828,045 is committed for particular purposes, and 4) $782,855 is assigned for particular purposes.

In the governmental funds, revenues by source for the 2020-2021 fiscal year were as follows:



The largest revenue source is the State of Florida. Revenues from State sources for current operations are primarily received through the FEFP funding formula, Class Size Reduction, Workforce Development, and Voluntary Pre-K funds. State revenues increased by $2,519,032, or 1.5 percent, primarily due to increases in FEFP funding.

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 $21,805,588, while the total fund balance is $30,745,878. As a measure of the General Fund's liquidity, it may be useful to compare the assigned and unassigned fund balance to General Fund total revenues. The total assigned and unassigned fund balance is 9.8 percent of total General Fund revenues, while total fund balance represents approximately 13.3 percent of total General Fund revenues. Total fund balance increased by $7,205,611. The key factors impacting the change in fund balance were moving the committed fund balance to unassigned, coding staff to CARES, and cutting District budgets.

The Special Revenue – Food Service Fund has a total fund balance of $10,612,593, of which substantially all is restricted for allowable purposes of food service. The fund balance increased by $2,952,390, or 38.5 percent, as food service revenues continued to outpace expenditures. Of the total fund balance, $262,214 has been encumbered for food service activities.

The Special Revenue – Other Federal Programs Fund accounts for the financial resources of certain Federal grant programs. This fund has revenue of $19,677,491 which is an increase of $4,522,998 over the prior fiscal year mainly due to the receipt of funds from the Cares Act. Current year expenditures

were $20,048,068 which was an increase of $4,621,432 compared to the prior fiscal year due to increases in salary expense, software rentals, and enhanced cleaning expense. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Special Revenue – Federal Education Stabilization Fund accounts for emergency relief funds to assist in the Coronavirus recovery efforts. The District received $10,380,138 in revenues.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of $7,136,475, which is restricted for the acquisition, construction, and maintenance of capital assets. The fund balance increased by $3,276,017, or 84.9 percent, during the 2020-21 fiscal year, primarily due to an increase in District capital improvement tax collections. Of the total fund balance, $535,014 has been encumbered for specific projects.

The Capital Projects – Other Fund has a total fund balance of $24,956,920, of which substantially all is restricted for allowable purposes of various capital funding sources. The fund balance decreased by $5,680,780, or 18.5 percent, primarily due to the building and fixed equipment expenses at East Bay K-8 School. Of the total fund balance, $3,883,042 has been encumbered for specific projects.

Proprietary Fund

The total net position of the Internal Service Fund totaled $5,790,587 at June 30, 2021, of which $2,000,000 is restricted for a State required safe harbor reserve. The total net position decreased by $4,838,663, or 45.5 percent, during the 2020-2021 fiscal year primarily due to an increase in claims expense.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2020-21 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of $216,727, or 0.1 percent. At the same time, final budgeted expenditures are less than the original budgeted amounts by $11,258,302 or 4.5 percent. Significant budget revisions occurred primarily from changes in estimated State funding levels, purchased services increase, salary and benefit changes, and reductions in District budgets.

Actual revenues are in line with the final budgeted amounts while actual expenditures are $10,123,643, or 4.3 percent, less than final budget amounts. Actual expenditures are less in 2020-2021 primarily due to Restricted/Categorical projects and School Based budgets having balances left in appropriations at fiscal year-end. Restricted/Categorical projects had a balance of $6,075,288, and School Based budgets had a balance of $1,828,045 at year-end. Encumbrances, year-end adjustments, and projects that cross fiscal years make up the majority of the remaining balance. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by $9,890,973, primarily due to the encumbrances and the unspent appropriations from the Restricted/Categorical projects and School Based budget balances folding back into fund balance at year-end.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021, amounts to $309,614,688 (net of accumulated depreciation). This investment in capital assets includes land; land improvements; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

Major capital asset events included the following:

- During the current fiscal year, the District completed fieldhouse construction.
- At June 30, 2021, construction in progress includes HVAC/energy upgrades and construction of two new schools.

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

Long-Term Debt

At June 30, 2021, the District has total long-term debt outstanding of $50,802,819, composed of $1,107,768 of bonds payable and $49,695,051 of certificates of participation payable. During the current fiscal year, retirement of debt was $2,396,879.

Additional information on the District's long-term debt can be found in Notes I.F.6. and III.H. to the financial statements.

OTHER MATTERS OF SIGNIFICANCE

The District is building a new K-8 school in the north end of Santa Rosa County. A Series 2021 Certificate of Participation in the amount of $12,505,000 was secured in July 2021 to fund the building of this new school.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional information should be addressed to the Assistant Superintendent for Finance, Santa Rosa County District School Board, 5086 Canal Street, Milton, Florida 32570.

Basic Financial Statements

Santa Rosa County District School Board
Statement of Net Position

June 30, **2021**

	Primary Government Governmental Activities	Component Units
Assets		
Cash and cash equivalents	$ 91,717,537	$ 305,953
Investments	21,457	-
Accounts receivable	4,540	13,776
Due from other agencies	4,616,775	41,958
Inventories	183,997	-
Capital assets, net	309,614,688	1,339,047
Total assets	406,158,994	1,700,734
Deferred outflows of resources		
Other post employement benefits	1,498,178	-
Pensions	60,093,931	-
Deferred charges on debt refunding	688,421	-
Total deferred outflows of resources	62,280,530	-
Liabilities, deferred inflows of resources and net position		
Salaries and wages payable	504,934	3,432
Accounts payable and accrued expenses	2,967,148	4,123
Deposits payable	381,690	-
Due to other agencies	326,482	98,243
Construction contracts retainage payable	1,090,236	-
Estimated unpaid claims - self-insurance programs	2,149,000	-
Advanced revenue	4,460,271	-
Long-term liabilities:		
Portion due within one year	8,123,785	135,087
Portion due after one year	258,199,246	690,134
Total liabilities	278,202,792	931,019
Deferred inflows of resources		
Other post employement benefits	2,824,192	$ -
Pensions	5,292,295	-
Total deferred inflows of resources	8,116,487	-
Net Position		
Net investment in capital assets	263,098,885	563,257
Restricted for:		
State categorical programs	6,231,157	-
Food service	10,612,593	-
Capital projects	34,395,437	-
Debt service	3,070,049	-
Unrestricted	(135,287,876)	206,458
Total net position	$ 182,120,245	$ 769,715

The accompanying footnotes are an integral part of these financial statements.

Santa Rosa County District School Board
Statement of Activities

For the year ended June 30, **2021**

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Units
Primary government						
Governmental Activities						
Instruction	$ 176,395,499	$ 603,290	$ -	$ -	$ (175,792,209)	$ 611,842
Pupil personnel services	12,687,976	-	-	-	(12,687,976)	-
Instructional media services	2,806,698	-	-	-	(2,806,698)	-
Instruction and curriculum development	8,646,895	-	-	-	(8,646,895)	-
Instructional staff training	2,676,431	-	-	-	(2,676,431)	-
Instruction related technology	4,838,829	-	-	-	(4,838,829)	-
School board	726,571	-	-	-	(726,571)	10,908
General administration	1,738,387	-	-	-	(1,738,387)	6,462
School administration	17,527,645	-	-	-	(17,527,645)	183,411
Facilities acquisition and construction	2,246,760	14,047	-	982,194	(1,250,519)	1,415
Fiscal services	2,039,139	-	-	-	(2,039,139)	102,152
Food services	11,513,721	1,931,579	13,006,382	-	3,424,240	740
Central services	3,863,232	-	-	-	(3,863,232)	90,059
Pupil transportation services	13,794,450	-	-	-	(13,794,450)	112,823
Operation of the plant	21,321,356	-	-	-	(21,321,356)	101,599
Maintenance of plant	5,959,913	-	-	-	(5,959,913)	216
Administrative technology services	2,881,579	-	-	-	(2,881,579)	64,804
Community services	2,734,350	1,719,784	-	-	(1,014,566)	2,192
Interest on long-term debt	1,931,022	-	-	-	(1,931,022)	39,131
Unallocated depreciation/amortization expense	10,999,654	-	-	-	(10,999,654)	10,173
Total governmental activities	$ 307,330,107	$ 4,268,700	$ 13,006,382	$ 982,194	(289,072,831)	1,337,927

The accompanying footnotes are an integral part of these financial statements.

