



**Bay County District School Board**

**Financial Statements**

**June 30, 2024**

## BOARD MEMBERS AND SUPERINTENDENT

Board members and the Superintendent who served during the 2023-2024 fiscal year are listed below:

	District No.
Jerry Register, Vice-chairman	1
Ann Leonard	2
Chris Moore	3
Winston Chester	4
Steve Moss, Chair	5

Mark McQueen, Superintendent



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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Superintendent and Members  
of the Bay County District School Board  
Panama City, Florida

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Bay County District School Board (District), as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Palm Bay Preparatory Academy, Palm Bay Preparatory Elementary Academy, Central High School (charter schools under the Palm Bay Education Group, Inc.), Chautauqua Charter School, Inc., Community Charter Academy, Inc., Rising Leaders Academy, Inc., or the Bay Education Foundation, Inc., which represent 43 percent, 51 percent, and 41 percent, respectively, of the assets and deferred outflows of resources, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Palm Bay Preparatory Academy, Palm Bay Preparatory Elementary Academy, Central High School (charter schools under the Palm Bay Education Group, Inc.), Chautauqua Charter School, Inc., Community Charter Academy, Inc., Rising Leaders Academy, Inc., and the Bay Education Foundation, Inc., are based solely on the reports of the other auditors.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities,

in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter**

As discussed in Note 2 to the financial statements, the 2024 financial statements have been restated for correction of an error identified in previously issued financial statements. Our opinion is not modified with respect to this matter.

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

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, budgetary comparison information on pages 75 through 77, the schedules of other postemployment benefits on page 78, and the schedules of defined benefit pension plans on pages 79 through 80, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.*

Panama City Beach, Florida  
March 24, 2025



## Management's Discussion and Analysis

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

### Financial Highlights

Key financial highlights for the 2023-2024 fiscal year are as follows:

- The District's total net position increased by \$2,451,076, or 0.7 percent. The increase is mainly due to increases in capital assets offset by a decrease in current assets and an increase in noncurrent liabilities.
- During fiscal year 2024, General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$2,093,239. Expenditures increased by \$8,823,770 or 3.4% compared to prior year. This may be compared to the prior year's results in which General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$7,158,080.
- At the end of fiscal year 2024, unassigned fund balance of the General Fund was \$31,317,090 or 11.7 percent of total General Fund expenditures.

### Nonfinancial Highlights

The District continues to grow as more and more students enroll. Currently, student enrollment is up by approximately 3,700 students since Hurricane Michael. Hurricane Michael recovery continues but attention and focus have now also shifted to expansion and new construction. Several campuses are undergoing renovations and new classroom buildings are currently under construction, or in the planning phase, at a handful of schools in areas of the county that are experiencing exponential growth. Grade-level expansion continues at Oscar Patterson Academy and A. Gary Walsingham Academy and both schools are on track to become fully functioning K-5 schools in the next year. The District's Facilities team, in conjunction with the Superintendent, continues to scout sites for new schools in response to the county's expansion as well.

### Overview of the Financial Statements

The basic financial statements consist of three components:

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

In addition, this report presents certain required supplementary information, which includes this management's discussion and analysis; schedule of revenues, expenditures and changes in fund balances

– budget and actual – General Fund and Federal Education Stabilization Fund; schedules of other postemployment benefits and defined benefit pension plans; and notes to required supplementary information. Other supplementary information includes the schedule of expenditures of federal awards.

### **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 and business-type activities of the District presented on the accrual basis of accounting. The statement of net position provides information about the District's financial position, its assets, deferred outflows of resources, liabilities, and deferred inflows of resources using an economic resources measurement focus. The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the net position, is a measure of the District's financial health. The statement of activities presents information about the change in the District's net position, the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

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

- Governmental activities – This represents most of the District's services, including its educational programs: 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.
- Business-type activities – These activities account for the financial resources of the Beacon Learning Center which provides services predominantly for other districts.
- Component units – The District's 12 charter schools (Bay Haven Charter Academy, Inc., d/b/a Bay Haven Charter Academy Elementary School, Bay Haven Charter Academy Middle School, North Bay Haven Charter Elementary School, North Bay Haven Charter Middle School, and North Bay Haven Charter Career Academy; Chautauqua Charter School, Inc., d/b/a Chautauqua Learn and Serve Charter School; Palm Bay Educational Group, Inc. d/b/a Palm Bay Preparatory Academy, Palm Bay Preparatory Elementary Academy, and Central High School; Community Charter Academy, Inc., d/b/a University Academy, Inc.; Rising Leaders Academy, Inc.; and AMIkids Panama City Marine Institute, d/b/a AMIkids Maritime Academy) are reported as discretely presented component units. The District also presents one foundation (Bay Education Foundation, Inc.) as discretely presented component units. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion in accordance with generally accepted accounting principles.

The Bay County Educational Facilities Finance Corporation (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 Corporation, the financial activities of the Corporation are included in the District's financial statements as an integral part of the primary government.

Over a period of time, changes in the District's net position is an indication of an improving or deteriorating financial condition. This information should be evaluated in conjunction with other nonfinancial factors,

such as changes in the District's property tax base, student enrollment, and the condition of the District's capital assets including its school buildings and administrative facilities.

### **Fund Financial Statements**

One of the components of the basic financial statements is the fund 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, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. These financial resources measurement focus allows the governmental fund statements to provide information on near term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the District'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 fund's balance sheet and the governmental fund's statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The District adopts an annual appropriated budget for its governmental funds. A schedule of revenues, expenditures, and changes in fund balance – budget and actual 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. Two types of proprietary funds are maintained:

- Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. Enterprise funds are appropriate for activities in which a fee is charged to external users of the District's goods and services. The District uses

an enterprise fund to account for the financial activities of the Beacon Learning Center which provides educational services for a fee to individuals, public and private entities, and district school boards.

- 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 the internal service funds to account for its self-insurance programs. Since these services predominantly benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.

## Notes to Financial Statements

The notes to financial statements 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 progress in funding its obligation to provide other postemployment benefits to its employees.

## Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$359,819,966 at the close of the most recent fiscal year. The following is a summary of the District's net position as of June 30, 2024, compared to net position as of June 30, 2023:

	Governmental		Business-type		Total	
	Activities		Activities			
<i>June 30,</i>	2024	2023	2024	2023	2024	2023
Current and other						
assets	\$278,083,576	\$297,815,120	\$ 5,364,158	\$ 5,032,136	\$283,447,734	\$302,847,256
Capital assets, net	424,331,721	379,318,812	7,412	10,597	424,339,133	379,329,409
<b>Total assets</b>	<b>702,415,297</b>	<b>677,133,932</b>	<b>5,371,570</b>	<b>5,042,733</b>	<b>707,786,867</b>	<b>682,176,665</b>
Deferred outflows						
of resources	54,880,123	57,661,808	435,694	455,917	55,315,817	58,117,725
Current liabilities	29,835,256	26,197,856	130,549	272,795	29,965,805	26,470,651
Noncurrent liabilities	360,512,765	340,385,975	1,461,156	1,251,702	361,973,921	341,637,677
<b>Total liabilities</b>	<b>390,348,021</b>	<b>366,583,831</b>	<b>1,591,705</b>	<b>1,524,497</b>	<b>391,939,726</b>	<b>368,108,328</b>

(Continued)

<i>June 30,</i>	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Deferred inflows of resources	\$ 11,251,114	\$ 14,697,153	\$ 91,878	\$ 120,019	\$ 11,342,992	\$ 14,817,172
Net position						
Net investment in capital assets	314,047,517	269,107,906	7,412	10,597	314,054,929	269,118,503
Restricted	138,357,032	107,879,954	-	-	138,357,032	107,879,954
Unrestricted (deficit)	(96,708,264)	(23,473,104)	4,116,269	3,843,537	(92,591,995)	(19,629,567)
<b>Total net position</b>	<b>\$355,696,285</b>	<b>\$353,514,756</b>	<b>\$ 4,123,681</b>	<b>\$ 3,854,134</b>	<b>\$359,819,966</b>	<b>\$357,368,890</b>

By far, the largest portion (87%) of the District's net position is its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to educate the students of Bay County, Florida; consequently, these assets are not available for future spending. Although the District's assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position (38%) represents resources that are subject to external restrictions on how they may be used.

The balance of deficit unrestricted net position is primarily the result of accruing long-term liabilities.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2024, and 2023, are as follows:

#### Changes in Net Position

<i>Year ended June 30,</i>	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Program revenues</b>						
Charges for services	\$ 14,532,737	\$ 5,555,177	\$1,996,802	\$1,897,794	\$ 16,529,539	\$ 7,452,971
Operating grants/ contributions	12,233,768	12,569,257	-	-	12,233,768	12,569,257
Capital grants/ contributions	4,395,865	11,220,248	-	-	4,395,865	11,220,248
<b>General revenues</b>						
Property taxes, levied for operational purposes	119,916,936	98,751,325	-	-	119,916,936	98,751,325
Property taxes, levied for capital projects	45,109,771	36,994,752	-	-	45,109,771	36,994,752
Local sales taxes	33,273,942	33,480,189	-	-	33,273,942	33,480,189
Intergovernmental, grants and contributions not restricted to specific purposes, and local sources	183,529,510	185,121,455	-	-	183,529,510	185,121,455

(Continued)

Year ended June 30,	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Unrestricted investment earnings	\$ 13,035,198	\$ 8,651,472	\$ 202,760	\$ 134,916	\$ 13,237,958	\$ 8,786,388
Miscellaneous	7,170,138	9,361,078	-	-	7,170,138	9,361,078
<b>Total revenues</b>	<b>433,197,865</b>	<b>401,704,953</b>	<b>2,199,562</b>	<b>2,032,710</b>	<b>435,397,427</b>	<b>403,737,663</b>
<b>Functions/program expenses</b>						
Instructional services	232,571,097	196,437,866	-	-	232,571,097	196,437,866
Pupil services	19,042,814	17,533,477	-	-	19,042,814	17,533,477
Instructional media services	3,098,917	2,627,004	-	-	3,098,917	2,627,004
Instructional and curriculum development services	9,519,989	6,863,970	-	-	9,519,989	6,863,970
Instructional staff training services	3,878,232	4,067,841	-	-	3,878,232	4,067,841
Instruction related technology	-	187,212	-	-	-	187,212
School board	1,187,887	990,108	-	-	1,187,887	990,108
General administration services	2,142,621	2,622,408	-	-	2,142,621	2,622,408
School administration services	19,883,683	16,116,882	-	-	19,883,683	16,116,882
Facilities acquisition and construction	29,778,898	19,249,485	-	-	29,778,898	19,249,485
Fiscal services	2,580,660	2,154,893	-	-	2,580,660	2,154,893
Food services	11,292,271	10,690,746	-	-	11,292,271	10,690,746
Central services	12,405,704	7,528,233	-	-	12,405,704	7,528,233
Pupil transportation services	12,637,264	7,520,347	-	-	12,637,264	7,520,347
Plant operations	21,729,416	20,451,916	-	-	21,729,416	20,451,916
Maintenance services	6,687,135	5,769,630	-	-	6,687,135	5,769,630
Administrative technology services	4,519,545	4,038,502	-	-	4,519,545	4,038,502
Community services	3,619,423	2,916,957	-	-	3,619,423	2,916,957
Unallocated interest on long-term debt	5,905,335	6,369,938	-	-	5,905,335	6,369,938
Unallocated depreciation and amortization	28,960,978	29,790,485	-	-	28,960,978	29,790,485
Loss on disposal of assets	-	-	-	-	-	-
Beacon Learning Center	-	-	1,930,015	1,489,109	1,930,015	1,489,109
<b>Total functions/program expenses</b>	<b>431,441,869</b>	<b>363,927,900</b>	<b>1,930,015</b>	<b>1,489,109</b>	<b>433,371,884</b>	<b>365,417,009</b>
<b>Change in net position</b>	<b>1,755,996</b>	<b>37,777,053</b>	<b>269,547</b>	<b>543,601</b>	<b>2,025,543</b>	<b>38,320,654</b>
Net position, beginning of year previously reported	353,514,756	315,737,703	3,854,134	3,310,533	357,368,890	319,048,236
Accounting changes and error corrections	425,533	-	-	-	425,533	-
Net position, beginning of year as restated	353,940,289	315,737,703	3,854,134	3,310,533	357,794,423	319,048,236
<b>Net position, end of year</b>	<b>\$355,696,285</b>	<b>\$353,514,756</b>	<b>\$4,123,681</b>	<b>\$3,854,134</b>	<b>\$359,819,966</b>	<b>\$357,368,890</b>

The increase in revenues of \$31,659,764 (8%) is due mainly to increases in property values. Twenty-eight percent of total governmental activities' revenues were generated from property taxes levied for operational purposes and forty-two percent were generated from grants and contributions not restricted to specific programs.

Instructional expenses represent 54% of total governmental expenses for the 2024 fiscal year. Instructional expenses increased by \$36,133,231 or eighteen percent, from the previous year mainly due to increased staff and salary increases (specifically beginning teacher pay).

Business-type activities' charges for services provided substantially all of the revenues for business-type activities.

## **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 decreased by \$18,124,113 during the fiscal year to \$213,692,072 at June 30, 2024. The fund balance is nonspendable, restricted, assigned, or unassigned to indicate that it is (1) not in spendable form (\$1,280,198), (2) restricted for particular purposes (\$138,357,032), (3) assigned for particular purposes (\$42,737,752), or (4) unassigned \$31,317,090.

### **Major Governmental Funds**

The General Fund is the District's chief operating fund. As of June 30, 2024, unassigned fund balance was \$31,317,090, while the total fund balance was \$81,230,310. As of June 30, 2024 total assets were \$86,324,309 and total liabilities and deferred inflows of resources were \$5,093,999. Total fund balance increased by \$2,093,239 during the current fiscal year. Key factors impacting the change in fund balance were an increase in the property values resulted in increased tax revenues and an increase in total expenditures due mainly to an increase in the number of staff and staff raises.

The Debt Service – Other Fund is used to account for the payment of principal and interest of the District's Certificates of Participation (COPs) and notes payable and had a total fund balance of \$47,028 at June 30, 2024.

The Federal Education Stabilization Fund had a total fund balance of \$0 at June 30, 2024.

The Capital Projects – Local Capital Improvement Fund had a total fund balance of \$1,826,671 at June 30, 2024, all of which is restricted for capital projects. The \$15,361,971 decrease in fund balance from prior year is primarily related to transfers out to the General Fund.

The Capital Projects – Other Fund had a total fund balance of \$110,965,683 at June 30, 2024, all of which is restricted for capital projects. The \$7,353,220 decrease in fund balance from prior year is primarily related to transfers out to the General Fund.

### **Proprietary Funds**

Unrestricted net position of the enterprise fund – Beacon Learning Center was \$4,116,269 at June 30, 2024, while total net position was \$4,123,681.

### **Internal Service Fund**

Unrestricted net position of the internal service fund was \$18,828,841 at June 30, 2024.

### **General Fund Budgetary Highlights**

The District’s budgets are prepared, and amendments made, according to Florida law. The most significant budgeted fund is the General Fund.

In the General Fund actual revenues and other financing sources were \$4,667,653 more than the final budgeted amounts, while actual expenditures and other financing uses were \$62,792,577 less than the final budgeted amounts. Positive budget variances occurred in several functions, including but not limited to Instruction, Student Support Services, Facilities Acquisition and Construction, and Operations of the Plant. The ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$67,460,230 due to timing of hurricane repairs, inflated number of vacancies and carryover of several restricted projects.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The District’s investment in capital assets for its governmental and business-type activities as of June 30, 2024, was \$424,331,721 and \$7,412, respectively (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

Additional information on the District’s capital assets can be found in note 3 to the financial statements under capital assets.

#### **Debt Administration**

At June 30, 2024, the District had total long-term debt outstanding of \$361,973,921. This amount is comprised of \$11,428,965 of accrued compensated absences, \$14,903,636 of estimated insurance claims payable, \$5,269,048 of other postemployment benefits liabilities, \$171,479,207 of net pension liability, \$504,096 in lease liability, and \$158,388,969 of certificates of participation net unamortized premiums.

Additional information on the District’s long-term debt can be found in note 3 to the financial statements under long-term debt and liabilities.



## **Requests for Information**

This financial report is designed to provide a general overview of the Bay County District School Board's finances. Questions concerning information provided in the report, requests for additional financial information, or information associated with the District's discretely presented component units should be addressed to the Finance Officer, Bay County District School Board, 1311 Balboa Avenue, Panama City, Florida 32401. The District's website address is <http://www.bay.k12.fl.us/>.

## Bay County District School Board Statement of Net Position

<i>June 30, 2024</i>	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 191,483,218	\$ 5,383,028	\$ 196,866,246	\$ 26,460,124
Investments	-	-	-	1,766,712
Accounts receivable, net	341,152	15,730	356,882	3,086,694
Internal balances	54,900	(54,900)	-	-
Prepays	4,567,726	-	4,567,726	1,466,741
Due from other agencies	8,528,749	20,300	8,549,049	1,217,791
Inventories	1,237,276	-	1,237,276	10,194
Restricted assets				
Cash and cash equivalents with fiscal agent	71,870,555	-	71,870,555	-
Investments	-	-	-	3,631,476
Capital assets				
Nondepreciable	110,258,658	-	110,258,658	10,980,071
Depreciable, net	313,587,257	7,412	313,594,669	79,989,293
Right-to-use lease assets, net	485,806	-	485,806	491,479
Right-to-use subscription assets, net	-	-	-	3,822
<b>Total assets</b>	<b>702,415,297</b>	<b>5,371,570</b>	<b>707,786,867</b>	<b>129,104,397</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to refunding	1,526,435	-	1,526,435	88,618
Deferred outflows related to pensions	52,270,092	426,845	52,696,937	8,915,200
Deferred outflows related to OPEB	1,083,596	8,849	1,092,445	-
<b>Total deferred outflows of resources</b>	<b>54,880,123</b>	<b>435,694</b>	<b>55,315,817</b>	<b>9,003,818</b>
<b>Liabilities</b>				
Accounts payable	10,415,812	24,444	10,440,256	1,845,617
Accrued expenses	3,875,475	15,570	3,891,045	906,570
Construction contracts payable				
- retainage	1,940,202	-	1,940,202	-
Due to other agencies	196	-	196	801,967
Unearned revenue	491,997	90,535	582,532	640,258
Matured certificates of participation payable	10,120,000	-	10,120,000	-
Matured interest payable	2,991,574	-	2,991,574	502,844
Non-current liabilities				
Due within one year				
Compensated absences	2,279,894	5,899	2,285,793	46,396
Certificates of participation payable	11,625,799	-	11,625,799	-
Financed purchase liability	-	-	-	120,400
Bonds payable	-	-	-	660,000
Notes payable	-	-	-	7,408,420
Lease liability	309,532	-	309,532	111,416
Estimated insurance claims payable	8,322,562	-	8,322,562	-
Total OPEB liability	432,303	3,486	435,789	-

(Continued)

*The accompanying notes are an integral part of these financial statements.*

**Bay County District School Board  
Statement of Net Position (Continued)**

<i>June 30, 2024</i>	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Due in more than one year				
Compensated absences	\$ 9,119,575	\$ 23,597	\$ 9,143,172	\$ 340,442
Certificates of participation payable	146,763,170	-	146,763,170	-
Financed purchase liability	-	-	-	10,361
Bonds payable	-	-	-	31,528,913
Notes payable	-	-	-	7,384,758
Lease liability	194,564	-	194,564	383,735
Net pension liability	170,090,225	1,388,982	171,479,207	26,380,437
Unearned contribution	-	-	-	4,700,521
Estimated insurance claims payable	6,581,074	-	6,581,074	-
Total OPEB liability	4,794,067	39,192	4,833,259	-
<b>Total liabilities</b>	<b>390,348,021</b>	<b>1,591,705</b>	<b>391,939,726</b>	<b>83,773,055</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pensions	10,177,506	83,111	10,260,617	2,016,246
Deferred inflows related to OPEB	1,073,608	8,767	1,082,375	-
<b>Total deferred inflows of resources</b>	<b>11,251,114</b>	<b>91,878</b>	<b>11,342,992</b>	<b>2,016,246</b>
<b>Net Position</b>				
Net investment in capital assets	314,047,517	7,412	314,054,929	40,827,782
Restricted				
State required carryover programs	6,130,291	-	6,130,291	-
Debt service	47,028	-	47,028	-
Capital projects	117,320,366	-	117,320,366	-
Food service	9,938,929	-	9,938,929	-
Other purposes	4,920,418	-	4,920,418	4,595,570
Unrestricted (deficit)	(96,708,264)	4,116,269	(92,591,995)	6,895,562
<b>Total net position</b>	<b>\$ 355,696,285</b>	<b>\$ 4,123,681</b>	<b>\$ 359,819,966</b>	<b>\$ 52,318,914</b>

*The accompanying notes are an integral part of these financial statements.*

## Bay County District School Board Statement of Activities

<i>For the year ended June 30, 2024</i>		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Units
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Total		
					Governmental Activities	Business-type Activities		
Primary government								
Governmental activities								
Instructional services	\$ 232,571,097	\$ 1,638,644	\$ -	\$ -	\$ (230,932,453)	\$ -	\$ (230,932,453)	\$ -
Pupil services	19,042,814	-	-	-	(19,042,814)	-	(19,042,814)	-
Instructional media services	3,098,917	-	-	-	(3,098,917)	-	(3,098,917)	-
Instructional and curriculum development services	9,519,989	-	-	-	(9,519,989)	-	(9,519,989)	-
Instructional staff training services	3,878,232	-	-	-	(3,878,232)	-	(3,878,232)	-
School board	1,187,887	-	-	-	(1,187,887)	-	(1,187,887)	-
General administrative services	2,142,621	-	-	-	(2,142,621)	-	(2,142,621)	-
School administrative services	19,883,683	-	-	-	(19,883,683)	-	(19,883,683)	-
Facilities acquisition and construction	29,778,898	41,794	-	4,395,865	(25,341,239)	-	(25,341,239)	-
Fiscal services	2,580,660	-	-	-	(2,580,660)	-	(2,580,660)	-
Food services	11,292,271	1,165,273	12,233,768	-	2,106,770	-	2,106,770	-
Central services	12,405,704	8,437,559	-	-	(3,968,145)	-	(3,968,145)	-
Pupil transportation services	12,637,264	249,930	-	-	(12,387,334)	-	(12,387,334)	-
Plant operations	21,729,416	-	-	-	(21,729,416)	-	(21,729,416)	-
Maintenance services	6,687,135	-	-	-	(6,687,135)	-	(6,687,135)	-
Administrative technology services	4,519,545	-	-	-	(4,519,545)	-	(4,519,545)	-
Community services	3,619,423	2,999,537	-	-	(619,886)	-	(619,886)	-
Unallocated interest on long-term debt	5,905,335	-	-	-	(5,905,335)	-	(5,905,335)	-
Unallocated depreciation and amortization	28,960,978	-	-	-	(28,960,978)	-	(28,960,978)	-
<b>Total governmental activities</b>	<b>431,441,869</b>	<b>14,532,737</b>	<b>12,233,768</b>	<b>4,395,865</b>	<b>(400,279,499)</b>	<b>-</b>	<b>(400,279,499)</b>	<b>-</b>

(Continued)

*The accompanying notes are an integral part of these financial statements.*

**Bay County District School Board  
Statement of Activities (Continued)**

<i>For the year ended June 30, 2024</i>					Net (Expenses) Revenues and Changes in Net Position			
Functions/Programs	Expenses	Program Revenues			Primary Government			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Business-type activities								
Beacon Learning Center	\$ 1,930,015	\$ 1,996,802	\$ -	\$ -	\$ -	\$ 66,787	\$ 66,787	\$ -
Total business-type activities	1,930,015	1,996,802	-	-	-	66,787	66,787	-
<b>Total primary government</b>	<b>\$ 433,371,884</b>	<b>\$ 16,529,539</b>	<b>\$ 12,233,768</b>	<b>\$ 4,395,865</b>	<b>(400,279,499)</b>	<b>66,787</b>	<b>(400,212,712)</b>	<b>-</b>
Component units								
Charter Schools/Education Foundation	\$ 62,385,202	\$ 2,985,421	\$ 5,546,324	\$ 1,004,072	-	-	-	(52,849,385)
General revenues and transfers								
Taxes								
Property taxes, levied for operating purposes					119,916,936	-	119,916,936	-
Property taxes, levied for capital projects					45,109,771	-	45,109,771	-
Property tax					-	-	-	-
Local sales taxes					33,273,942	-	33,273,942	-
Intergovernmental, grants and contributions not restricted to specific purposes, and local sources					183,529,510	-	183,529,510	59,109,606
Interest earnings					13,035,198	202,760	13,237,958	39,188
Rental income					146,544	-	146,544	-
Miscellaneous					7,023,594	-	7,023,594	-
<b>Total general revenues and transfers</b>					<b>402,035,495</b>	<b>202,760</b>	<b>402,238,255</b>	<b>59,148,794</b>
<b>Change in net position</b>					<b>1,755,996</b>	<b>269,547</b>	<b>2,025,543</b>	<b>6,299,409</b>
Net position, beginning of year as previously reported					353,514,756	3,854,134	357,368,890	46,019,505
Accounting changes and error corrections (see Note 2)					425,533	-	425,533	-
Net position, beginning of year as restated					353,940,289	3,854,134	357,794,423	46,019,505
<b>Net position, end of year</b>					<b>\$ 355,696,285</b>	<b>\$ 4,123,681</b>	<b>\$ 359,819,966</b>	<b>\$ 52,318,914</b>

*The accompanying notes are an integral part of these financial statements.*

**Bay County District School Board  
Balance Sheet – Governmental Funds**

	General Fund	Debt Service - Other Fund	Special Revenue - Federal Education Stabilization Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 74,865,464	\$ 16,908	\$ 650,863	\$ 18,241,751	\$ 45,267,250	\$ 22,535,729	\$ 161,577,965
Accounts receivable, net	8,842	-	-	-	-	332,310	341,152
Due from other agencies	4,092,084	-	1,818,133	1,378,428	882,393	357,710	8,528,748
Due from other funds	6,312,742	-	26,012	-	50,576,625	50,000	56,965,379
Inventories	1,002,255	-	-	-	-	235,021	1,237,276
Prepays	42,922	-	-	-	-	-	42,922
Restricted cash and cash equivalents with fiscal agent	-	13,141,694	-	39,215,644	19,513,217	-	71,870,555
<b>Total assets</b>	<b>\$ 86,324,309</b>	<b>\$ 13,158,602</b>	<b>\$ 2,495,008</b>	<b>\$ 58,835,823</b>	<b>\$ 116,239,485</b>	<b>\$ 23,510,770</b>	<b>300,563,997</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 4,282,443	\$ -	\$ 1,495,237	\$ 2,839,346	\$ 3,450,134	\$ 618,431	12,685,591
Accrued expenses	772,393	-	228,298	-	-	273,577	1,274,268
Construction contracts payable - retainage	12,049	-	326,066	637,906	964,181	-	1,940,202
Due to other agencies	1,102	-	-	-	-	-	1,102
Due to other funds	26,012	-	445,407	53,531,900	1,000	2,906,160	56,910,479
Matured certificates of participation payable	-	10,120,000	-	-	-	-	10,120,000
Matured interest payable	-	2,991,574	-	-	-	-	2,991,574
Unearned revenue	-	-	-	-	401,775	90,222	491,997
<b>Total liabilities</b>	<b>5,093,999</b>	<b>13,111,574</b>	<b>2,495,008</b>	<b>57,009,152</b>	<b>4,817,090</b>	<b>3,888,390</b>	<b>86,415,213</b>