For the year ended June 30, **2021**

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Units
Component Units						
Charter schools	1,337,927	$ -	$ 52,474	$ 61,658	-	(1,223,795)
Total component units	$ 1,337,927	$ -	$ 52,474	$ 61,658	-	(1,223,795)
General revenues:						
Taxes:						
Property taxes, levied for general purposes					54,817,378	-
Property taxes, levied for capital purposes					18,065,506	-
Local sales tax					12,177,574	-
Grants and contributions not restricted to specific programs					202,239,806	1,288,065
Investment earnings					145,512	-
Miscellaneous					3,076,694	-
Total general revenues					290,522,470	1,288,065
Change in net position					1,449,639	64,270
Net position - beginning					180,670,606	705,445
Net position - ending					$ 182,120,245	$ 769,715

The accompanying footnotes are an integral part of these financial statements.

Santa Rosa County District School Board
Balance Sheet - Governmental Funds

June 30, **2021**

	General Fund	Special Revenue - Food Service 410	Special revenue - Other Federal projects 420	Federal Education Stabilization Fund 440	Capital Projects - Local Capital Improvement 370	Capital Projects - Other Capital Projects 390	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	$ 31,624,597	$ 10,544,605	$ (993,080)	$ (522,510)	$ 7,580,074	$ 25,074,208	$ 5,400,803	$ 78,708,697
Investments	-	-	-	-	-	-	21,457	21,457
Accounts receivable, net	4,500	40	-	-	-	-	-	4,540
Due from other agencies	656,442	654,336	1,562,390	618,469	32,715	1,029,125	2	4,553,479
Inventory	98,233	85,764	-	-	-	-	-	183,997
Total assets	$ 32,383,772	$ 11,284,745	$ 569,310	$ 95,959	$ 7,612,789	$ 26,103,333	$ 5,422,262	$ 83,472,170
Liabilities, deferred inflows of resources and fund balances								
Liabilities:								
Accrued salaries and benefits	$ 403,213	$ 1,324	$ 57,818	$ 10,062	$ -	$ -	$ -	$ 472,417
Payroll deductions and withholdir	3,834	27	28,618	-	-	-	-	32,479
Accounts payable	1,074,611	442,287	159,622	85,897	435,296	97,195	-	2,294,908
Deposits payable	153,176	228,514	-	-	-	-	-	381,690
Due to other agencies	3,060	-	323,252	-	-	-	170	326,482
Construction contracts payable - retainage	-	-	-	-	41,018	1,049,218	-	1,090,236
Total liabilities	1,637,894	672,152	569,310	95,959	476,314	1,146,413	170	4,598,212

The accompanying footnotes are an integral part of these financial statements.

Santa Rosa County District School Board
Balance Sheet - Governmental Funds (Continued)

June 30, **2021**

	General Fund	Special Revenue - Food Service 410	Special revenue - Other Federal projects 420	Federal Education Stabilization Fund 440	Capital Projects - Local Capital Improvement 370	Capital Projects - Other Capital Projects 390	Other Governmental Funds	Total Governmental Funds
Fund Balances:								
Nonspendable:								
Inventory	98,233	85,764	-	-	-	-	-	183,997
Restricted for:								
State required carryover programs	6,231,157	-	-	-	-	-	-	6,231,157
Debt service	-	-	-	-	-	-	3,070,049	3,070,049
Capital projects	-	-	-	-	7,136,475	24,956,920	2,352,043	34,445,438
Food service	-	10,526,829	-	-	-		-	10,526,829
Committed to:								
Board approved carryover	1,828,045	-	-	-	-	-	-	1,828,045
Assigned to:								
Office and fee based budgets	782,855	-	-	-	-	-	-	782,855
Unassigned	21,805,588	-	-	-	-	-	-	21,805,588
Total fund balances	30,745,878	10,612,593	-	-	7,136,475	24,956,920	5,422,092	78,873,958
Total liabilities, deferred inflows of resources and fund balances	$ 32,383,772	$ 11,284,745	$ 569,310	$ 95,959	$ 7,612,789	$ 26,103,333	$ 5,422,262	$ 83,472,170

The accompanying footnotes are an integral part of these financial statements.

Santa Rosa County District School Board
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30,	**2021**
Total fund balances, governmental funds	$ 78,873,958
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.	309,614,688
Deferred charges on debt refunding are not expenses in the government-wide statements, but are reported as deferred outflows of resources and amortized over the life of the debt.	688,421
Internal service funds are used by management to charge the costs of risk management services to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	5,790,587
Deferred outflows and inflows are resources related to pensions and debt refundings are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources	61,592,109
Deferred inflows of resources	(8,116,487)
Long term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(266,323,031)
Total net position - governmental activities	$ 182,120,245

The accompanying footnotes are an integral part of these financial statements.

Santa Rosa County District School Board
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the year ended June 30, **2021**

	General Fund	Special Revenue - Food Service 410	Special revenue - Other Federal projects 420	Federal Education Stabilization Fund 440	Capital Projects - Local Capital Improvement Tax Fund	Capital Projects - Other Capital Projects 390	Other Governmental Funds	Total Governmental Funds
Revenues								
Intergovernmental:								
Federal direct	$ 1,006,059	$ -	$ 3,969,794	$ -	$ -	$ -	$ -	$ 4,975,853
Federal through state	962,181	12,920,147	15,707,697	10,380,138	-	-	-	39,970,163
State sources	169,728,461	108,130	-	-	-	254,825	1,190,951	171,282,367
Local sources	58,824,745	2,107,409	-	-	18,066,577	12,310,481	8,409	91,317,621
Total revenues	230,521,446	15,135,686	19,677,491	10,380,138	18,066,577	12,565,306	1,199,360	307,546,004
Expenditures								
Current:								
Instruction	143,081,347	-	9,070,504	8,111,594	-	-	-	160,263,445
Student personnel services	10,106,700	-	1,206,247	457,621	-	-	-	11,770,568
Instructional media services	2,496,395	-	62,639	-	-	-	-	2,559,034
Instructional and curriculum development services	4,675,991	-	3,111,149	41,608	-	-	-	7,828,748
Instructional staff training services	1,304,164	-	1,147,806	33,920	-	-	-	2,485,890
Instruction related technology	3,812,697	-	196,608	-	-	-	-	4,009,305
Board of education	703,043	-	-	-	-	-	-	703,043
General administration	1,029,177	-	479,373	130,529	-	-	-	1,639,079
School administration	15,496,410	-	273,711	-	-	-	-	15,770,121
Facilities acquisition and construction	1,359	-	1,529	-	3,467,513	3,088,243	305,451	6,864,095
Fiscal services	1,887,499	-	-	-	-	-	-	1,887,499
Food services	-	11,394,529	-	-	-	-	-	11,394,529
Central services	3,279,615	-	250,115	-	-	-	-	3,529,730
Student transportation services	13,605,843	-	10,470	8,581	-	-	-	13,624,894
Operation of plant	16,720,001	-	3,305,961	1,274,590	-	-	-	21,300,552
Maintenance of plant	3,740,153	-	-	-	818,312	43,742	71,354	4,673,561
Administrative technology services	2,586,742	-	-	-	-	-	-	2,586,742
Community services	1,880,394	-	472,374	41,777	-	-	-	2,394,545

The accompanying footnotes are an integral part of these financial statements.

Santa Rosa County District School Board
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the year ended June 30, **2021**

	General Fund	Special Revenue - Food Service 410	Special revenue - Other Federal projects 420	Federal Education Stabilization Fund 440	Capital Projects - Local Capital Improvement Tax Fund	Capital Projects - Other Capital Projects 390	Other Governmental Funds	Total Governmental Funds
Fixed capital outlay:								
Facilities acquisition and construction	6,510	-	-	-	2,115,612	15,717,797	-	17,839,919
Other capital outlay	1,476,290	788,767	459,582	279,918	22,874	-	-	3,027,431
Debt Service:								
Retirement of principal	-	-	-	-	-	-	2,113,000	2,113,000
Interest and fiscal charges	-	-	-	-	-	-	2,133,844	2,133,844
Dues and fees	-	-	-	-	-	-	12,216	12,216
Total expenditures	227,890,330	12,183,296	20,048,068	10,380,138	6,424,311	18,849,782	4,635,865	300,411,790
Excess (deficiency) of revenues over expenditures	2,631,116	2,952,390	(370,577)	-	11,642,266	(6,284,476)	(3,436,505)	7,134,214
Other financing sources (uses)								
Sale of capital assets	-				-	1,019,152	-	1,019,152
Loss recoveries	677	-	-	-	223,502	-	-	224,179
Transfers in	4,944,394	-	370,577	-	-	-	4,060,812	9,375,783
Transfers out	(370,576)	-	-	-	(8,589,751)	(415,456)	-	(9,375,783)
Total other financing sources and (uses)	4,574,495	-	370,577	-	(8,366,249)	603,696	4,060,812	1,243,331
Net change in fund balances	7,205,611	2,952,390	-	-	3,276,017	(5,680,780)	624,307	8,377,545
Fund balances, July 1, 2020	23,540,267	7,660,203	-	-	3,860,458	30,637,700	4,797,785	70,496,413
Fund balances, June 30, 2021	$ 30,745,878	$ 10,612,593	$ -	$ -	$ 7,136,475	$ 24,956,920	$ 5,422,092	$ 78,873,958

The accompanying footnotes are an integral part of these financial statements.

Santa Rosa County District School Board
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended June 30,		**2021**
Net change in fund balances - total governmental funds:	$	8,377,545
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as a depreciation expense. This is the amount of capital outlay in excess of depreciation expense in the current period.		13,460,147
The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include proceeds from sales. Thus, the change in net position differs from the change in fund balances by the cost of assets sold.		(1,317,338)
Repayment of long-term debt is an expenditure in the governmental funds, but repayment reduces long-term debt in the statement of net position.		2,113,000
Some revenues and expenses reported in the statement of actiivties do not require the use of current financial resources and, therefore, are not reported as revenues and expenditures in the governmental funds.		215,027
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 paid in excess of the amount earned in the current period.		6,115,329
In the Statement of Activities, the cost of other post employment benefit (OPEB) obligation is measured by actuarial estimations, while in the governmental funds expenditures are recognized based on amounts actually paid for OPEB. This is the net increase of the OPEB obligation for the current period.		(1,386,282)
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.		(15,481,817)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net income of internal service funds is reported with governmental activities.		(4,838,663)
Change in net position of governmental activities	$	7,256,948

The accompanying footnotes are an integral part of these financial statements.

Santa Rosa County District School Board
Statement of Net Position – Proprietary Fund

June 30,	**2021**
	Governmental Activities - Internal Service Funds
Assets	
Cash and cash equivalents	$ 13,008,840
Due from other agencies	63,296
Total assets	$ 13,072,136
Liabilities and Net Position	
Current Liabilities:	
Accrued salaries and benefits	$ 38
Accounts payable	672,240
Unearned revenue	4,460,271
Estimated health insurance claims payable	2,149,000
Total current liabilities	7,281,549
Total liabilities	7,281,549
Net Position	
Restricted for State required safe harbor reserve	2,000,000
Unrestricted	3,790,587
Total net position	5,790,587
Total liabilities and net position	$ 13,072,136

The accompanying footnotes are an integral part of these financial statements.

Santa Rosa County District School Board
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund

For the year ended June 30,	**2021**
	Governmental Activities - Internal Service Funds
Operating Revenues	
Insurance premiums	$ 20,734,710
Operating Expenses	
Purchased services	3,532,814
Employee salaries and benefits	1,356,542
Materials and supplies	402
Insurance claims	22,019,877
Total expenses	26,909,635
Operating loss	(6,174,925)
Nonoperating Revenues	
Interest income	1,877
Other miscellaneous sources	1,334,385
Total nonoperating revenues	1,336,262
Change in Net Position	(4,838,663)
Net position - beginning	10,629,250
Net position - ending	$ 5,790,587

The accompanying footnotes are an integral part of these financial statements.

Santa Rosa County District School Board
Statement of Cash Flows – Proprietary Fund

For the year ended June 30,	**2021**
	Governmental Activities - Internal Service Funds
Cash flows from operating activities	
Cash receipts from customers and users	$ 20,734,710
Cash payments to suppliers	(2,250,606)
Cash payments to employees	(1,356,542)
Cash payments for insurance claims and fees	(22,084,081)
Net cash used by operating activities	(4,956,519)
Cash flows from noncapital financing activities	
Other receipts	1,334,385
Net cash provided by noncapital financing activities	1,334,385
Cash flows from investing activities	
Interest and dividends received	1,877
Net cash provided by investing activities	1,877
Net decrease in cash and cash equivalents	(3,620,257)
Cash and cash equivalents, beginning of year	16,629,097
Cash and cash equivalents, end of year	$ 13,008,840
Reconciliation of operating income to net cash used by operating activities	
Operating loss	$ (6,174,925)
Adjustments to reconcile operating loss to net cash used by operating activities:	
(Increase) decrease in:	
Due from other agencies	167,370
Increase (decrease) in:	
Estimated health insurance claims payable	(64,204)
Unearned revenue	1,115,240
Net cash used by operating activities	$ (4,956,519)

The accompanying footnotes are an integral part of these financial statements.

Santa Rosa County District School Board
Statement of Fiduciary Net Position

June 30,		**2021**
		Custodial Funds
Assets		
Cash and cash equivalents	$	4,949,169
Accounts receivable, net		46,687
Due from other agencies		12,777
Total assets	$	5,008,633
Liabilities		
Accounts payable	$	312,562
Internal accounts payable		7,190
Total liabilities		319,752
Net position		
Restricted for individuals, organizations, and other governments		4,688,881
Total net position		4,688,881
Total liabilities and net position	$	5,008,633

The accompanying footnotes are an integral part of these financial statements.

Santa Rosa County District School Board
Statement of Changes in Fiduciary Net Position

For the year ended June 30,	**2021**
	Custodial Funds
Additions	
Student group collections	$ 5,700,383
Plan member contributions	286,386
Total additions	5,986,769
Deductions	
Student group disbursements	5,360,690
Claims	260,556
Total liabilities	5,621,246
Change in net position	365,523
Net position - beginning, as restated	4,323,358
Net position - ending	$ 4,688,881

The accompanying footnotes are an integral part of these financial statements.

NOTE 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, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from certain legally separated 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 Santa Rosa County School District's (the "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 that is clearly identifiable to a function is allocated to the function, and the remaining depreciation expense is reported as unallocated.

B. Reporting Entity

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

Criteria for determining if other entities are potential component units which should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any legally separate entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationships 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 – Blended component units are, in substance, part of the primary District operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as a part of the District. The Santa Rosa School Board Leasing Corporation ("Leasing Corporation") was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in a subsequent note. 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.

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 District's charter schools, The Learning Academy, Inc. and Capstone Academy, LLC, are not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act, and Section 1002.33, Florida Statutes. The charter schools operate under a charter approved by their sponsor, the Santa Rosa 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.

The financial data reported on the accompanying statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2021. The audit reports are filed in the District's administrative offices at 5086 Canal Street, Milton, Florida 32570.

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, the proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

D. Basis of Presentation: Fund Financial Statements

The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental 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.

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Special Revenue – Food Service – to account for the financial resources, including Federal grants and local sources, and expenditure payments associated with the District's food service programs.

- Special Revenue – Other Federal Programs – to account for certain Federal grant program resources.

- Special Revenue – Federal Education Stabilization Fund – to account for emergency relief funds to assist in the Coronavirus recovery efforts.

- Capital Projects – Local Capital Improvement Tax Fund – to account for the financial resources generated by local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, and debt service payments on certificates of participation.

- Capital Projects – Other Capital Projects – to account for various financial resources (e.g., capital outlay sales and charter school capital outlay funding) to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.

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

- Internal Service Funds – to account for the District's individual self-insurance programs.

- Custodial Funds – to account for financial resources of the District's flexible benefits plan and the school internal funds, which are used to administer moneys collected at schools in connection with school, student athletic, class, and club activities.

Certain activity occurs during the fiscal year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

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.

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 30 days of fiscal year-end). Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. 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 agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting assets and liabilities.

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, and short-term liquid investments with original maturities of three months or less from the date of acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME.

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

2. Investments

Investments consist of amounts placed in SBA debt service accounts for investment of debt service moneys and amounts placed with the SBA for participation in the Florida PRIME investment pool created by Sections 218.405, Florida Statutes. The investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

3. Inventories

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

4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide Statement of Net Position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than $1,000, except for buildings and improvements other than buildings which are defined as assets costing more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation.

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

Description	Estimated Lives
Improvements other than buildings	10 – 40 years
Buildings and fixed equipment	10 – 50 years
Furniture, fixtures and equipment	3 – 20 years
Motor vehicles	15 years
Audio-visual materials and computer software	5 – 7 years

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

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Debt premiums and discounts are deferred and amortized over the life of the debt. Bonds and certificates of participation payable are reported net of the applicable premiums or discounts.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize debt premiums and discounts during the current fiscal year. The face amount of debt issued and the related debt premiums are reported as other financing sources.