(Continued)

*The accompanying notes are an integral part of these financial statements.*

**Bay County District School Board**  
**Balance Sheet – Governmental Funds (Continued)**

	General Fund	Service - Other Fund	Revenue - Federal Education Stabilization Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
Deferred inflows of resources							
Unavailable revenue - grant revenues	\$ -	\$ -	\$ -	\$ -	\$ 456,712	\$ -	\$ 456,712
Total deferred inflows of resources	-	-	-	-	456,712	-	456,712
Fund balances							
Nonspendable							
Prepays	\$ 42,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,922
Inventories	1,002,255	-	-	-	-	235,021	1,237,276
Restricted							
State required carryover programs	6,130,291	-	-	-	-	-	6,130,291
Food service	-	-	-	-	-	9,938,929	9,938,929
Debt service	-	47,028	-	-	-	-	47,028
Capital projects	-	-	-	1,826,671	110,965,683	4,528,012	117,320,366
Other purposes	-	-	-	-	-	4,920,418	4,920,418
Assigned							
Future purchases and hurricane repairs	30,669,536	-	-	-	-	-	30,669,536
Other	12,068,216	-	-	-	-	-	12,068,216
Unassigned	31,317,090	-	-	-	-	-	31,317,090
Total fund balances	81,230,310	47,028	-	1,826,671	110,965,683	19,622,380	213,692,072
Total liabilities, deferred inflows of resources, and fund balances	\$ 86,324,309	\$ 13,158,602	\$ 2,495,008	\$ 58,835,823	\$ 116,239,485	\$ 23,510,770	\$ 300,563,997

*The accompanying notes are an integral part of these financial statements.*

**Bay County District School Board  
Reconciliation of the Balance Sheet to the  
Statement of Net Position**

*June 30, 2024*

Total fund balances - governmental funds		\$ 213,692,072
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 1,009,577,061	
Less accumulated depreciation and amortization	<u>(585,245,340)</u>	424,331,721
Deferred outflow of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		52,127,810
Deferred outflow of resources related to OPEB are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		1,080,646
Deferred inflow of resources related to pensions are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		(10,149,802)
Deferred inflow of resources related to OPEB are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		(1,070,686)
Internal service funds are used by the District to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
		18,828,841
Some revenues will not be collected within 60 days after the close of the District's fiscal year-end and are not considered as "available" revenue in the governmental funds and, therefore, are reported as deferred inflows of resources. In the statement of net position, which is on the full accrual basis, the revenue is fully recognized in the statement of activities.		
		456,714
Deferred outflow of resources related to bond refunding are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		1,526,435
Long-term liabilities, including total OPEB liability, net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability	\$ (169,627,231)	
Certificates of participation payable	(158,388,969)	
Lease liability	(504,096)	
Compensated absences	(11,395,026)	
Other postemployment benefits liability	<u>(5,212,144)</u>	(345,127,466)
Net position of governmental activities		<u>\$ 355,696,285</u>

*The accompanying notes are an integral part of these financial statements.*



**Bay County District School Board**

**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**

<i>For the year ended June 30, 2024</i>	General Fund	Debt Service - Other Fund	Special Revenue - Federal Education Stabilization Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Intergovernmental							
Federal direct	\$ 2,170,369	\$ -	\$ -	\$ -	\$ -	\$ 740,370	\$ 2,910,739
Federal through state and local	3,206,851	-	28,464,732	-	-	32,655,545	64,327,128
State	127,656,329	-	-	-	4,456,119	4,518,315	136,630,763
Local							
Property taxes	119,781,478	-	-	-	-	-	119,781,478
Local sales taxes	-	-	-	-	33,273,942	-	33,273,942
District local capital improvement taxes	-	-	-	45,109,771	-	-	45,109,771
Payments in lieu of taxes	135,458	-	-	-	-	-	135,458
Charges for services	4,679,975	-	-	-	-	1,165,273	5,845,248
Rental income	146,544	-	-	-	-	-	146,544
Interest income	4,314,640	64,312	-	1,064,643	6,022,697	295,514	11,761,806
Miscellaneous	3,287,298	-	-	5,768	217,242	6,069,659	9,579,967
<b>Total revenues</b>	<b>265,378,942</b>	<b>64,312</b>	<b>28,464,732</b>	<b>46,180,182</b>	<b>43,970,000</b>	<b>45,444,676</b>	<b>429,502,844</b>
<b>Expenditures</b>							
Current - education							
Instructional services	178,530,860	-	12,593,983	-	-	18,280,783	209,405,626
Pupil services	8,214,998	-	5,597,252	-	-	2,694,361	16,506,611
Instructional media services	2,525,213	-	72,877	-	-	92,791	2,690,881
Instructional and curriculum development services	3,177,479	-	1,780,357	-	-	3,281,747	8,239,583
Instructional staff training services	1,314,997	-	456,411	-	-	1,785,208	3,556,616
School board	1,012,516	-	-	-	-	-	1,012,516
General administrative services	1,843,889	-	588,079	-	-	655,294	3,087,262
School administrative services	17,072,034	-	69,484	-	-	6,853	17,148,371
Facilities acquisition and construction	5,189,620	-	313,496	9,458,402	14,228,354	321,363	29,511,235
Central services	2,144,287	-	9,608	-	-	14,200	2,168,095
Fiscal services	2,211,341	-	-	-	-	1,218	2,212,559
Food services	10,017	-	11,000	-	-	11,483,334	11,504,351

(Continued)

*The accompanying notes are an integral part of these financial statements.*

**Bay County District School Board**

**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Continued)**

<i>For the year ended June 30, 2024</i>	General Fund	Debt Service - Other Fund	Special Revenue - Federal Education Stabilization Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
Pupil transportation services	\$ 9,437,656	\$ -	\$ 47,018	-	-	34,887	\$ 9,519,561
Plant operations	19,036,582	-	488,324	-	-	-	19,524,906
Maintenance services	5,457,797	-	226,623	-	-	-	5,684,420
Administrative technology services	4,055,375	-	-	-	-	-	4,055,375
Community services	3,263,941	-	5,700	-	-	-	3,269,641
Capital outlay	3,381,838	-	6,204,520	\$ 32,492,203	31,250,017	1,380,169	74,708,747
Debt service							
Principal	379,895	10,120,000	-	-	-	-	10,499,895
Interest and fiscal charges	32,706	6,013,141	-	-	-	-	6,045,847
<b>Total expenditures</b>	<b>268,293,041</b>	<b>16,133,141</b>	<b>28,464,732</b>	<b>41,950,605</b>	<b>45,478,371</b>	<b>40,032,208</b>	<b>440,352,098</b>
Excess (deficit) of revenues over (under) expenditures	(2,914,099)	(16,068,829)	-	4,229,577	(1,508,371)	5,412,468	(10,849,254)
<b>Other financing sources (uses)</b>							
Debt proceeds	152,425	-	-	-	-	-	152,425
Transfers in	7,437,244	16,103,149	-	-	-	-	23,540,393
Transfers out	(2,582,331)	-	-	(19,591,548)	(5,844,849)	(2,948,949)	(30,967,677)
<b>Net other financing sources (uses)</b>	<b>5,007,338</b>	<b>16,103,149</b>	<b>-</b>	<b>(19,591,548)</b>	<b>(5,844,849)</b>	<b>(2,948,949)</b>	<b>(7,274,859)</b>
Net changes in fund balances	2,093,239	34,320	-	(15,361,971)	(7,353,220)	2,463,519	(18,124,113)
Fund balances, beginning of year	79,137,071	12,708	-	17,188,642	118,995,935	17,158,861	232,493,217
Accounting changes and error corrections (see Note 2)	-	-	-	-	(677,032)	-	(677,032)
Fund balances, beginning of year after adjustments	79,137,071	12,708	-	17,188,642	118,318,903	17,158,861	231,816,185
<b>Fund balances, end of year</b>	<b>\$ 81,230,310</b>	<b>\$ 47,028</b>	<b>\$ -</b>	<b>\$ 1,826,671</b>	<b>\$ 110,965,683</b>	<b>\$ 19,622,380</b>	<b>\$ 213,692,072</b>

*The accompanying notes are an integral part of these financial statements.*

**Bay 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, 2024*

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Net changes in fund balances - total governmental funds	\$ (18,124,113)
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 depreciation and amortization expense. This is the amount by which capital outlay exceed depreciation and amortization in the current period.	44,310,655
In the statement of activities, the gain or loss on the disposal of capital assets as well as the donation of capital assets is reported, whereas in the governmental funds, disposals are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed of and donated capital assets.	25,228
Some revenues will not be collected within 60 days after the close of the District's fiscal year-end are not considered as "available" revenue in the governmental funds. In the statement of net position, presented on the full accrual basis, these revenues are recognized.	(4,471,213)
Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.	(229,450)
Changes to the OPEB liability and the related deferred outflows of resources and deferred inflows of resources are reported as expenses in the statement of activities, but does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	2,498
Changes to the pension liability and the related deferred outflows of resources and deferred inflows of resources are reported as expenses in the statement of does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	(27,859,588)
Internal service funds are used by the City to charge the costs of workers' compensation, health insurance, and other District insurance costs to individual funds. The change in net position of internal service funds is reported with governmental activities.	(2,386,003)
Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position.	(152,425)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	10,499,895
Amortization of gains and loss on bond refunding as well as amortization of bond premiums and discounts are not reported as an expenditure in the governmental funds, but are expensed in the statement of net position as they are allocated over the remaining life of the related bonds.	140,512
Change in net position of governmental activities	\$ 1,755,996

*The accompanying notes are an integral part of these financial statements.*

## Bay County District School Board Statement of Net Position – Proprietary Funds

<i>June 30, 2024</i>	Business-type Activities - Beacon Learning Center	Governmental Activities - Internal Service Fund
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 5,383,028	\$ 29,905,253
Accounts receivable, net	15,730	-
Due from other agencies	20,300	-
Prepaid expenses	-	4,524,804
<b>Total current assets</b>	<b>5,419,058</b>	<b>34,430,057</b>
Noncurrent assets		
Capital assets		
Property, plant and equipment	271,359	-
Less accumulated depreciation	(263,947)	-
<b>Total capital assets, net</b>	<b>7,412</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>7,412</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 5,426,470</b>	<b>\$ 34,430,057</b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pensions	\$ 426,845	\$ 142,282
Deferred outflows related to OPEB	8,849	2,950
<b>Total deferred outflows of resources</b>	<b>\$ 435,694</b>	<b>\$ 145,232</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 24,444	\$ 326,520
Accrued expenses	15,570	4,003
Compensated absences	5,899	889
Estimated insurance claims payable	-	8,322,562
Due to other funds	54,900	-
Total OPEB liability	3,486	-
Unearned revenue	90,535	-
<b>Total current liabilities</b>	<b>194,834</b>	<b>8,653,974</b>
Noncurrent liabilities		
Compensated absences	23,597	3,554
Net pension liability	1,388,982	462,994
Total OPEB liability	39,192	14,226
Estimated insurance claims payable	-	6,581,074
<b>Total noncurrent liabilities</b>	<b>1,451,771</b>	<b>7,061,848</b>
<b>Total liabilities</b>	<b>\$ 1,646,605</b>	<b>\$ 15,715,822</b>

*The accompanying notes are an integral part of these financial statements.*

**Bay County District School Board**  
**Statement of Revenues, Expenses, and Changes in Net Position –**  
**Proprietary Funds**

<i>June 30, 2024</i>	Business-type Activities - Beacon Learning Center	Governmental Activities - Internal Service Fund
Deferred inflows related to pensions	\$ 83,111	\$ 27,704
Deferred inflows related to OPEB	8,767	2,922
<b>Total deferred inflows of resources</b>	<b>\$ 91,878</b>	<b>\$ 30,626</b>
<b>Net position</b>		
Net investment in capital assets	\$ 7,412	\$ -
Unrestricted	4,116,269	18,828,841
<b>Total net pension</b>	<b>\$ 4,123,681</b>	<b>\$ 18,828,841</b>

*The accompanying notes are an integral part of these financial statements.*

**Bay County District School Board**  
**Statement of Revenues, Expenses, and Changes in Net Position –**  
**Proprietary Funds**

<i>For the year ended June 30, 2024</i>	Business-type Activities - Beacon Learning Center	Governmental Activities - Internal Service Fund
<b>Operating Revenues</b>		
Charges for services	\$ 1,996,802	\$ 29,938,423
<b>Total operating revenues</b>	<b>1,996,802</b>	<b>29,938,423</b>
<b>Operating Expenses</b>		
Salaries	848,708	292,425
Employee benefits	490,816	189,749
Purchased services	465,587	3,260,727
Materials and supplies	9,162	4,250
Small equipment	18,316	122,544
Insurance claims	-	27,037,859
Insurance premiums	-	10,116,458
Other expenses	94,240	1,088
Depreciation	3,186	-
<b>Total operating expenses</b>	<b>1,930,015</b>	<b>41,025,100</b>
<b>Operating income (loss)</b>	<b>66,787</b>	<b>(11,086,677)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Interest income	202,760	1,273,390
Transfers in	-	7,427,284
<b>Total nonoperating revenues (expenses)</b>	<b>202,760</b>	<b>8,700,674</b>
<b>Changes in net position</b>	<b>269,547</b>	<b>(2,386,003)</b>
Net position, beginning of year as previously reported	3,854,134	20,303,564
Accounting changes and error corrections (see Note 2)	-	911,280
<b>Net position, beginning of year as restated</b>	<b>3,854,134</b>	<b>21,214,844</b>
<b>Net position, end of year</b>	<b>\$ 4,123,681</b>	<b>\$ 18,828,841</b>

*The accompanying notes are an integral part of these financial statements.*

## Bay County District School Board Statement of Cash Flows – Proprietary Funds

<i>For the year ended June 30, 2024</i>	Business-type Activities - Beacon Learning Center	Governmental Activities - Internal Service Fund
<b>Operating Activities</b>		
Cash received from Board funds and participants	\$ -	\$ 30,850,369
Cash received from services	1,804,498	-
Cash payments to suppliers for goods and services	(608,073)	(12,675,911)
Cash payments to employees	(1,137,988)	(410,359)
Cash payments for insurance and claims expenses	-	(25,044,169)
<b>Net cash provided (used) by operating activities</b>	<b>58,437</b>	<b>(7,280,070)</b>
<b>Noncapital Financing Activities</b>		
Transfers from other funds	-	7,427,284
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>7,427,284</b>
<b>Investing Activities</b>		
Interest received	202,760	1,273,390
<b>Net cash provided by investing activities</b>	<b>202,760</b>	<b>8,700,674</b>
Net increase in cash and cash equivalents	261,197	1,420,604
Cash and cash equivalents - beginning	5,121,831	28,484,649
<b>Cash and cash equivalents - ending</b>	<b>\$ 5,383,028</b>	<b>\$ 29,905,253</b>

(Continued)

*The accompanying notes are an integral part of these financial statements.*

**Bay County District School Board**  
**Statement of Cash Flows – Proprietary Funds (Continued)**

<i>For the year ended June 30, 2024</i>	Business-type Activities - Beacon Learning Center	Governmental Activities - Internal Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
Operating income (loss)	\$ 66,787	\$ (11,086,677)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	3,186	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows		
(Increase) decrease in assets and deferred outflows of resources		
Accounts receivable, net	(15,730)	-
Due from other agencies	(19,775)	-
Due from other funds	-	911,946
Prepaid expenses	-	825,858
Deferred outflows related to pensions	26,077	8,692
Deferred outflows related to OPEB	(5,854)	(1,952)
Increase (decrease) in liabilities and deferred inflows of resources		
Accounts payable	(34,682)	232,392
Accrued expenses	13,914	3,298
Accrued compensated absences	(26,570)	(4,220)
Estimated insurance claims payable	-	1,761,298
Due to other funds	(35,320)	-
Unearned revenue	(121,479)	-
Net pension liability	226,043	75,348
Total OPEB liability	9,981	3,327
Deferred inflows related to pensions	(23,993)	(7,997)
Deferred inflows related to OPEB	(4,148)	(1,383)
<b>Total adjustments</b>	<b>(8,350)</b>	<b>3,806,607</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 58,437</b>	<b>\$ (7,280,070)</b>

*The accompanying notes are an integral part of these financial statements.*



## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Reporting Entity***

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

#### ***Blended Component Units***

The Bay County Educational Facilities Finance Corporation (Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in note 3 under long-term debt and liabilities. Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. Due to the substantive economic relationship between the District and the Corporation, the financial activities of the Corporation are included in the accompanying basic financial statements. Separate financial statements of the Corporation are not published.

#### ***Discretely Presented Component Unit***

The component units column in the government-wide financial statements include the financial data of the District's foundation and the District's twelve charter schools. A separate column is used to emphasize that they are legally separate from the District.

Bay Education Foundation, Inc., (Foundation) is a separate nonprofit corporation organized and operated as a direct-support organization to receive, hold, invest, and administer property and to make expenditures to, and for the benefit of, the District. Because of the nature and significance of its relationship with the District, the Foundation is considered a component unit of the District.

The charter schools of the District are: Bay Haven Charter Academy, Inc., d/b/a Bay Haven Charter Academy Elementary School, Bay Haven Charter Academy Middle School, North Bay Haven Charter Elementary School, North Bay Haven Charter Middle School, and North Bay Haven Charter Career Academy; Palm Bay Educational Group, Inc., d/b/a Palm Bay Preparatory Academy, Palm Bay Preparatory Elementary Academy, and Central High School; Chautauqua Charter School, Inc., d/b/a Chautauqua Learn and Serve Charter School; Community Charter Academy, Inc., d/b/a University Academy, Inc.; Rising Leaders Academy, Inc.; and AMIkids Panama City Marine Institute, d/b/a AMIkids Maritime Academy.

The charter schools are nonprofit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The charter schools operate under charters approved by their sponsor, the Board. The charter schools are considered to be

## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Discretely Presented Component Unit (continued)*

component units of the District because: they are fiscally dependent on the District to levy taxes for their support; the District established the charter schools and therefore is financially accountable for them; 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 District may choose not to renew the charters as specified in the charters, but the District must notify the charter schools in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Pursuant to Section 1002.33(8)(e), Florida Statutes, in the event a charter school is dissolved or terminated, any encumbered funds, and all school property purchased with public funds, shall revert to the District.

Separately issued financial reports are available for the component units. These reports may be obtained by contacting the Board's administrative office at 1311 Balboa Avenue, Panama City, Florida 32401.

#### *Government-Wide and Fund Financial Statements*

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the ~~Bay County School District's (District)~~ governmental activities and for each segment of the business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the District's transportation and maintenance departments and school board office are allocated to the student transportation services, operation of plant, and central services functions, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Depreciation expense associated with the District's transportation and maintenance departments and school board office are allocated to the student transportation services, operation of plant, and central services functions, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated. *Program revenues* include 1) charges paid by the recipient of the goods or services offered by the program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Revenues that are not classified as program revenues are presented as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

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 recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility and timing requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The proprietary and internal service funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates governmental funds and internal service funds, while business-type activities incorporate the District's enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the District has thirteen discretely presented component units. The component units are considered to be nonmajor component units. As such, they are shown combined in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the District's Beacon Learning Center and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### ***Fund Financial Statements***

The fund financial statements provide information about the District's funds, including its blended component unit. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, and internal service funds each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Debt service – Other Fund – to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs for the District's certificates of participation, notes and bonds payable.
- Special revenue – Federal Education Stabilization Fund – to account for certain federal grant program resources related to the Elementary and Secondary School Emergency Relief (ESSER I and II), Governor's Emergency Education Relief (GEER I and II), Coronavirus Aid, Relief, and Economic Security (CARES), and other Coronavirus Response and Relief Supplement Appropriations (CRRSA).

## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Fund Financial Statements (continued)*

- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, motor vehicle purchases, and debt service payments on certificates of participation.
- Capital projects – other fund – to account for the financial resources generated by the issuance of certificates of participation, sales tax anticipation notes, and the discretionary sales surtax to be used for educational outlay needs, including new construction, renovation, remodeling projects, and technology equipment.

The District reports the following major enterprise funds:

- Enterprise fund – Beacon Learning Center – to account for the financial activities and account balances of the Beacon Learning Center which provides educational services for a fee to individuals, public and private entities, and district school boards.
- Internal service fund – to account for the District’s self-insurance programs.

Additionally, the District reports the following non-major fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

Capital projects funds account for the acquisition and construction of the District’s major capital facilities, other than those financed by proprietary funds.

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

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Fund Financial Statements (continued)***

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### ***Budgetary Information***

##### *Budgetary Basis of Accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental fund types in accordance with procedures and time intervals prescribed by State law and State Board of Education rules.

The appropriated budget is prepared by fund, function, and object. 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.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

#### ***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance***

##### *Cash and Cash Equivalents*

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term 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 and the Goldman Sachs Government Obligations Fund.

## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)*

##### *Investments*

Investments of the District are reported at fair value (generally based on quoted market prices) except for the position in the Goldman Sachs money market account and the position in the Local Government Surplus Funds Trust Fund (pool), hereinafter Florida PRIME, administered by the State of Florida State Board of Administration (SBA). This external investment pool meets all of the specified criteria in GASBC Section 150: Investments to qualify to elect to measure their investments at amortized cost. Accordingly, the value of the District's position in the pool is equal to the value of the pooled shares. Financial statements on the Florida PRIME Fund and the Goldman Sachs Government Obligations may be obtained online at [www.sbafla.com](http://www.sbafla.com) and [www.gsam.com](http://www.gsam.com), respectively.

##### *Receivables and Payables*

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 120 days are subject to being considered as uncollectible. As of June 30, 2024, no allowance for doubtful accounts is recorded.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

##### *Interfund Activities and Transactions*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.

## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)*

##### *Inventories and Prepaid Items*

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption in the course of District operations. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Inventories are measured at net realizable value and stated at average cost, except that United States Department of Agriculture surplus commodities are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

##### *Restricted Assets*

Certain assets of the District are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Debt service accounts – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds obligations.

##### *Capital Assets*

Capital assets, which include property, plant, equipment, right-to-use lease assets, right-to-use subscription assets and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year.



## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)*

##### *Capital Assets (continued)*

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the unweighted average method over the following estimated useful lives:

Description	Estimated Lives
Improvements other than buildings	9 – 37.5 years
Buildings and fixed equipment	10 – 50 years
Furniture, fixtures, and equipment	3 – 15 years
Motor vehicles	5 – 10 years
Audio visual materials and computer software	5 years
Right-to-use leased assets	3 – 4 years

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

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The District has three (3) items that qualify for reporting as deferred outflows of resources, the *deferred amount on refunding*, the *deferred outflows related to pensions*, and the *deferred outflows related to OPEB*, all reported in the government-wide and proprietary funds statements of net position. The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceeds their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification (GASBC) Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The deferred outflows related to OPEB are an aggregate of items related to OPEB as calculated in accordance with GASB Codification (GASBC) Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided Through Trusts that Meet Specified Criteria*. The deferred outflows related to pensions and OPEB will be recognized as either expense or a reduction in the related liability in future reporting years.

## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)*

##### *Deferred Outflows/Inflows of Resources (continued)*

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two (2) items that qualify for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASBC Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to OPEB are an aggregate of items related to OPEB as calculated in accordance with GASB Codification (GASBC) Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided Through Trusts that Meet Specified Criteria*. The deferred inflows related to pensions and OPEB will be recognized as a reduction to expense in future reporting years.

*Unavailable revenue*, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

##### *Compensated Absences*

The District's policy permits employees to accumulate certain earned but unused leave benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

##### *Long-Term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASBC Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are expensed during the current period. The face amount of debt issued, and repayments are reported as other financing sources. Premiums received on debt issuances and discounts on debt issuances are reported as other financing uses.

## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)*

##### *Leases*

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a right-to-use lease asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible right-to-use lease asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Right-to-use lease assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

##### *Pensions*

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

##### *Other Post-Employment Benefits (OPEB) Liability*

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The District has a single employer OPEB plan. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

##### *Categories and Classification of Net Position and Fund Balance*

*Net position flow assumption* – Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order 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. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*Fund balance flow assumptions* – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order 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.

## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)*

##### *Categories and Classification of Net Position and Fund Balance (continued)*

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 the 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.

*Fund balance policies* – Fund balance of governmental funds is reported in various classifications 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 provisions of GASBC Section 1800, *Classification and Terminology*, specifies the following classifications:

*Nonspendable fund balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted fund balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Assigned fund balance* – 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 may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent years 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.

*Unassigned fund balance* – Unassigned fund balance is the residual classification for the General Fund.

## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Revenues and Expenditures/Expenses*

*Program revenues* – Amounts reported as *program revenues* include 1) charges paid by the recipient of goods or services offered by the program and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*Property taxes* – The District 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 Bay County Property Appraiser, and property taxes are collected by the Bay County Tax Collector.

The District adopted the 2023 tax levy on September 11, 2023. 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 Bay County Tax Collector at fiscal year-end but not yet remitted to the District. The property tax calendar is as follows:

Lien date	January 1
Levy date	October 1
Tax bills mailed	November 1
Payments due by	March 31 (discounts of up to 4% for early payment)
Delinquent date	April 1
Tax sale - delinquent property taxes	June 1

*Capital outlay surtax* – In November 2016, the voters of Bay County approved a half-cent school capital outlay surtax on taxable sales in the County for 10 years, effective January 1, 2017, to pay construction costs of certain school facilities and related costs in accordance with Section 212.055(6), Florida Statutes. In November 2024, the voters approved the continuation of the half-cent school capital outlay surtax for an additional 10 years.

*Proprietary funds operating and nonoperating revenues and expenses* – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Beacon Learning Center and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and claims costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Revenues and Expenditures/Expenses (continued)*

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

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

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

*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.

#### *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget. The Florida Department of Education requires that fund balances be reserved at fiscal year-end to report an amount likely to be expended from the 2024-2025 fiscal year budget as a result of purchase orders outstanding at June 30, 2024.

## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Encumbrances (continued)*

The following are the significant encumbrances at year-end:

General Fund	\$	7,722,151
Special Revenue - Federal Education Stabilization		594,970
Capital Projects - Other		30,507,370
Capital Projects - Local Capital Improvement		19,300,036
Nonmajor Governmental Funds		1,415,965
<hr/>		
Total	\$	59,540,492
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#### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the pension and OPEB liabilities and related deferred inflows and outflows of resources as well as the estimated insurance claims payable.

#### *Subsequent Events*

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 24, 2025 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

#### *Recently Issued and Implemented Accounting Pronouncements*

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to

## Bay County District School Board Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Recently Issued and Implemented Accounting Pronouncements (continued)*

beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). See note 2 for impacts on implementing this statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The District is evaluating the requirements of the above statements and the impact on reporting.

### Note 2: ACCOUNTING CHANGES AND ERROR CORRECTIONS

The District's fiscal year 2024 financial statements reflect the correction of errors in previously issued financial statements. GASB Statement No. 100, Accounting Changes and Error Corrections, requires disclosure of their nature and effect on amounts reported in the financial statements.