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The District has three items that qualify for reporting in this category. The first is a deferred charge on debt refunding that results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other deferred amounts are related to pensions and other postemployment benefits (OPEB) which are discussed in subsequent notes.

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Net Position Flow Assumption

The District occasionally funds outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the government-wide 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 Assumption

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 approve a commitment of fund balance. Once adopted, the limitation imposed by the Board remains in place until a similar action is taken to remove or revise the limitation. In July 2019, the Board gave its approval to commit certain project balances during the budget process.

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 vote authorized the Assistant Superintendent for Finance and the Accounting Supervisor to assign 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 fiscal year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. State Revenue Sources

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

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

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A schedule of revenue from State sources for the current fiscal 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 Santa Rosa County Property Appraiser, and property taxes are collected by the Santa Rosa County Tax Collector.

The Board adopted the 2020 tax levy on September 10, 2020. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to four 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 Santa Rosa County Tax Collector at fiscal year-end but not yet remitted to the District.

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

4. Capital Outlay Surtax

In March 2007, the voters of Santa Rosa County approved a one-half cent school capital outlay surtax on sales in the County for 10 years, effective October 1, 2008, to pay construction costs of certain school facilities and related costs in accordance with Section 212.055(6), Florida Statutes. In March 2017, Santa Rosa County voters opted to continue the one-half cent school capital outlay surtax on sales through December 31, 2028.

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 year 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 Fund Operating and Nonoperating Revenue and Expenses

The proprietary fund distinguishes 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 of the District's Internal Service Fund include insurance claims and purchased services that include excess coverage premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

8. Use of Estimates

The preparation of the financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 22, 2022. See Note IV for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE II: ACCOUNTING CHANGE

Governmental Accounting Standards Board Statement No. 84.

The District implemented GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The District considers the school internal funds to meet the criteria for reporting as fiduciary activities in the custodial funds. As such, the beginning net position of the custodial funds was increased by $4,115,032.

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk – In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. All bank balances of the District are fully insured or collateralized as required by Chapter 280, Florida Statutes.

B. Investments

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

Investment	Maturities		Fair Value
State Board of Administration:			
Florida PRIME (1)	50 Day Average	$	51,610,409
Debt Service Accounts	6 Months		21,457
Total Investments		$	51,631,866

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

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District's investments in SBA debt service accounts, totaling $21,457, are valued using Level 1 inputs.

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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's investment policy states that the highest priority shall be given to the safety and liquidity of funds. The policy limits the types of authorized investments as a means of managing the exposure to fair value losses from increasing interest rates.

Florida PRIME uses a weighted average days to maturity (WAM). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustee, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2021, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the Local Government Surplus Funds Trust Fund (Florida PRIME), or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District's investment policy limits investments to funds placed in qualified public depositories, financial deposit instruments insured by the Federal Deposit Insurance Corporation, time deposits, securities of the United States Government (including obligations of the United States Treasury), and investment pools managed and directed by an approved agency of the State.

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

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

C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	Balance 7/1/2020	Additions	Deletions/ Transfers	Balance 6/30/2021
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 13,245,775	$ 5,476,882	$ -	$ 18,722,657
Land improvements	7,672,136	59,597		7,731,733
Construction in progress	20,070,362	14,137,403	12,271	34,195,494
Total capital assets not being depreciated	40,988,273	19,673,882	12,271	60,649,884
Capital assets being depreciated:				
Improvements other than buildings	30,756,941	651,644	64,909	31,343,676
Buildings and fixed equipment	397,555,694	3,939,242	3,102,858	398,392,078
Furniture, fixtures and equipment	17,734,712	1,730,788	859,884	18,605,616
Motor vehicles	3,457,844	58,500	63,356	3,452,988
Audio-visual materials and computer software	4,159,420	750,650	2,671,084	2,238,986
Total capital assets being depreciated	453,664,611	7,130,824	6,762,091	454,033,344
Less accumulated depreciation for:				
Improvements other than buildings	19,696,225	1,061,610	65,979	20,691,856
Buildings and fixed equipment	160,113,312	9,613,894	2,391,851	167,335,355
Furniture, fixtures and equipment	11,837,677	1,304,509	771,467	12,370,719
Motor vehicles	2,035,383	236,095	2,922	2,268,556
Audio-visual materials and computer software	3,498,397	1,116,190	2,212,533	2,402,054
Total accumulated depreciation	197,180,994	13,332,298	5,444,752	205,068,540
Total capital assets being depreciated, net	256,483,617	(6,201,474)	1,317,339	248,964,804
Governmental activities - capital assets, net	$ 297,471,890	$ 13,472,408	$ 1,329,610	$ 309,614,688

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Depreciation expense was charged to functions as follows:

Function		Amount
GOVERNMENTAL ACTIVITIES		
Instruction	$	363,042
Student support services		12,663
Instructional media services		3,984
Instruction and curriculum development		5,855
Instructional staff training		9,774
Instruction related technology		552,087
General administration		353
School administration		3,665
Fiscal services		2,216
Food services		117,400
Central services		28,199
Pupil transportation services		12,093
Operation of plant		8,507
Maintenance of plant		983,386
Administrative technology services		111,875
Community services		117,545
Unallocated		10,999,654
	$	13,332,298

D. Retirement Plans

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.

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

The District's FRS and HIS pension expense totaled $29,586,080 for the fiscal year ended June 30, 2021.

FRS Pension Plan

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

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

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

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.

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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:

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
Regular members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Elected County Officers	3.00

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

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

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

	Percent of Gross Salary	
Class	**Employee**	**Employer (1)**
FRS, Regular	3.00	10.00
FRS, Elected County Officers	3.00	49.18
DROP - Applicable to members from all of the above classes	0.00	16.98
FRS, Reemplyed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than from 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 $11,714,387 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the District reported a liability of $121,318,714 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-2020 fiscal year contributions relative to the 2019-2020 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.27991 percent, which was an increase of 0.004410 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized Plan pension expense of $25,127,184 related to the Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 4,643,114	$ -
Change of assumptions	21,962,547	-
Net difference between projected and actual earnings on FRS pension plan investments	7,223,433	-
Changes in proportion and differences between District FRS contributions and proprtionate share of contributions	2,053,055	1,435,669
District FRS contributions subsequent to the measurement date	11,714,387	-
Total	$ 47,596,536	$ 1,435,669

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling $11,714,387, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30		Amount
2021	$	6,748,360
2022		10,814,531
2023		9,538,430
2024		5,883,021
2025		1,462,138
Total	$	34,446,480

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

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

Mortality rates were based on the PUB2010 projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.20%	2.20%	1.20%
Fixed Income	19.00%	3.00%	2.90%	3.50%
Global Equity	54.20%	8.00%	6.70%	17.10%
Real Estate (Property)	10.30%	6.40%	5.80%	11.70%
Private Equity	11.10%	10.80%	8.10%	25.70%
Strategic Investments	4.40%	5.50%	5.30%	6.90%
Total	100.00%			
Assumed Inflation - Mean			2.40%	1.70%

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2020 valuation was updated from 6.90 percent to 6.80 percent.

Sensitivity of the District's Proportionate Share of the Net Position 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 6.80 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 (5.80 percent) or 1 percentage-point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
District's proportionate share of the net pension liability	$ 193,725,599	$ 121,318,714	$ 60,844,170

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

HIS Pension Plan

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

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

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2021, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled $2,387,284 for the fiscal year June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the District reported a net pension liability of $49,869,839 for its proportionate share of the HIS Plan's net pension liability. The current portion of the new pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-2020 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.408439835 percent, which was an increase of 0.005213 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized the HIS pension expense of $3,735,068. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,039,979	$ 38,472
Change of assumptions	5,362,428	2,899,737.00
Net difference between projected and actual earnings on HIS pension plan investments	39,816	-
Changes in proportion and differences between District HIS contributions and proprtionate share of contributions	2,667,888	918,418
District HIS contributions subsequent to the measurement date	2,387,284	-
Total	$ 12,497,395	$ 3,856,627

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling $2,387,284 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2021	1,605,756
2022	1,336,888
2023	468,996
2024	960,804
2025	1,064,131
Thereafter	816,909
Total	$ 6,253,484

Actuarial Assumptions. The actuarial valuation was prepared as of July 1, 2019, and update procedures were used to determine liabilities as of July 1, 2020. The actuarial assumptions that determined the total net pension liability as of June 30, 2020, were as follows:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.21 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 2.21 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.50 percent to 2.21 percent.