- The District discovered during the current year that prior year charges for services and due from other funds for the internal service fund were understated by \$911,280 for premiums collected in the General Fund as of June 30, 2023 but not transferred to the internal service fund until fiscal year 2024 which understated net position in the internal service funds by \$911,280. In the General Fund, the related amount was identified as accrued expenses instead of due to other funds which was an incorrect classification but had no net effect on fund balance.
- The District discovered \$677,032 in current year expenditures in Capital Projects – Other Fund which were due as of June 30, 2023 which understated prior year accounts payable and capital outlay and overstated fund balance at year end.
- The District discovered during the current year that an error was made in the compensated absences calculation which understated the liability and related expenses by \$485,747 for the District's governmental activities.

The following table summarizes the restatements and adjustments to the District's beginning net position and fund balance as a result of the corrections:



## Bay County District School Board Notes to Financial Statements

### Note 2: ACCOUNTING CHANGES AND ERROR CORRECTIONS (Continued)

	Fund Financial Statements	
	Governmental	Enterprise
	Capital Projects - Other Fund	Internal Service Fund
<b>June 30, 2023 fund balance as previously reported</b>	\$ 118,995,935	\$ 20,303,564
Error correction	(677,032)	911,280
<b>June 30, 2023 fund balance as restated and adjusted</b>	\$ 118,318,903	\$ 21,214,844

	Government-Wide Financial Statements	
	Governmental Activities	
<b>June 30, 2023 net position previously reported</b>	\$ 353,514,756	
Error correction	425,533	
<b>June 30, 2023 net position as restated and adjusted</b>	\$ 353,940,289	

### Note 3: DETAILED NOTES ON ALL FUNDS

#### *Deposits and Investments*

As of June 30, 2024, the District's bank balances are covered by federal depository insurance (FDIC) coverage limits and monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the District pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the District's investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the District to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

## Bay County District School Board Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### *Deposits and Investments (continued)*

Under GASBC Section 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2024, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the District's access to 100 percent of their account value in either external investment pool.

Cash with escrow and paying agents of \$71,870,555 accounted for in the Debt Service – Other Fund, the Capital Projects – Local Capital Improvement Fund, and the Capital Projects – Other Fund represents reserves and balances to service outstanding bonds and unspent bond proceeds.

Deposits available within various funds were consolidated for investment purposes. Interest earned was allocated to the various funds based on their average cash and investment balances.

*Custodial credit risk* – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the District places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

*Interest rate risk* – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The District's investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months.

*Credit risk* – GASBC Section 150: *Investments* of the GASBC requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The District's investment policy, limit investments to securities with specific ranking criteria.

*Concentration risk* – GASBC Section 150: *Investments* of the GASBC requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The District's investment policy does not address concentration risk.

## Bay County District School Board Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### *Deposits and Investments (continued)*

The District's investment policy limits investments to those prescribed by Florida Statutes as well as sets certain additional limitations on portfolio composition by type of investment as well as minimum rating requirements and maximum maturity limitations for certain investments.

- 1) The Florida State Board of Administration's Local Government Surplus Funds Trust Fund (SBA) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in section 163.01 Florida Statutes
  - a) Portfolio composition - A maximum of forty percent of available monies may be invested in any one investment pool. A combined maximum of sixty percent of available monies may be invested in all such qualified pools.
  - b) Rating requirements - Eligible pools shall be rated "AAAm" or "AAAm-G" or better by Standard & Poor's, or the equivalent by another rating agency.
- 2) United States government securities: Negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government; including but not limited to notes, bills, bonds, strips, and state and local government series securities
  - a) Portfolio composition - A maximum of 100% of available monies may be invested in the United States government securities.
  - b) Maturity limitations - The maximum length to maturity of any direct investment in the United States government securities is five years from the date of purchase.
- 3) United States government agency securities: bonds, debentures, notes or callables issued or guaranteed by United States government agencies, provided such obligations are backed by the full faith and credit of the United States government. Such securities may include, but are not limited to the following:
  - a) United States export/import bank - Direct obligations or fully guaranteed certificates of beneficial ownership
  - b) Farmer Home Administration - Certificates of beneficial ownership
  - c) Federal Financing Bank - Discount notes, notes and bonds
  - d) Federal Housing Administration Debentures
  - e) General Services Administration
  - f) United States Maritime Administration Guaranteed - Title XI financing
  - g) New Communities Debentures - United States government guaranteed debentures
  - h) United States Public Housing Notes and Bonds - United States government guaranteed public housing notes and bonds
  - i) United States Department of Housing and Urban Development - Project notes and local authority bonds
  - j) Portfolio composition - A maximum of sixty percent (60%) of available monies may be invested in United States government agencies and a maximum of forty percent (40%) in the securities any one such agency.
  - k) Maturity limitations - The maximum length to maturity for an investment in any United States government agency security is five years from the date of purchase.

## Bay County District School Board Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### *Deposits and Investments (continued)*

- 4) United States government enterprises and instrumentalities
  - a) Securities of United States government enterprises and instrumentalities are not eligible investments under this policy, unless recommended by the superintendent and approved by the board in advance.
- 5) Interest bearing time deposits, saving accounts, or demand deposit accounts
  - a) Purchase authorization - The superintendent may invest in nonnegotiable interest-bearing time certificates of deposit, savings accounts and interest-bearing demand deposit accounts (checking accounts) in banks organized under the laws of this state and/or in national banks organized under the laws of the United States. Eligible institutions must be members of the Federal Deposit Insurance Corporation (FDIC) and any investments/deposits must be secured by the Florida Security for Public Deposits Act, Florida Statutes, Chapter 280. In addition, to the extent allowed by 218.415(23), Florida Statutes, the superintendent may invest in eligible certificates of deposit and other financial instruments that are fully guaranteed/insured by the FDIC or collateralized with securities eligible under this policy.

Portfolio composition - A maximum of sixty percent of available monies may be invested in non-negotiable interest-bearing time certificates of deposit or savings accounts which are not 100% insured by the FDIC, but which do meet the requirements above. A maximum of seventy-five percent of available monies may be invested in nonnegotiable interest-bearing time certificates of deposit or savings accounts which are 100% insured by the FDIC.

From time to time, the superintendent may deposit monies in demand deposit accounts/money market accounts in banks other than the District's primary depository bank. Any such deposits shall be subject to a maximum of thirty percent and must be secured by the Florida Security for Public Deposits Act, Florida Statutes Chapter 280. Upon opening such accounts, the superintendent shall provide appropriate disclosure to the board.
  - a) Limits on individual issuers - A maximum of fifteen percent of available monies may be deposited with any one issuer where the investment is not one hundred percent insured by the FDIC. The term of such certificates shall be consistent with the District's short-term cash flow requirements and in no event shall the maximum maturity on any certificate be greater than one year from the date of purchase unless recommended by the superintendent and approved by the board in advance.
- 6) Money market funds: Securities and Exchange Commission registered money market funds with the highest credit quality rating from a rating agency. The funds must be registered and in compliance with 17 C.F.R. 270.2a-7 of the Federal Code of Regulations.
  - a) Eligible funds - Shares in open-end, no-load provided such funds are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R. 270.2a-7
  - b) Portfolio composition - A maximum of thirty percent of available monies may be invested in any one registered 2a-7 money market fund. A combined maximum of fifty percent of available monies may be invested in all registered 2a-7 money market funds.

## Bay County District School Board Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### *Deposits and Investments (continued)*

- c) Limits of individual issuers - A maximum of thirty percent of available monies may be invested with any one SEC Rule 2a-7 money market fund.
  - d) Rating requirements - The funds shall be rated "AAAm" or "AAAm-G" or better by Standard & Poor's, or the equivalent by another rating agency.
  - e) Due diligence requirements - A thorough review of any investment in a fund is required prior to investing, and on a continual basis thereafter. The basis for such review shall be contained in the administrative procedures developed by the superintendent.
- 7) Investment Company Act of 1940: Investments; securities or, other interest in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940
- a) Investment authorization shares in open-end or closed-end funds registered under the Federal Investment Company Act of 1940. Such investments are limited to core-funds only.
  - b) Portfolio composition - A maximum of twenty percent of available monies may be invested in mutual funds.
  - c) Limits of individual issuers - A maximum of twenty percent of available monies may be invested with any one non-SEC Rule 2a-7 investment mutual fund.
  - d) Rating requirements - The mutual funds shall be rated "AAAm" or "AAAm-G" or better by Standard & Poor's, or the equivalent by another nationally recognized rating agency.
  - e) Due diligence requirements - A thorough review of any investment mutual fund is required prior to investing, and on a continual basis. The basis for such review shall be contained in the administrative procedures developed by the superintendent.
- 8) State and/or local government taxable and or tax-exempt debt: general obligation, revenue bonds, and certificates of participation issued by state and/or local governments
- a) Rating requirements - a.) long-term: must constitute pre-refunded obligations escrowed in United States Treasury Securities, or must have long-term debt ratings; b.) must be in one of the three highest rating categories by at least one of the nationally recognized credit rating agencies; and c.) short-term: ratings must be in the highest short-term rating category by at least one of the nationally recognized credit rating agencies
  - b) Portfolio composition - A maximum of twenty five percent of available monies may be invested in state and/or local government taxable and or tax-exempt debt.
  - c) Maturity limitations - The maximum length to maturity of any direct investment in the United States government securities is five years from the date of purchase.
- 9) Other investments permitted by the state statute and not prohibited by this policy as may be recommended by the superintendent and approved in advance by the board
- a) Investment authorization - The superintendent may invest in other investments permitted by the state statute with advance approval of the board.
  - b) Portfolio composition - A maximum of ten percent of available monies, or such other amount recommended by the superintendent and approved by the board, may be invested in other investments permitted by the state statute.
- 10) Due diligence requirements - A thorough review of any other investment permitted by the state statute and not prohibited by this policy is required prior to investing, and on a continual basis.

**Bay County District School Board  
Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments (continued)***

At June 30, 2024, the District had the following investments:

	Fair Value	Weighted Average Maturity	Rating (if applicable)
<i>Investments measured at amortized cost</i>			
State Board of Administration (SBA)			
Florida Prime (1)	\$ 65,688,857	45 days	AAAm
Goldman Sachs Government Obligations			
Fund (1) (2)	71,870,555	34 days	AAAm
<b>Total</b>	<b>\$ 137,559,412</b>		

(1) Investments reported as cash equivalents for financial statement reporting purposes.

(2) The Goldman Sachs Government Obligations Fund invests exclusively in obligations issued or guaranteed as to principal and interest by the United States Government or its agencies or instrumentalities, and repurchase agreements secured by such instruments. Shares in this fund are held in trust in connection with the District's certificates of participation.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024.

*Value of Investments in Entities that Use Amortized Cost* –The investing of public funds with the Florida State Board of Administration (SBA) - Local Government Surplus Funds Trust Fund is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On June 30, 2024, the District had \$65,688,857 invested. The value of the District's position in the pool is equal to the value of the pooled shares.

GASB 79 provides that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

Regarding 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

## Bay County District School Board Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### *Deposits and Investments (continued)*

withdrawals from the trust fund to ensure that the board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.”

Regarding liquidity fees, Florida Statute Section 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of June 30, 2024, 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.

#### **Capital Assets**

The following is a summary of changes in governmental activities capital assets during the year ended June 30, 2024:

<i>For the year ended June 30, 2024</i>	Beginning Balance*	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 20,298,886	\$ 112,284	\$ -	\$ 20,411,170
Construction-in-progress	52,273,285	58,576,146	(21,001,943)	89,847,488
Capital assets, not being depreciated	72,572,171	58,688,430	(21,001,943)	110,258,658
Capital assets, being depreciated				
Improvements other than buildings	23,772,813	2,194,936	-	25,967,749
Buildings and fixed equipment	776,066,818	28,942,146	-	805,008,964
Furniture, fixtures, and equipment	38,811,871	4,320,862	(2,819,504)	40,313,229

(Continued)

**Bay County District School Board**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets (continued)**

<i>For the year ended June 30, 2024</i>	Beginning Balance*	Increases	Decreases	Ending Balance
Motor vehicles	\$ 16,933,003	\$ 1,437,114	\$ (261,511)	\$ 18,108,606
Audio visual materials and software	9,129,709	-	-	9,129,709
Capital assets, being depreciated	864,714,214	36,895,058	(3,081,015)	898,528,257
Less accumulated depreciation for				
Improvements other than buildings	(11,076,808)	(1,006,532)	-	(12,083,340)
Buildings and fixed equipment	(501,640,029)	(24,035,730)	-	(525,675,759)
Furniture, fixtures, and equipment	(23,900,404)	(3,592,323)	2,819,502	(24,673,225)
Motor vehicles	(12,302,186)	(1,362,957)	261,511	(13,403,632)
Audio visual materials and software	(9,080,379)	(24,665)	-	(9,105,044)
Total accumulated depreciation	(557,999,806)	(30,022,207)	3,081,013	(584,941,000)
Total capital assets being depreciated, net	306,714,408	6,872,851	-	313,587,257
Right-to-use lease assets, being amortized				
Furniture, fixtures, and equipment	1,099,647	152,425	(461,926)	790,146
Right-to-use lease assets, being amortized	1,099,647	152,425	(461,926)	790,146
Less accumulated amortization for				
Furniture, fixtures, and equipment	(390,381)	(375,885)	461,926	(304,340)
Total accumulated amortization	(390,381)	(375,885)	461,926	(304,340)
Right-to-use lease assets being amortized, net	709,266	(223,460)	-	485,806
Governmental activities capital assets, net	\$379,995,845	\$ 65,337,821	\$ (21,001,943)	\$424,331,721

\* June 30, 2023 balance is restated due to understated capital assets of \$677,031.



**Bay County District School Board  
Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets (continued)**

The following is a summary of changes in business-type activities capital assets during the year ended June 30, 2024:

<i>For the year ended June 30, 2024</i>	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital assets, being depreciated				
Furniture, fixtures, and equipment	172,869	-	(2,469)	170,400
Motor vehicles	16,367	-	-	16,367
Audio visual materials and software	84,592	-	-	84,592
Capital assets, being depreciated	273,828	-	(2,469)	271,359
Less accumulated depreciation for				
Furniture, fixtures, and equipment	(162,271)	(3,186)	2,469	(162,988)
Motor vehicles	(16,367)	-	-	(16,367)
Audio visual materials and software	(84,592)	-	-	(84,592)
Total accumulated depreciation	(263,230)	(3,186)	2,469	(263,947)
Total capital assets being depreciated, net	10,598	(3,186)	-	7,412
Business-type activities capital assets, net	\$ 10,598	\$ (3,186)	\$ -	\$ 7,412

Depreciation and amortization expense was allocated to the governmental functions in the statement of activities as follows:

<i>For the year ended June 30,</i>	2024
<b>Governmental activities</b>	
Pupil transportation services	\$ 1,021,050
Plant operations	90,002
Central services	326,062
Unallocated	28,960,978
Total depreciation and amortization expense - governmental activities	\$ 30,398,092
<b>Business-type activities</b>	
Beacon Learning Center	\$ 3,186

## Bay County District School Board Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### *Long-Term Debt and Liabilities*

##### *Certificates of Participation*

The District entered into a financing arrangement on November 1, 1994, which was characterized as a master lease-purchase agreement, with the Bay County Educational Facilities Finance Corporation (Corporation) whereby the District secured financing of various educational facilities in the total amount of \$23,715,000. The financing was accomplished through the issuance of Certificates of Participation, Series 1994 to be repaid from the proceeds of rents paid by the District.

The District entered into a financing arrangement on November 1, 1994, which was characterized as a lease-purchase agreement, with the Bay County Educational Facilities Finance Corporation (Corporation) to issue certificates of participation (Certificates) and to provide a vehicle for future Certificate financings. Such financings are repaid from the proceeds of rents paid by the District.

As a condition of these financing arrangements, the District has given a ground lease on District property to the Corporation, with a rental fee of \$10 per year. The initial term of the lease commenced on November 1, 1994, and ends on the earlier of (a) payment of the outstanding Certificates, or (b) June 30, 2045. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the Certificates for a period of time specified by the arrangement which may be through June 30, 2045.

The District properties included in the ground lease under the master lease-purchase arrangement include properties at Patronis Elementary School; Lucille Moore Elementary School; Robert L. Young Service Center; J.R. Arnold High School; Emerald Bay Academy; New Horizons Learning Center; Breakfast Point Academy; Deer Point Elementary School; Jinks Middle School Gymnasium; Bay High School Science, Technology, Engineering, and Mathematics classrooms; and A. Gary Walsingham Academy.

Certificates outstanding as of June 30, 2024, include the following direct placements:

The Refunding Certificates of Participation, Series 2015, include outstanding serial certificates maturing from 2020 through 2029. These payments are payable by the District, semiannually, on July 1 and January 1 at an interest rate of 2.56 percent.

The Certificates of Participation, Series 2019, include outstanding serial certificates maturing from 2021 through 2030. These payments are payable by the District, semiannually, on July 1 and January 1 at an interest rate of 1.99 percent.

The Certificates of Participation, Series 2020A, include outstanding serial certificates maturing from 2030 through 2040. These payments are payable by the District, semiannually, on July 1 and January 1 at interest rates ranging from 4 to 5 percent.

**Bay County District School Board  
Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt and Liabilities (continued)***

*Certificates of Participation (continued)*

The Certificates of Participation, Series 2022A, include outstanding serial certificates maturing from 2024 through 2047. These payments are payable by the District, semiannually, on July 1 and January 1 at an interest rate of 4 to 5 percent.

The following is a schedule of future minimum lease payments required under the master lease-purchase agreement as of June 30:

For the years ending June 30,

	Principal	Interest	Premium	Total
2025	\$ 11,180,000	\$ 5,698,493	\$ (445,799)	\$ 16,432,694
2026	11,490,000	5,384,969	(445,799)	16,429,170
2027	11,810,000	5,061,655	(445,799)	16,425,856
2028	12,150,000	4,728,323	(445,799)	16,432,524
2029	12,490,000	4,384,068	(445,799)	16,428,269
2030 - 2034	23,120,000	17,753,367	(2,228,995)	38,644,372
2035 - 2039	21,875,000	13,154,700	(2,228,995)	32,800,705
2040 - 2044	27,040,000	7,988,175	(854,598)	34,173,577
2045 - 2047	19,350,000	1,667,488	(342,386)	20,675,102
<b>Total</b>	<b>150,505,000</b>	<b>65,821,238</b>	<b>(7,883,969)</b>	<b>208,442,269</b>
<b>Current portion</b>	<b>(11,180,000)</b>	<b>(5,698,493)</b>	<b>445,799</b>	<b>(16,432,694)</b>
<b>Payable after one year</b>	<b>\$ 139,325,000</b>	<b>\$ 60,122,745</b>	<b>\$ (7,438,170)</b>	<b>\$ 192,009,575</b>

*Leases- Lessee*

The District has entered into lease agreements to obtain the right-to-use various copiers. The total annual rentals for the copiers that the District paid for the fiscal year ended June 30, 2024 was \$412,601. The leases have varying terms between 24 and 60 monthly payments of a low of \$29 to a high of \$551 depending on the type of machine and amount of use. There are no variable payment components of the leases taken into account in the determination of the value. The lease liabilities are measured at a discount rate between 3.0% and 3.81%, which is the imputed rate based on the District's historical borrowing rates and the Fidelity GO AA 20-year bond rates.

**Bay County District School Board  
Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt and Liabilities (continued)***

*Leases- Lessee (continued)*

The following is a schedule of minimum future lease payments from lease agreements as of June 30, 2024:

For the years ending June 30,	Principal Payments	Interest Expense	Future Minimum Lease Payments
2025	\$ 309,532	\$ 10,769	\$ 320,301
2026	175,414	2,867	178,281
2027	19,150	182	19,332
<b>Total</b>	<b>\$ 504,096</b>	<b>\$ 13,818</b>	<b>\$ 517,914</b>

***Changes in Long-Term Liabilities***

Long-term liability activity for the year ended June 30, 2024, was as follows for governmental activities:

	Beginning Balance *	Additions	Reductions	Ending Balance	Due in One Year
Governmental activities					
Certificates of participation payable from direct placements	\$ 160,625,000	\$ -	\$ (10,120,000)	\$ 150,505,000	\$ 11,180,000
Unamortized premium	8,329,768	-	(445,799)	7,883,969	445,799
Total certificates of participation payable from direct placements	168,954,768	-	(10,565,799)	158,388,969	11,625,799
Lease liability	731,565	152,425	(379,894)	504,096	309,532
Estimated insurance claims payable	13,597,316	28,355,115	(27,048,795)	14,903,636	8,322,562
Compensated absences	11,238,491	966,723	(805,745)	11,399,469	2,279,894
Net pension liability	142,409,744	27,680,481	-	170,090,225	-
Other postemployment benefits liability	4,004,090	1,222,280	-	5,226,370	432,303
Governmental activity long-term liabilities	\$ 340,935,974	\$ 58,377,024	\$ (38,800,233)	\$ 360,512,765	\$ 22,970,090

\* June 30, 2023 balance is restated due to understated compensated absences of \$485,747.

## Bay County District School Board Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### *Changes in Long-Term Liabilities (continued)*

Long-term liability activity for the year ended June 30, 2024, was as follows for business-type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Business-type activities					
Compensated					
absences	\$ 56,066	\$ -	\$ (26,570)	\$ 29,496	\$ 5,899
Net pension liability	1,162,939	226,043	-	1,388,982	-
Other postemployment					
benefits liability	32,697	9,981	-	42,678	3,486
Business-type activity					
long-term liabilities	\$ 1,251,702	\$ 236,024	\$ (26,570)	\$ 1,461,156	\$ 9,385

Compensated absences, lease liabilities, other postemployment benefits, outstanding certificates of participation, and the net pension liability will be liquidated in future periods primarily by the General Fund for governmental activities. Business-type activities compensated absences, other postemployment benefits, and net pension liability will be liquidated by the respective enterprise fund.

#### *Interfund Receivables, Payables and Transfers*

	Due from					Total
	General Fund	Special Revenue - Federal Education Stabilization Fund	Capital Projects - Other Fund	Nonmajor Governmental Funds		
<b>Due to:</b>						
General Fund	\$ -	\$ 26,012	\$ -	\$ -	\$ -	26,012
Special Revenue - Federal Education Stabilization Fund	395,407	-	-	50,000	-	445,407
Capital Projects - Local Capital Improvement Fund	2,955,275	-	50,576,625	-	-	53,531,900
Capital Projects - Other Fund	1,000	-	-	-	-	1,000
Nonmajor Govern- mental Funds	2,906,160	-	-	-	-	2,906,160

(Continued)

**Bay County District School Board  
Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Interfund Receivables, Payables and Transfers (continued)***

	Due from					Total
	General Fund	Special Revenue - Federal Education Stabilization Fund	Capital Projects - Other Fund	Nonmajor Governmental Funds		
Beacon Learning Center	\$ 54,900	\$ -	\$ -	\$ -	\$ -	\$ 54,900
<b>Total</b>	<b>\$ 6,312,742</b>	<b>\$ 26,012</b>	<b>\$ 50,576,625</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ 56,965,379</b>

The interfund receivables and payables are primarily to reimburse the General Fund for expenditures paid on behalf of other funds and to transfer certificates of participation proceeds from the Capital Projects – Local Capital Improvement Fund to the Capital Projects – Other Fund.

	Transfer from					Total
	General Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Nonmajor Governmental Funds		
<b>Transfer to:</b>						
General Fund	\$ -	\$ 4,488,295	\$ -	\$ 2,948,949	\$ -	\$ 7,437,244
Debt Service - Other Fund	-	10,258,300	5,844,849	-	-	16,103,149
Internal Service Funds	2,582,331	4,844,953	-	-	-	7,427,284
<b>Total</b>	<b>\$ 2,582,331</b>	<b>\$ 19,591,548</b>	<b>\$ 5,844,849</b>	<b>\$ 2,948,949</b>	<b>\$ -</b>	<b>\$ 30,967,677</b>

The interfund transfers are mainly to provide for debt repayments, to assist in financing maintenance operations of the District, and to facilitate the payment for charter school capital outlay moneys. Additionally, funds were transferred from the General Fund and the Capital Projects – Local Capital Improvement Fund to the Internal Service Fund for property casualty insurance premiums and additional funding for claims.

**Bay County District School Board  
Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Net Investment in Capital Assets***

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets, net	\$ 424,331,721	\$ 7,412	\$ 424,339,133
Outstanding debt related to capital assets	(169,013,065)	-	(169,013,065)
Unspent bond proceeds	58,728,861	-	58,728,861
<b>Total</b>	<b>\$ 314,047,517</b>	<b>\$ 7,412</b>	<b>\$ 314,054,929</b>

***Schedule of State Revenue Sources***

The following is a schedule of the District's state revenue sources for the year ended June 30, 2024:

	Amount
Florida Education Finance Program	\$ 90,994,442
Categorical Educational Program - Class Size Reduction	27,789,437
Workforce Development Program	3,009,151
Voluntary prekindergarten	1,057,341
Charter school capital outlay	2,948,949
Capital outlay and debt service distributed	1,006,455
Other miscellaneous	7,671,016
<b>Total</b>	<b>\$ 136,630,763</b>

***Property Taxes***

The following is a summary of millage rates and taxes levied on the 2023 tax roll for the 2023-2024 fiscal year.

	Millage Rate	Taxes Levied
General fund		
Nonvoted school tax		
Required local effort	3.235	\$ 99,941,461
Basic discretionary local effort	0.748	23,108,567
Capital projects funds		
Nonvoted tax		
Local capital improvements	1.500	46,340,708
<b>Total</b>	<b>5.483</b>	<b>\$ 169,390,736</b>

**Note 4: RETIREMENT PLANS**

***Defined Benefit Plans***

The District participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, *Florida Statutes*, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, *Florida Statutes*. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, *Florida Statutes*, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a non-qualified, cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, *Florida Statutes*. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

***Benefits Provided***

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.



**Bay County District School Board  
Notes to Financial Statements**

**Note 4: RETIREMENT PLANS (Continued)**

***Benefits Provided (continued)***

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to Section 112.363, *Florida Statutes*.

***Contributions***

The contribution requirements of plan members and the District are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The District's contribution rates during fiscal year ended June 30, 2024 were as follows:

<b>Class</b>	<b>Percent of Gross Salary</b>	
	<b>FRS</b>	<b>HIS</b>
Regular	11.57%	2.00%
Elected officials	56.68%	2.00%
Special risk	30.67%	2.00%
DROP plan participants	19.13%	2.00%

The District's contributions for the fiscal year ended June 30, 2024, were \$15,285,795 to the FRS Pension Plan and \$3,127,987 to the HIS Plan.