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
District's proportionate share of the net pension liability	$ 57,647,308	$ 49,869,839	$ 43,504,003

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

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. 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 0.04 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2020-2021 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Elected County Officers	11.34

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

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

The District's Investment Plan pension expense totaled $4,889,534 for the fiscal year ended June 30, 2021.

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 are eligible to participate in the District's healthcare plan. 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 action from the Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Employees Covered by Benefit Terms. As of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	288
Active employees	3,194
Total	3,482

Total OPEB Liability. The District's total OPEB liability of $21,962,874 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020.

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

Inflation rate	2.5 percent
Salary increase rate	4 percent
Discount rate	2.66 percent
Initial trend rate	7.5 percent
Ultimate trend rate	4 percent
Years to ultimate	55 years

All mortality rates were based on the RP-2000 mortality tables.

Mortality – Healthy Lives: For female lives, 100 percent of the annuitant white-collar table was used. For male (non-special risk) lives, a 50 percent annuitant white collar table, 50 percent annuitant blue-collar table blend was used. For male special risk lives, a 10 percent annuitant white- collar table, 90 percent annuitant blue-collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

Discount Rate: Given the District's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 2.79 percent. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard & Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Changes in Total OPEB Liability:

		Amount
Balance at June 30, 2020	$	19,994,252
Changes for the fiscal year:		
Service cost		1,682,065
Interest		597,154
Changes of assumptions		239,123
Benefit payments		(549,720)
Net changes		1,968,622
Balance at June 30, 2021	$	21,962,874

Changes of assumptions reflect a change in the discount rate from 2.79 percent for the reporting period ended June 30, 2020, to 2.66 percent for the reporting period ended June 30, 2021.

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 Districts' total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66 percent) or 1 percentage point higher (3.66 percent) than the current rate:

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB Liability	$ 23,889,307	$ 21,962,874	$ 20,189,542

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.5 percent decreasing to 3 percent) or 1 percentage point higher (8.5 percent decreasing to 5 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 3%)	Healthcare Cost Trend Rates (7.5% decreasing to 4%)	1% Increase (8.5% decreasing to 5%)
Total OPEB Liability	$ 19,307,094	$ 21,962,874	$ 25,115,061

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2021, the District recognized OPEB expense of $1,980,931. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 688,318	$ -
Change of assumptions	215,211	2,824,192
Estimated benefits paid after measurement date	594,649	-
Total	$ 1,498,178	$ 2,824,192

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ (308,288)
2023	(308,288)
2024	(308,288)
2025	(308,288)
2026	(308,284)
Thereafter	(379,227)
Total	$ (1,920,663)

F. Construction and Other Significant Commitments

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

Project	Contract Amount	Completed to Date	Balance Committed
East Bay K-8	$ 33,063,271	$ 32,753,426	$ 309,845
East Bay K-8 Covered PE Building	830,517	363,131	467,386
Wallace Lake, Pace Area K-8	3,365,504	1,839,232	1,526,272
Hobbs HVAC/Energy Upgrades	1,714,261	1,272,938	441,323
Total	$ 38,973,553	$ 36,228,727	$ 2,744,826

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Encumbrances. Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next fiscal year's appropriations are likewise encumbered. The following is a schedule of encumbrances at June 30, 2021:

Major Funds							
General	Special Revenue - Food Service	Special Revenue - Other Federal Programs	Special Revenue - Federal ED Stabilization Fund	Capital Projects - Local Capital Improvement	Capital Projects - Other	Nonmajor Governmental Funds	Total Governmental Funds
$ 740,797	$ 262,214	$ 205,249	$ 172,952	$ 535,014	$ 3,883,042	$ 187,972	$ 5,987,240

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 limits its exposure to these risks through its membership in the Florida School Board Insurance Trust (Trust). The Trust is a self-insurance fund of Florida school boards established under the authority set forth in Section 1001.42, Florida Statutes, and was established for the purpose of pooling certain exposures (e.g. property, casualty, and workers' compensation) of participating districts. If a participating district withdraws or terminates participation in the Trust, and its claims exceed loss fund contributions from premiums paid, the Trust may request additional funds or return the open claims to that district. Through its participation in the Trust, the District has acquired various types of insurance coverage including property, general and automotive liability, workers' compensation, errors and omissions, employee benefits liability, boiler and machinery, crime, special events, pollution, legal liability, school crisis risk, and cyber liability coverage. Catastrophic student accident, flood and storage tank liability insurance are provided through purchased commercial insurance.

The District provides self-insured employee health and hospitalization coverage. The District entered into an agreement with a stop loss insurance company to provide specific excess coverage of claim amounts above $175,000 on an individual claim basis and aggregate excess coverage of $1 million. Aggregate excess coverage is paid out when total claims annually, minus specific excess coverage, exceed 100 percent of the overall variable claims cost. The District has contracted with an insurance administrator to administer the self-insurance programs, including the processing, investigating, and payment of claims. A liability in the amount of $2,149,000 was actuarially determined to cover the estimated incurred but not reported insurance claims payable at June 30, 2021.

Dental, vision, long-term disability, and life insurance coverages are provided through commercial insurance.

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Prior to July 1, 1997, the District was self-insured for worker's compensation exposures up to specified limits. At June 30, 2021, a liability in the amount of $153,175 was recorded to cover future claims payments relating to this former self-insurance program. This amount is recorded as a deposit payable on the accompanying Statement of Net Position and Balance Sheet – Governmental Funds.

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

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

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
Workers Compensation:				
2019-20	$ 173,860	$ (14,665)	$ -	$ 159,194
2020-21	159,194	(6,019)	-	153,175
Employee Health:				
2019-20	$ 2,284,459	$ (12,387,993)	$ 11,809,534	$ 1,706,000
2020-21	1,706,000	(13,766,557)	14,209,557	2,149,000

H. Long-Term Liabilities

1. Certificates of Participation

The District entered into financing arrangements with the Santa Rosa School Board Leasing Corporation (Leasing Corporation) whereby the District has authorized several certificates of participation debt issues, characterized as lease-purchase agreements. The following schedule describes the status of these issues at June 30, 2021:

Series	Original Amount	Principal Paid to Date	Balance
2014	$ 20,520,000	$ 5,445,000	$ 15,075,000
2019	30,275,000	880,000	29,395,000
			$ 44,470,000

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

The ground lease on the properties associated with the Series 2014 Certificates ends on the earlier of (a) the date on which the Series 2014 Certificates have been paid in full or provision for their payment has been made, or (b) 10 years from the final maturity date of the Series 2014 Certificates and any series of certificates refunding the Series 2014 Certificates. It is not expected that the ground lease term with respect to the properties associated with the Series 2014 Certificates will exceed February 01, 2031. The lease payments are payable by the District semiannually, on February 1 and August 1 at interest rates ranging from 3 percent to 5 percent for the Series 2014 Certificates. The Series 2014 Certificates were issued to refund the Refunded Certificates and thereby refinance a portion of the cost of acquisition, construction and installation of the Consolidated 2006 Project as well as to pay costs associated with the issuance of the Series 2014 Certificates.

The ground lease on the properties associated with the Series 2019 Certificates ends on the earlier of (a) the date on which the Series 2019 Certificates have been paid in full or provision for their payment has been made, or (b) 10 years from the final maturity date of the Series 2019 Certificates and any series of certificates refunding the Series 2019 Certificates. It is not expected that the ground lease term with respect to the properties associated with the Series 2019 Certificates will exceed February 1, 2044. The lease payments are payable by the District semiannually, on February 1 and August 1 at interest rates ranging from 3 percent to 5 percent.

The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the leases and to provide for the rent payments through to term, the master lease-purchase agreement provides for several remedies that are available to the Leasing Corporation, including taking possession of the properties and selling or re-letting its interest therein.

The District properties included in the various ground leases under these arrangements include:
Series 2019:

- East Bay K-8 School – New Construction

Series 2014:

- Navarre High School – Gymnasium, Classrooms and Maintenance Building
- Navarre High School – Cafeteria Expansion, Fieldhouse and North Wing Addition
- Thomas L. Sims Middle School – Classroom Spaces and Accoutrements
- Bennett C. Russell Elementary School
- Woodlawn Beach Middle School – Classroom Additions

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

Fiscal Year	Total	Principal	Interest
2021	$ 4,026,500	$ 2,040,000	$ 1,986,500
2022	3,984,500	2,100,000	1,884,500
2023	4,089,500	2,310,000	1,779,500
2024	4,089,000	2,425,000	1,664,000
2025	4,092,750	2,550,000	1,542,750
2026-2030	19,307,200	13,595,000	5,712,200
2031-2035	9,582,500	6,185,000	3,397,500
2036-2040	9,572,750	7,850,000	1,722,750
2041-2044	5,743,200	5,415,000	328,200
Total mimimum lease payments	64,487,900	44,470,000	20,017,900
Plus: unamortized premium	5,225,051	5,225,051	-
Total certificates of participation	$ 69,712,951	$ 49,695,051	$ 20,017,900

2. Bonds Payable

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

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:			
Series 2011A, Refunding	100,000	3.0 - 5.0	2023
Series 2014A, Refunding	137,000	3.0 - 5.0	2025
Series 2017A, Refunding	106,000	5.0	2026
Series 2020A, Refunding	597,000	2.0 - 5.0	2030
Bonds payable	940,000		
Plus: unamortized premium	167,768		
Total bonds payable	$ 1,107,768		

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

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

State School Bonds

These bonds are issued by the SBE on behalf of the District. The bonds mature serially and are secured by a pledge of the District's portion of the State-assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements are administered by the SBE and the SBA.

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

Fiscal Year	Total	Principal	Interest
State School Bonds:			
2022	$ 201,810	$ 159,000	$ 42,810
2023	199,860	164,000	35,860
2024	150,370	120,000	30,370
2025	133,370	109,000	24,370
2026	110,400	91,000	19,400
2027-2030	335,050	297,000	38,050
Total State School Bonds	$ 1,130,860	$ 940,000	$ 190,860

3. Changes in Long-Term Liabilities

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

Description	Balance 7/1/2020	Additions	Deductions	Balance 6/30/2021	Due in One Year
GOVERNMENTAL ACTIVITIES					
Certificates of participation payable	$ 46,435,000	$ -	$ (1,965,000)	$ 44,470,000	$ 2,040,000
Unamortized premium	5,476,410	-	(251,359)	5,225,051	255,324
Total certificates of participation payable	51,911,410	-	(2,216,359)	49,695,051	2,295,324
Bonds payable	1,088,000	-	(148,000)	940,000	159,000
Unamortized premium	200,288	-	(32,520)	167,768	32,520
Total bonds payable	1,288,288	-	(180,520)	1,107,768	191,520
Compensated absences payable	22,676,808	5,845,560	(6,153,583)	22,368,785	5,924,785
Net pension liability	139,996,641	85,483,560	(54,291,648)	171,188,553	-
Total other post employment benefits liability	19,994,252	2,518,342	(549,720)	21,962,874	-
Total	$ 235,867,399	$ 93,847,462	$ (63,391,830)	$ 266,323,031	$ 8,411,629

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

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue for the 2020-2021 fiscal year:

Sources		Amount
Florida education finance program	$	135,228,647
Class size reduction categorical		31,328,048
Workforce development		2,292,116
Motor vehicle license tax (capital outlay and debt service)		982,194
Voluntary prekindergarten program		516,930
Food service supplement		108,130
Charter school capital outlay		67,078
Educational facilities security		61,361
Mobile home license tax		41,700
Miscellaneous		656,163
Total	$	171,282,367

Accounting policies relating to certain State revenue sources are described in Note 1.G.2.

NOTE III: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

2. Property Taxes

The following is a summary of millages and taxes levied on the 2020 tax roll for the 2020-2021 fiscal year:

	Millages	Taxes Levied
General Fund		
Nonvoted school tax		
Required local effort	3.802	$ 47,442,095
Basic discretionary local effort	0.748	9,333,689
Capital Projects Funds - Local Capital Improvement Fund		
Nonvoted tax		
Local capital improvements	1.500	18,717,292
Total	6.050	$ 75,493,076

K. Interfund Transfers

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

Funds	Interfund Transfers In	Interfund Transfers Out
Major funds:		
General	$ 4,944,394	$ 370,576
Special revenue: other federal programs	370,577	-
Capital projects:		
Local capital improvement tax	-	8,589,751
Other capital projects	-	415,456
Nonmajor governmental funds	4,060,812	-
TOTAL	$ 9,375,783	$ 9,375,783

The District made transfers to the General Fund to cover payments on the student transportation contract, pay for certain property and casualty insurance premiums, cover payments for computer upgrades, to facilitate the transfer of State funds to its charter schools, to cover five year survey and growth management study, and to pay for network infrastructure. The District made transfers to the Special Revenue – Other Federal Programs Fund to cover the District's portion of Reserve Officer Training Corps. The District made transfers to the nonmajor governmental funds to facilitate debt service payments on certificates of participation.

NOTE IV: SUBSEQUENT EVENTS

The District is building a new K-8 school in the north end of Santa Rosa County. A Series 2021 Certificate of Participation in the amount of $12,505,000 was secured in July 2021 to fund the building of this new school.

NOTE V: CONTINGENCIES

The District is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by District management and the Board's legal counsel, should not materially affect the financial condition of the District.

Required Supplementary Information
(Other Than MD&A)

Santa Rosa County District School Board
Budget to Actual Comparison Schedule – General Fund

For the year ended June 30,	2021			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Intergovernmental:				
Federal direct	$ 646,843	$ 1,006,059	$ 1,006,059	$ -
Federal through state	1,000,000	962,181	962,181	-
State sources	170,783,322	169,903,554	169,728,461	(175,093)
Local sources	58,107,224	58,882,322	58,824,745	(57,577)
Total revenues	230,537,389	230,754,116	230,521,446	(232,670)
Expenditures				
Instruction	160,273,537	149,956,022	143,081,347	6,874,675
Student personnel services	15,166,831	10,711,347	10,106,700	604,647
Instructional media services	2,933,852	2,810,817	2,496,395	314,422
Instructional and curriculum development services	4,003,618	4,717,701	4,675,991	41,710
Instructional staff training services	2,432,706	1,649,847	1,304,164	345,683
Instruction related technology	4,999,055	4,121,216	3,812,697	308,519
Board of education	843,023	706,759	703,043	3,716
General administration	896,349	1,065,706	1,029,177	36,529
School administration	15,244,387	15,953,081	15,496,410	456,671
Facilities acquisition and construction	23,932	25,381	1,359	24,022
Fiscal services	1,690,062	1,891,482	1,887,499	3,983
Central services	3,201,360	3,440,297	3,279,615	160,682
Student transportation services	13,496,406	13,777,845	13,605,843	172,002
Operation of plant	13,849,753	16,862,135	16,720,001	142,134
Maintenance of plant	4,253,156	3,833,040	3,740,153	92,887
Administrative technology services	3,960,045	3,101,472	2,586,742	514,730
Community services	2,004,202	1,907,024	1,880,394	26,630
Fixed capital outlay:				
Facilities acquisition and construction	-	6,510	6,510	-
Other capital outlay	-	1,476,290	1,476,290	-
Total expenditures	249,272,274	238,013,972	227,890,330	10,123,642
Excess (deficiency) of revenues over expenditures	(18,734,885)	(7,259,856)	2,631,116	9,890,972
Other financing sources (uses)				
Loss recoveries	20,000	677	677	-
Transfers in	6,052,177	4,944,394	4,944,394	-
Transfers out	(273,745)	(370,576)	(370,576)	-
Total other financing sources	5,798,432	4,574,495	4,574,495	-
Net change in fund balances	(12,936,453)	(2,685,361)	7,205,611	9,890,972
Fund balances - beginning	23,540,267	23,540,267	23,540,267	-
Fund balances - ending	$ 10,603,814	$ 20,854,906	$ 30,745,878	$ 9,890,972

Santa Rosa County District School Board
Budget to Actual Comparison Schedule – Special Revenue – Food Service Fund

For the year ended June 30, **2021**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Intergovernmental:				
Federal through state	$ 8,379,302	$ 19,857,017	$ 12,920,147	$ (6,936,870)
State sources	129,014	129,640	108,130	(21,510)
Local sources	5,376,770	5,557,685	2,107,409	(3,450,276)
Total revenues	13,885,086	25,544,342	15,135,686	(10,408,656)
Expenditures				
Food services	17,568,926	19,262,185	11,394,529	7,867,656
Other capital outlay	-	788,767	788,767	-
Total expenditures	17,568,926	20,050,952	12,183,296	7,867,656
Net change in fund balances	(3,683,840)	5,493,390	2,952,390	(2,541,000)
Fund balances - beginning	7,660,203	7,660,203	7,660,203	-
Fund balances - ending	$ 3,976,363	$ 13,153,593	$ 10,612,593	$ (2,541,000)