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended June 30, 2024, the District reported a liability for its proportionate shares of the net pension liabilities of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2023. The District's proportions of the net pension liabilities were based on the District's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 111,060,618	\$ 60,418,589
Proportion at:		
Current measurement date	0.2787188%	0.3804378%
Prior measurement date	0.2804370%	0.3703653%
Pension expense/(benefit)	\$ 24,030,668	\$ 22,546,872

**Bay County District School Board**  
**Notes to Financial Statements**

**Note 4: RETIREMENT PLANS (Continued)**

***Deferred Outflows/Inflows of Resources Related to Pensions***

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,427,634	\$ -	\$ 884,487	\$ 141,812
Changes of assumptions	7,239,852	-	1,588,386	5,235,474
Net difference between projected and actual earnings	4,638,192	-	31,201	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,272,116	2,765,011	3,201,287	2,118,320
Contributions subsequent to the measurement date	15,285,795	-	3,127,987	-
<b>Total</b>	<b>\$ 43,863,589</b>	<b>\$ 2,765,011</b>	<b>\$ 8,833,348</b>	<b>\$ 7,495,606</b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the District's fiscal year end will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

<i>Year ending June 30,</i>	FRS	HIS
2024	\$ 3,825,479	\$ (521,699)
2025	(10,585)	(235,380)
2026	19,793,020	(177,838)
2027	1,736,400	(572,609)
2028	468,469	(296,179)
Thereafter	-	13,460
<b>Total</b>	<b>\$ 25,812,783</b>	<b>\$ (1,790,245)</b>

**Bay County District School Board  
Notes to Financial Statements**

**Note 4: RETIREMENT PLANS (Continued)**

***Actuarial Assumptions***

The total pension liability for each of the defined benefit plans was measured as of June 30, 2023. The total pension liability for FRS was determined by an actuarial valuation dated July 1, 2023. The total pension liability for HIS was determined by an actuarial valuation dated July 1, 2023. The total pension liability for each of the plans was determined using the individual entry-age normal actuarial cost method and the following significant actuarial assumptions:

	<b>FRS</b>	<b>HIS</b>
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	3.65%
Discount rate	6.70%	3.65%

For the FRS Pension Plan, the mortality rates were based on the PUB-2010 base table, which varies by member category and sex; projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

For the HIS Program, the mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The HIS program is funded on a pay as you go basis and no experience study has been completed for the program. Thus, the above actuarial assumptions that determine the total pension liability as of June 30, 2023 were based on certain results of an actuarial experience study of the FRS for the period of July 1, 2013 - June 30, 2018.

The following changes in key actuarial assumptions occurred in 2023:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.54% to 3.65%.

HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

The long-term expected rate of return on pension plan investments is 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, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

**Bay County District School Board  
Notes to Financial Statements**

**Note 4: RETIREMENT PLANS (Continued)**

***Actuarial Assumptions (continued)***

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
	<u>100.0%</u>			

***Discount Rate***

The discount rate used to measure the total pension liability was 6.70% for the FRS Pension Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability was 3.65% for the HIS Program. 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.

***Sensitivity Analysis***

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the District's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

**Bay County District School Board  
Notes to Financial Statements**

**Note 4: RETIREMENT PLANS (Continued)**

***Sensitivity Analysis (continued)***

	FRS		
	1% Decrease	Current Discount Rate	1% Increase
	-(1.00%)	(0.00%)	(1.00%)
District's proportionate share of the net pension liability	\$ 189,714,151	\$ 111,060,618	\$ 45,257,527
	HIS		
	1% Decrease	Current Discount Rate	1% Increase
	-(1.00%)	(0.00%)	(1.00%)
District's proportionate share of the net pension liability	\$ 68,928,180	\$ 60,418,589	\$ 53,364,709

***Pension Plans' Fiduciary Net Position***

Information about the fiduciary net position of FRS and HIS and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plans and are recorded in the government-wide and proprietary fund statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

***Defined Contribution Plan***

Pursuant to Chapter 121, *Florida Statutes*, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended June 30, 2024, totaled \$6,544,372.

## Bay County District School Board Notes to Financial Statements

### Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

#### *Plan Description*

The District administers a single-employer defined benefit healthcare plan (the “Plan”) that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the District is required to provide eligible retirees (as defined in the City’s pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. The District does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the District’s basic financial statements.

#### *Funding Policy*

The District is funding the post employee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by the School Board annually during the budget process. The District does not pay for health insurance premiums for retirees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contributions are determined as annualized claims incurred based on the retiree age at the beginning of the fiscal year and the claims table used for liability determination offset by the annual premium paid by the retiree for such coverage. District contributions are assumed to be equal to benefits paid.

#### *Plan Membership*

At the valuation date, July 1, 2024, OPEB membership consisted of the following:

Active plan members (electing medical)	2,263
Active plan members (not electing medical)	595
Retirees and beneficiaries (electing medical)	232
Retiree spouses and beneficiaries (electing medical)	21
<hr/> Total plan members	<hr/> 3,111

#### *Actuarial Assumptions and Other Inputs*

At the June 30, 2024 measurement date, the actuarial assumptions and other inputs applied include the following:

Salary increases	4.00 % including inflation
Discount rate	4.21 % based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2024

**Bay County District School Board  
Notes to Financial Statements**

**Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

***Actuarial Assumptions and Other Inputs (continued)***

Health care cost trend rates	7.00 % grading uniformly to 5.60 % over 3 years and following the Getzen model thereafter
Plan participation	40.00 % of future eligible retirees
Retirees' share of benefit-related costs	100.0 % of projected health insurance premium

The discount rate was selected based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. Eligible bonds must be rated as least AA by S&P, Aa2 by Moody's or AA by Fitch. The S&P Municipal Bond 20 Year High Grade Rate Index at June 30, 2024 was 4.21%.

Mortality rates were based on the PubG Healthy Headcount-weighted Mortality Tables with pre and post commencement rates and projected mortality improvement after year 2010 under Projection Scale MP-2021. The actuarial assumptions used in the June 30, 2024 valuation were not based on the results of an actuarial experience study.

At June 30, 2024, the District reported a total OPEB liability of \$5,269,048. The information has been provided as of the June 30, 2024, measurement date.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Total OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 4,036,787	\$ -	\$ 4,036,787
Changes for the year			
Service cost	443,771	-	443,771
Interest	165,431	-	165,431
Changes of assumptions	165,363	-	165,363
Difference between expected and actual experience	893,485	-	893,485
Contributions - employer	-	435,789	(435,789)
Benefit payments	(435,789)	(435,789)	-
Net changes	1,232,261	-	1,232,261
Balance as of June 30, 2024	\$ 5,269,048	\$ -	\$ 5,269,048

**Bay County District School Board  
Notes to Financial Statements**

**Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

***Actuarial Assumptions and Other Inputs (continued)***

There were no changes in assumptions and other inputs from the June 30, 2022 valuation except the discount rate increased from 4.09% to 4.21% and the health care cost trend rate was updated from 6.0% grading uniformly to 5.5% over two years to 7.0% grading uniformly to 5.6% over three years. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated June 30, 2024.

***Sensitivity of the Net OPEB Liability***

The following table presents the District's total and net OPEB liability calculated using the discount rate of 4.21%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.21%) or one percentage point higher (5.21%) than the current rate:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Net OPEB Liability	\$ 5,487,698	\$ 5,269,048	\$ 5,047,858

The following table presents the District's total and net OPEB liability calculated using the health care trend rate of 7.00%, as well as what the District's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Ultimate Trend (7.00%)	1% Increase (8.00%)
Net OPEB Liability	\$ 4,798,515	\$ 5,269,048	\$ 5,814,127



**Bay County District School Board**  
**Notes to Financial Statements**

**Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

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

For the fiscal year ended June 30, 2024, the District recognized OPEB expense of \$433,257. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 765,844	\$ 896,190
Changes in assumptions	326,601	186,185
<b>Total</b>	<b>\$ 1,092,445</b>	<b>\$ 1,082,375</b>

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

*For the years ending June 30,*

2025	\$ (175,942)
2026	(38,840)
2027	(38,840)
2028	(38,836)
2029	151,264
Thereafter	151,264
<b>Total</b>	<b>\$ 10,070</b>

## Bay County District School Board Notes to Financial Statements

### Note 6: CONSTRUCTION CONTRACTS AND OTHER SIGNIFICANT COMMITMENTS

Construction contracts – encumbrances include the following construction contract commitments at June 30, 2024:

	Total Contract Amount	Completed to Date	Balance Committed
<b>ARNOLD</b>			
Contractor-Hurricane Repairs	\$ 5,054,139	\$ 3,167,043	\$ 1,887,096
<b>BAY HIGH</b>			
Architect-Building 1	800,535	666,393	134,142
Contractor-Building 1	11,841,725	5,207,907	6,633,818
Architect-Batting Cage	4,500	3,600	900
Contractor-Batting Cage	251,110	54,886	196,224
Contractor-Parking Lot	2,259,024	1,888,557	370,467
<b>BOZEMAN</b>			
Contractor-Classroom Wing	5,915,316	390,246	5,525,070
Architect-Classroom Wing	1,321,982	811,365	510,617
<b>CEDAR GROVE</b>			
Contractor-PE Building	1,432,167	1,292,912	139,255
Architect-PE Building	189,886	175,248	14,638
<b>DEERPOINT</b>			
Architect-PE Pavilion	38,000	26,600	11,400
<b>HANEY</b>			
Contractor-Hurricane Phase 2	3,111,844	2,820,878	290,966
Contractor-Cosmo	1,234,498	947,422	287,076
Architect-Cosmo	592,361	587,215	5,146
Architect-Cosmo	30,000	17,628	12,372
Contractor-New Classroom Building	10,065,407	8,886,122	1,179,285
Architect-New Classroom Building	117,655	79,183	38,472
Architect-New Classroom Building	30,000	17,628	12,372
Contractor-Chiller	2,393,653	1,925,830	467,823
Architect-Chiller	29,901	24,917	4,984
<b>HILAND PARK</b>			
Contractor-Classroom Wing	3,770,057	3,236,227	533,830
<b>LUCILLE MOORE</b>			
Contractor-Sister School Renovations	12,995,009	1,869,373	11,125,636
Architect-Sister School Renovations	792,685	646,537	146,148
Architect-PE Pavilion	38,000	26,600	11,400
<b>MERRITT BROWN</b>			
Contractor-Classroom Wing	8,397,892	3,655,864	4,742,028
Architect-Classroom Wing	201,848	168,012	33,836

(Continued)

## Bay County District School Board Notes to Financial Statements

### Note 6: CONSTRUCTION CONTRACTS AND OTHER SIGNIFICANT COMMITMENTS (Continued)

	Total Contract Amount	Completed to Date	Balance Committed
<b>MOSLEY</b>			
Contractor-Band Room	\$ 2,158,007	\$ 2,031,274	\$ 126,733
Architect-Band Room	178,715	174,865	3,850
Contractor-Outdoor Ed Center	2,502,633	2,303,671	198,962
Architect-Outdoor Ed Center	111,755	107,905	3,850
Contractor-Chiller	438,275	394,448	43,827
<b>MOWAT</b>			
Architect-Cafeteria Admin Classrooms	1,045,116	852,556	192,560
Contractor-Cafeteria Admin Classrooms	5,047,975	3,981,371	1,066,604
<b>NORTHSIDE</b>			
Contractor-Classroom Wing	4,116,736	3,353,943	762,793
<b>PATRONIS</b>			
Contractor-Sister School Renovations	8,401,697	5,574,059	2,827,638
Architect-Sister School Renovations	639,956	596,708	43,248
<b>PARKER</b>			
Contractor-HVAC	1,474,070	1,308,220	165,850
<b>ROSENWALD</b>			
Contractor-Cafeteria HVAC	461,410	116,640	344,770
<b>RUTHERFORD</b>			
Contractor-Batting Cage	206,583	148,362	58,221
Architect-Batting Cage	9,000	7,200	1,800
<b>SOUTHPORT</b>			
Architect-PE Building	189,886	175,248	14,638
Contractor-PE Building	1,988,074	64,720	1,923,354
Contractor-Classroom Wing	3,818,364	3,329,153	489,211
<b>TOMMY SMITH</b>			
Contractor-Sister School Renovations	180,533	15,910	164,623
Architect-Sister School Renovations	461,740	386,346	75,394
Contractor-Classroom Wing	8,306,311	3,020,291	5,286,020
Architect-Classroom Wing	280,900	273,486	7,414
<b>WALLER</b>			
Contractor-HVAC	1,497,132	1,313,241	183,891
<b>WEST BAY</b>			
Contractor-8 Classroom Wing	3,460,562	2,755,371	705,191

(Continued)

**Bay County District School Board  
Notes to Financial Statements**

**Note 6: CONSTRUCTION CONTRACTS AND OTHER SIGNIFICANT COMMITMENTS (Continued)**

	Total Contract Amount	Completed to Date	Balance Committed
<b>MAINTENANCE</b>			
Contractor-Wind Retrofit	\$ 479,277	\$ 454,390	\$ 24,887
Contractor-Fueling Station	841,317	603,892	237,425
Contractor-Hurricane Repairs	2,040,863	1,282,434	758,429
<b>CONTRACTS UNDER \$250,000</b>	<b>3,098,448</b>	<b>692,621</b>	<b>2,405,827</b>
<b>Total</b>	<b>\$ 126,344,529</b>	<b>\$ 73,912,518</b>	<b>\$ 52,432,011</b>

**Note 7: RISK MANAGEMENT – SELF INSURANCE**

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. Workers' compensation, automobile liability, and general liability coverage are being provided on a self-insured basis up to specified limits. The District has entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis. The District has contracted with an insurance administrator to administer these self-insurance programs, including the processing, investigating, and payment of claims.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts not recorded, if any, to be immaterial.

Settled claims resulting from the risks described above have not exceeded the maximum commercial insurance coverage of \$100,000,000 in any of the past three fiscal years.

**General and Workers' Compensation Claims**

A liability in the amount of \$9,193,200 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2024 related to general and workers' compensation claims. This amount is net amounts due from stop loss recoveries as of June 30, 2024. The loss estimates include legal and certain other expenses associated with claims settlements (allocated loss adjustment expenses). These estimates do not include provisions for unallocated loss adjustment expenses, such as fees for the claim administrators or other miscellaneous costs associated with claims settlements.