Santa Rosa County District School Board
Budget to Actual Comparison Schedule – Special Revenue – Other Federal Projects Fund

For the year ended June 30, **2021**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Intergovernmental:				
Federal direct	$ 2,995,542	$ 6,633,415	$ 3,969,794	$ (2,663,621)
Federal through state	13,766,107	19,452,301	15,707,697	(3,744,604)
Total revenues	16,761,649	26,085,716	19,677,491	(6,408,225)
Expenditures				
Instruction	10,287,603	12,952,778	9,070,504	3,882,274
Pupil personnel services	1,075,401	2,077,537	1,206,247	871,290
Instructional media services	549,417	619,214	62,639	556,575
Instructional and curriculum development	2,711,422	3,353,534	3,111,149	242,385
Instructional staff training	998,553	1,655,820	1,147,806	508,014
Instruction related technology	158,258	220,755	196,608	24,147
Board of education			-	-
General administration	486,906	652,007	479,373	172,634
School administration	54,406	372,067	273,711	98,356
Facilities acquisition and construction		3,058	1,529	1,529
Central services	21,091	269,525	250,115	19,410
Pupil transportation services	14,000	33,201	10,470	22,731
Operation of plant	33,206	3,393,508	3,305,961	87,547
Maintenance of plant	8,787	13,574	-	13,574
Community services	629,550	839,715	472,374	367,341
Fixed capital outlay:				
Other capital outlay	-	459,582	459,582	-
Total expenditures	17,028,600	26,915,875	20,048,068	6,867,807
Excess (deficiency) of revenues over expenditures	(266,951)	(830,159)	(370,577)	459,582
Other financing sources (uses)				
Transfers in	273,745	370,577	370,577	-
Total other financing sources and (uses)	273,745	370,577	370,577	-
Net change in fund balances	6,794	(459,582)	-	459,582
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ 6,794	$ (459,582)	$ -	$ 459,582

Santa Rosa County District School Board
Budget to Actual Comparison Schedule – Special Revenue – Federal Education Stabilization Fund

For the year ended June 30,	2021			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Intergovernmental:				
Federal through state	$ 4,416,517	$ 11,810,410	$ 10,380,138	$ (1,430,272)
Total revenues	4,416,517	11,810,410	10,380,138	(1,430,272)
Expenditures				
Instruction	2,964,187	9,287,108	8,111,594	1,175,514
Pupil personnel services	397,779	751,147	457,621	293,526
Instructional and curriculum development	-	88,000	41,608	46,392
Instructional staff training	32,544	131,452	33,920	97,532
General administration	-	135,936	130,529	5,407
Pupil transportation services	11,951	8,581	8,581	-
Operation of plant	972,556	1,352,686	1,274,590	78,096
Community services	37,500	55,500	41,777	13,723
Fixed capital outlay:				
Other capital outlay	-	279,918	279,918	-
Total expenditures	4,416,517	12,090,328	10,380,138	1,710,190
Net change in fund balances	-	(279,918)	-	279,918
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ (279,918)	$ -	$ 279,918

Santa Rosa County District School Board
Schedule of Changes in the Total OPEB Liability and Related Ratios

	2021	2020	2019	2018
Service cost	$ 1,682,065	$ 1,297,998	$ 1,310,422	$ 1,424,253
Interest	597,154	812,663	725,422	579,681
Difference between expected and actual experience in OPEB liability	-	860,398	-	-
Changes of assumptions or other inputs	239,123	(2,260,467)	(493,690)	(1,236,047)
Benefit payments	(549,720)	(826,875)	(762,097)	(700,779)
Net change in Total OPEB Liabilitiy	1,968,622	(116,283)	780,057	67,108
Total OPEB Liability - Beginning	19,994,252	20,110,535	19,330,478	19,263,370
Total OPEB Liability - Ending	$ 21,962,874	$ 19,994,252	$ 20,110,535	$ 19,330,478
Covered employee payroll	$ 133,869,074	$ 128,720,263	$ 117,750,176	$ 108,866,657
Total OPEB Liability as a percentage of covered employee payroll	16.41%	15.53%	17.08%	17.76%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Santa Rosa County District School Board
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System Pension Plan (1)

	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the FRS net pension liability (asset)	0.27991%	0.27550%	0.27262%	0.26501%	0.28396%	0.29274%	0.30137%	0.29840%
District's proportionate share of the FRS net pension liability	$ 121,318,714	$ 94,879,611	$ 82,114,081	$ 78,389,399	$ 71,699,838	$ 37,811,446	$ 18,387,792	$ 51,368,573
District's covered payroll (2)	$ 141,669,156	$ 134,938,347	$ 128,388,264	$ 120,728,089	$ 123,528,778	$ 114,639,462	$ 113,783,755	$ 114,789,889
District's proportionate share of the FRS net pension liability as a percentage of its covered payroll	85.64%	70.31%	63.96%	64.93%	58.04%	32.98%	16.16%	44.75%
FRS Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

(3) Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Santa Rosa County District School Board
Schedule of Contributions –
Florida Retirement System Pension Plan (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	$ 11,714,387	$ 9,300,291	$ 8,542,600	$ 7,769,406	$ 6,898,970	$ 6,924,790	$ 7,137,278	$ 6,601,206
FRS contributions in relation to the contractually required contribution	$ (11,714,387)	$ (9,300,291)	$ (8,542,600)	$ (7,769,406)	$ (6,898,970)	$ (6,924,790)	$ (7,137,278)	$ (6,601,206)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll (2)	$ 143,767,730	$ 141,669,156	$ 134,938,347	$ 128,388,264	$ 120,728,089	$ 123,528,778	$ 114,639,462	$ 113,783,755
FRS contributions as a percentage of covered payroll	8.15%	6.56%	6.33%	6.05%	5.71%	5.61%	6.23%	5.80%

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

(3) Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Santa Rosa County District School Board
Schedule of Proportionate Share of Net Pension Liability – Health Insurance Subsidy Pension Plan (1)

	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the HIS net pension liability	0.40844%	0.40322%	0.39299%	0.37865%	0.39784%	0.37784%	0.38295%	0.38369%
District's proportionate share of the HIS net pension liability	$ 49,869,839	$ 45,117,030	$ 41,594,028	$ 40,487,029	$ 46,366,688	$ 38,533,451	$ 35,806,848	$ 33,405,580
District's covered payroll (2)	$ 141,669,156	$ 134,938,347	$ 128,388,264	$ 120,728,089	$ 123,528,778	$ 114,639,462	$ 113,783,755	$ 114,789,889
District's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.20%	33.44%	32.40%	33.54%	37.54%	33.61%	31.47%	29.10%
HIS Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

(3) Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Santa Rosa County District School Board
Schedule of Contributions –
Health Insurance Subsidy Pension Plan (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required HIS contribution	$ 2,387,284	$ 2,353,647	$ 2,239,079	$ 2,131,170	$ 2,003,926	$ 2,039,187	$ 1,444,329	$ 1,311,861
HIS contributions in relation to the contractually required contribution	$ (2,387,284)	$ (2,353,647)	$ (2,239,079)	$ (2,131,170)	$ (2,003,926)	$ (2,039,187)	$ (1,444,329)	$ (1,311,861)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll (2)	$ 143,767,730	$ 141,669,156	$ 134,938,347	$ 128,388,264	$ 120,728,089	$ 123,528,778	$ 114,639,462	$ 113,783,755
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.65%	1.26%	1.15%

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

(3) Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

NOTE 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 fiscal year's appropriations.

NOTE 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.

Covered employee payroll was projected one year forward from the valuation date for the reporting period ending June 30, 2021.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending June 30, 2021	2.66%
Fiscal Year Ending June 30, 2020	2.79%
Fiscal Year Ending June 30, 2019	3.87%
Fiscal Year Ending June 30, 2018	3.58%
Fiscal Year Ending June 30, 2017	2.85%

Benefit Payments. Expected net benefit payments produced by the valuation model are shown in the table above.

NOTE 3: SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM PENSION PLAN

Changes of Assumptions. The long-term expected rate of return was decreased from 6.9 percent to 6.8 percent.

NOTE 4: SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY PENSION PLAN

Changes of Assumptions. The municipal rate used to determine total pension liability was decreased from 3.50 percent to 2.21 percent, and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.

Other Information

Santa Rosa County District School Board
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2021	Assistance Listing Number	Pass - Through Grantor Number	Amount of Expenditures (Note 1)	Amount Provided To Subrecipients
Clustered				
Child Nutrition Cluster:				
United States Department of Agriculture:				
Indirect:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program (SBP)	10.553	300	$ 59,905	$ -
National School Lunch Program (NSLP)	10.555 (2)	300,321	1,139,278	-
Summer Food Service Program for Children (SFSP)	10.559	323	10,607,882	-
Total Child Nutrition Cluster			11,807,065	-
Forest Service Schools and Roads Cluster				
United States Department of Agriculture				
Indirect:				
Florida Department of Financial Services				
Schools and Roads - Grants to States	10.665	none	18	-
Total Forest Service Schools and Roads Cluster			18	-
WIOA Cluster				
United States Department of Labor:				
Indirect:				
Workforce Escarosa, Inc.:				
WIA Youth Activities	17.259	none	279,074	-
Total WIOA Cluster			279,074	
Student Financial Assistance Cluster:				
United States Department of Education:				
Direct:				
Federal Pell Grant Program	84.063	N/A	391,384	-
Total Student Financial Assistance Cluster			391,384	-
Special Education Cluster:				
United States Department of Education:				
Indirect:				
Florida Department of Education:				
Special Education - Grants to States (IDEA, Part B)	84.027	263	6,056,350	-
Special Education - Preschool Grants (IDEA, Preschool)	84.173	267	168,892	-
Total Special Education Cluster			6,225,242	-
Head Start Cluster				
United States Department of Health and Human Services:				
Direct:				
Head Start (Note 4)	93.600 (3)	none	2,784,723	
COVID-19 - Head Start	93.600 (4)	none	175,992	-
Total Head Start Cluster			2,960,715	-

(continued)

Santa Rosa County District School Board
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2021	Assistance Listing Number	Pass - Through Grantor Number	Amount of Expenditures (Note 1)	Amount Provided To Subrecipients
Not Clustered				
United States Department of Commerce:				
Direct:				
NOAA - Mission Related Education Awards	11.008	none	25,605	-
Total United States Department of Commerce			25,605	-
United States Department of Defense:				
Direct:				
Air Force Junior Reserve Officers Training Corps	12.U01	N/A	67,423	-
Navy Junior Reserve Officers Training Corps	12.U02	N/A	259,719	-
Total United States Department of Defense			327,142	-
United States Department of Labor:				
Indirect:				
Florida State College at Jacksonville:				
Florida Apprenticeship	17.268	none	4,057	-
Total United States Department of Labor			4,057	-
United States Department of Treasury:				
Indirect:				
Santa Rosa Board of County Commissioners				
COVID-19 - Coronavirus Relief Fund	21.019	none	3,501,761	-
Total United States Department of Labor			3,501,761	-
United States Department of Education:				
Education Stabilization Fund				
Direct:				
COVID-19 - HEERF Student Aid Portion	84.425E	N/A	$ 88,386	$ -
COVID-19 - HEERF Fund for the Improvement of Post-Secondary Education (FIPSE) Formula Grant	84.425N	N/A	241,166	-
Indirect:				
Florida Department of Education:				
COVID-19 - Governors Emergency Education Relief Fur	84.425C	123	886,141	-
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	124	9,467,977	3,292
Total Education Stabilization Fund			10,683,670	3,292
Direct:				
Impact Aid	84.041	N/A	1,006,059	-
Indirect:				
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	244,748	-
Title I Grants to Local Education Agencies	84.010	212, 226	3,922,960	49,181
Career and Technical Education - Basic Grants to	84.048	161	317,243	-
Education for Homeless Children and Youth	84.196	127	127,471	-

(continued)

Santa Rosa County District School Board
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2021	Assistance Listing Number	Pass - Through Grantor Number	Amount of Expenditures (Note 1)	Amount Provided To Subrecipients
English Language Acquisition Grants	84.365	102	63,096	-
Supporting Effective Instruction State Grants	84.367	224	773,350	-
Student Support & Academic Enrichment Program	84.424	241	275,019	
Total United States Department of Education			17,413,616	52,473
United States Department of Health and Human Services:				
Indirect:				
Santa Rosa Board of County Commissioners				
COVID-19 - Provider Relief Fund	93.498	none	26,020	-
Total United States Department of Labor			26,020	-
United States Department of Homeland Security:				
Indirect:				
Florida Department of Community Affairs:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Note 5)	97.036	none	191,573	-
Total United States Department of Homeland Security			191,573	-
Total Expenditures of Federal Awards			$ 43,153,272	$ 52,473

Notes:

(1) Basis of Presentation - The Schedule of Expenditures of Federal Awards represents amounts expended from Federal Programs during the 2020-2021 fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the general purpose financial statements have been reported. 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) Indirect Cost Rate - The District's cognizant agency is Florida Department of Education ("FLDOE"). For the fiscal year 2020-2021, FLDOE approved a restricted indirect cost rate of 4.17%. As a result of the approved indirect cost rate, the District does not have the option to elect the 10 percent de minimis rate in accordance with Uniform Guidance.

(3) Noncash Assistance - National School Lunch Program Food – The District received $900,410 amount of donated food received during the fiscal year. Donated food commodities are valued at fair value as determined at time of donation.

(4) Head Start - Expenditures include $1,762,671 for grant number/program year 04CH011424/01 and $1,022,052 for grant number/program year 04CH011424/02.

(5) Loans - The District did not expend federal awards related to loans or loan guarantees during the year ended June 30, 2021.

(6) Insurance - The District does not provide, purchase, or sell any federally funded insurance.

Compliance Section

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
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Miramar Beach, Florida 32550

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INDEPENDENT AUDITORS' 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*

To the Santa Rosa County District School Board and
Dr. Karen Barber, Superintendent of Schools
Milton, Florida

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 Santa Rosa County District School Board (hereinafter referred to as the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 22, 2022. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
March 22, 2022

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

To the Santa Rosa County District School Board and
Dr. Karen Barber, Superintendent of Schools
Milton, Florida

Report on Compliance for Each Major Federal Program

We have audited the Santa Rosa County District School Board's ("the District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Santa Rosa County District School Board 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 year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
March 22, 2022

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	___ yes	_X_ no
• Significant deficiency(es) identified?	___ yes	_X_ none noted
Noncompliance material to financial statements noted?	___ yes	_X_ no

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	___ yes	_X_ no
• Significant deficiency(es) identified?	___ yes	_X_ none noted
Type of auditors' report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)?	___ yes	_X_ none noted

Identification of major federal programs:

Assistance Listing Number	Program Name
21.019	COVID-19 - Coronavirus Relief Fund
84.041	Impact Aid
84.027/84.173	Special Education Cluster
84.425	COVID-19 - Education Stabilization Fund

The dollar threshold used to distinguish between type A and B programs was $1,294,598 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes?	_X_ yes	___ no

Santa Rosa County District School Board
Schedule of Findings and Questioned Costs
June 30, 2021

Findings and Questioned Costs - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None

Santa Rosa County District School Board
Summary Schedule of Prior Audit Findings

Listed below is the District's summary of the status of prior audit findings on Federal Programs:

No findings were noted in the prior audit.

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MANAGEMENT LETTER

To the Santa Rosa County District School Board and
Dr. Karen Barber, Superintendent of Schools
Milton, Florida

Report on the Financial Statements

We have audited the financial statements of Santa Rosa County District School Board, Florida ("District") as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated March 22, 2022.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.800, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance For Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.800, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 22, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.804(1)(f)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No findings or recommendations were made in the preceding annual financial audit report.

Financial Condition and Management

Section 10.804(1)(f)2., Rules of the Auditor General, requires us to communicate whether or not the Santa Rosa County District School Board has met one or more of the conditions described in Section

218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Santa Rosa County District School Board did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.804(1)(f)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any recommendations.

Transparency

Section 10.804(1)(f)6., Rules of the Auditor General, requires that we report the results of our determination as to whether the Santa Rosa County District School Board maintains on its Web site the information specified in Section 1011.035, Florida Statutes. In connection with our audit, we determined that the Santa Rosa County District School Board maintained on its Web site the information specified in Section 1011.035, Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
March 22, 2022

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INDEPENDENT ACCOUNTANTS' REPORT

To the Santa Rosa County District School Board and
Dr. Karen Barber, Superintendent of Schools
Milton, Florida

We have examined the Santa Rosa County District School Board's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended June 30, 2021. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

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

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2021.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
March 22, 2022