**Bay County District School Board  
Notes to Financial Statements**

**Note 7: RISK MANAGEMENT – SELF INSURANCE (Continued)**

**General and Workers’ Compensation Claims (continued)**

Changes in the estimated accrued claims payable in fiscal years 2024 and 2023 were as follows:

<i>For the years ended June 30,</i>	<b>2024</b>	2023
Balance, beginning of year	\$ 10,218,381	\$ 10,408,529
Current year claims and changes in estimate	2,554,125	1,015,966
Claims payments	(3,579,306)	(1,206,114)
<b>Balance, end of year</b>	<b>\$ 9,193,200</b>	<b>\$ 10,218,381</b>

**Health Insurance Claims**

Health prescription drug coverage is being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

Effective January 1, 2016, the District became partially self-insured with respect to employee health insurance coverage. The plan covers all eligible active and retired employees and their dependents. Blue Cross Blue Shield of Florida provides claims processing and administrative services for the plan.

Health benefits were self-insured up to a specific stop loss amount of \$150,000 per participant and a maximum aggregate benefit of \$1,000,000. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount.

Additionally, the District has entered into a contract with a vendor to operate a wellness center. All District full-time employees, in addition to retirees and dependents ages 6 and older, who have district health insurance may see a licensed clinician and receive sick care, access to health coaching services, and wellness programs free of charge.

Settled claims resulting from the health insurance risks described above have not exceeded commercial insurance coverage since the program’s inception in January 2016.

The District reports a liability when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. This amount includes an amount for claims that have been incurred, but not reported. The District reevaluates the claims liability periodically and the claims liability totaled \$5,710,436 as of June 30, 2024. This amount is net amounts due from stop loss recoveries as of June 30, 2024.

Funding for health insurance premiums is derived from three sources:

- City contribution for active employees
- Active employee contributions for dependent coverage
- Retired employee contributions

**Bay County District School Board  
Notes to Financial Statements**

**Note 7: RISK MANAGEMENT – SELF INSURANCE (Continued)**

**Health Insurance Claims (continued)**

Changes in the estimated accrued claims payable in fiscal years 2024 and 2023 were as follows:

<i>For the years ended June 30,</i>	<b>2024</b>	2023
Balance, beginning of year	\$ 3,378,935	\$ 4,427,524
Current year claims and changes in estimate	25,800,990	22,241,254
Claims payments	(23,469,489)	(23,289,843)
Balance, end of year	\$ 5,710,436	\$ 3,378,935

## **Required Supplementary Information**

**Bay County District School Board**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual – General Fund**  
**Year ended June 30, 2024**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental				
Federal direct	\$ 584,790	\$ 1,947,884	\$ 2,170,369	\$ 222,485
Federal through state and local	750,000	3,380,701	3,206,851	(173,850)
State	123,671,353	129,363,997	127,656,329	(1,707,668)
Local				
Property taxes	118,128,027	118,128,027	119,781,478	1,653,451
Payments in lieu of taxes	-	-	135,458	135,458
Charges for services	2,829,283	3,733,847	4,679,975	946,128
Rental income	-	143,874	146,544	2,670
Interest income	2,000,000	2,022,000	4,314,640	2,292,640
Miscellaneous	899,415	1,984,946	3,287,298	1,302,352
<b>Total revenues</b>	<b>248,862,868</b>	<b>260,705,276</b>	<b>265,378,942</b>	<b>4,673,666</b>
<b>Expenditures</b>				
Current - education				
Instructional services	193,363,159	201,646,457	178,530,860	23,115,597
Pupil services	10,982,971	11,725,164	8,214,998	3,510,166
Instructional media services	2,148,749	2,751,222	2,525,213	226,009
Instructional and curriculum development services	3,196,545	3,500,430	3,177,479	322,951
Instructional staff training services	1,794,342	2,071,701	1,314,997	756,704
Instruction related technology	1,670	1,670	-	1,670
School board	999,141	1,025,453	1,012,516	12,937
General administrative services	6,686,807	6,636,606	1,843,889	4,792,717
School administrative services	16,448,199	17,609,258	17,072,034	537,224
Facilities acquisition and construction	1,345,426	5,843,829	5,189,620	654,209
Fiscal services	2,135,987	2,249,864	2,211,341	38,523
Food services	-	10,017	10,017	-
Central services	1,878,428	2,359,289	2,144,287	215,002
Pupil transportation services	9,309,044	9,797,500	9,437,656	359,844
Plant operations	21,815,383	22,393,423	19,036,582	3,356,841
Maintenance services	5,547,212	6,007,403	5,457,797	549,606
Administrative technology services	4,327,438	4,371,243	4,055,375	315,868
Community services	2,889,704	3,872,633	3,263,941	608,692
Capital outlay	27,143,528	27,962,456	3,381,838	24,580,618
Debt service				
Principal	-	-	379,895	(379,895)
Interest and fiscal charges	-	-	32,706	(32,706)
<b>Total current</b>	<b>312,013,733</b>	<b>331,835,618</b>	<b>268,293,041</b>	<b>63,542,577</b>
Excess (deficit) of revenues over (under) expenditures	(63,150,865)	(71,130,342)	(2,914,099)	68,216,243

(Continued)



**Bay County District School Board**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual – General Fund (Continued)**  
**Year ended June 30, 2024**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Other financing sources (uses)				
Debt proceeds	-	-	152,425	152,425
Transfers in	4,446,733	7,595,682	7,437,244	(158,438)
Transfers out	(1,263,533)	(1,832,331)	(2,582,331)	(750,000)
Total other financing sources (uses)	3,183,200	5,763,351	5,007,338	(756,013)
Net changes in fund balance	(59,967,665)	(65,366,991)	2,093,239	67,460,230
Fund balance - beginning	79,137,071	79,137,071	79,137,071	-
Fund balance - ending	\$ 19,169,406	\$ 13,770,080	\$ 81,230,310	\$ 67,460,230

**Bay County District School Board**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual – Federal Education Stabilization Fund**  
**Year ended June 30, 2024**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental				
Federal through state and local	\$ 36,511,268	\$ 36,139,880	\$ 28,464,732	\$ (7,675,148)
State	-	-	-	-
Total revenues	36,511,268	36,139,880	28,464,732	(7,675,148)
<b>Expenditures</b>				
Current - education				
Instructional services	16,981,043	17,763,202	12,593,983	5,169,219
Pupil services	5,595,447	6,138,176	5,597,252	540,924
Instructional media services	203,182	72,877	72,877	-
Instructional and curriculum development services	594,345	1,823,756	1,780,357	43,399
Instructional staff training services	1,871,300	572,663	456,411	116,252
Instruction related technology	234,418	11,442	-	11,442
School board	29	-	-	-
General administrative services	637,156	631,605	588,079	43,526
School administrative services	399,828	101,052	69,484	31,568
Facilities acquisition and construction	49,864	892,261	313,496	578,765
Fiscal services	6,371	-	-	-
Food services	10,220	11,000	11,000	-
Central services	136,756	9,608	9,608	-
Pupil transportation services	555,349	303,356	47,018	256,338
Plant operations	814,208	520,544	488,324	32,220
Maintenance services	390,627	584,342	226,623	357,719
Administrative technology services	19,209	-	-	-
Community services	31,966	18,216	5,700	12,516
Capital outlay	7,979,950	6,685,780	6,204,520	481,260
Total current	36,511,268	36,139,880	28,464,732	7,675,148
Net changes in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

**Bay County District School Board**  
**Schedule of Changes in the Total Other Postemployment**  
**Benefits Liability and Related Ratios**

<i>As of and for the year ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service cost	\$ 443,771	\$ 426,334	\$ 439,979	\$ 428,578	\$ 412,095	\$ 517,021	\$ 492,401
Interest	165,431	158,617	132,031	125,009	141,984	153,279	146,872
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	893,485	-	(1,004,898)	-	(1,931,783)	-	-
Changes in assumptions or other inputs	165,363	-	(325,825)	-	1,109,156	-	-
Benefit payments/refunds	(435,789)	(313,048)	(301,008)	(386,070)	(371,221)	(448,904)	(415,652)
Net change in total OPEB liability	1,232,261	271,903	(1,059,721)	167,517	(639,769)	221,396	223,621
Total OPEB liability - beginning	4,036,787	3,764,884	4,824,605	4,657,088	5,296,857	5,075,461	4,851,840
Total OPEB liability - ending	\$ 5,269,048	\$ 4,036,787	\$ 3,764,884	\$ 4,824,605	\$ 4,657,088	\$ 5,296,857	\$ 5,075,461
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 435,789	\$ 313,048	\$ 301,008	\$ 386,070	\$ 371,221	\$ 448,904	\$ 415,652
Benefit payments/refunds	(435,789)	(313,048)	(301,008)	(386,070)	(371,221)	(448,904)	(415,652)
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-	-	-
Net OPEB liability - ending	\$ 5,269,048	\$ 4,036,787	\$ 3,764,884	\$ 4,824,605	\$ 4,657,088	\$ 5,296,857	\$ 5,075,461
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0%	0%	0%	0%	0%	0%	0%
<b>Covered payroll</b>	\$ 134,263,448	\$ 126,793,280	\$ 121,916,615	\$ 91,326,813	\$ 87,814,243	\$ 95,658,624	\$ 91,979,446
<b>Total OPEB liability as a percentage of covered payroll</b>	3.92%	3.18%	3.09%	5.28%	5.30%	5.54%	5.52%

\* GASB Codification P52 requires an employer to disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

**Bay County District School Board**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Last 10 Fiscal Years (1)**

<b>Florida Retirement System</b>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.27871880%	0.28043696%	0.27660091%	0.23876228%	0.25925144%	0.27387392%	0.27779379%	0.28807740%	0.31382749%	0.31790237%
District's proportionate share of the net pension liability (asset)	\$ 111,060,618	\$ 104,345,086	\$ 20,894,055	\$ 103,483,091	\$ 89,282,585	\$ 82,492,243	\$ 82,197,743	\$ 72,739,769	\$ 40,535,029	\$ 19,396,720
District's covered payroll (2)	\$ 150,916,241	\$ 135,094,709	\$ 128,809,588	\$ 116,142,935	\$ 121,280,909	\$ 125,344,151	\$ 124,140,536	\$ 123,114,770	\$ 122,615,413	\$ 119,580,531
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	73.59%	77.24%	16.22%	89.10%	73.62%	65.81%	66.21%	59.08%	33.06%	16.22%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
<b>Health Insurance Subsidy Program</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
District's proportion of the net pension liability (asset)	0.38043775%	0.37036527%	0.36350998%	0.33462881%	0.36260206%	0.38375155%	0.38935411%	0.39871700%	0.40402627%	0.40246899%
District's proportionate share of the net pension liability (asset)	\$ 60,418,589	\$ 39,227,597	\$ 44,589,964	\$ 40,857,633	\$ 40,571,542	\$ 40,616,695	\$ 41,631,538	\$ 46,468,815	\$ 41,204,324	\$ 37,631,832
District's covered payroll (2)	\$ 150,916,241	\$ 135,094,709	\$ 128,809,588	\$ 116,142,935	\$ 121,280,909	\$ 125,344,151	\$ 124,140,536	\$ 123,114,770	\$ 122,615,413	\$ 119,580,531
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.03%	29.04%	34.62%	35.18%	33.45%	32.40%	33.54%	37.74%	33.60%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

**Notes to schedules:**

- (1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the prior fiscal year.
- (2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

**Bay County District School Board  
Schedule of the District's Contributions  
Last 10 Fiscal Years**

<b>Florida Retirement System</b>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 15,285,795	\$ 13,816,243	\$ 12,204,368	\$ 10,708,045	\$ 8,025,549	\$ 8,127,318	\$ 7,805,187	\$ 7,231,656	\$ 7,025,227	\$ 7,651,381
Contributions in relation to the contractually required contribution	(15,285,795)	(13,816,243)	(12,204,368)	(10,708,045)	(8,025,549)	(8,127,318)	(7,805,187)	(7,231,656)	(7,025,227)	(7,651,381)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll (1)	\$ 156,399,332	\$ 150,916,241	\$ 135,094,709	\$ 128,809,588	\$ 116,142,935	\$ 121,280,909	\$ 125,344,151	\$ 124,140,536	\$ 123,114,770	\$ 122,615,413
Contributions as a percentage of covered payroll	9.77%	9.15%	9.03%	8.31%	6.91%	6.70%	6.23%	5.83%	5.71%	6.24%
<b>Health Insurance Subsidy Program</b>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,127,987	\$ 2,505,210	\$ 2,242,572	\$ 2,138,239	\$ 1,927,973	\$ 2,013,263	\$ 2,081,094	\$ 2,060,574	\$ 2,043,679	\$ 1,544,440
Contributions in relation to the contractually required contribution	(3,127,987)	(2,505,210)	(2,242,572)	(2,138,239)	(1,927,973)	(2,013,263)	(2,081,094)	(2,060,574)	(2,043,679)	(1,544,440)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll (1)	\$ 156,399,332	\$ 150,916,241	\$ 135,094,709	\$ 128,809,588	\$ 116,142,935	\$ 121,280,909	\$ 125,344,151	\$ 124,140,536	\$ 123,114,770	\$ 122,615,413
Contributions as a percentage of covered payroll	2.00%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%

**Notes to schedules:**

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

## Bay County District School Board Notes to Required Supplementary Information

### Note 1: BUDGETARY COMPLIANCE AND ACCOUNTABILITY

The District follows procedures established by state statutes and 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, pupil personnel services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year appropriations.

### Note 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS

For the fiscal year ended June 30, 2024, expenditures exceeded appropriations by function (the legal level of budgetary control) for the following individual fund:

Fund/Activity	Expenditures		
	Final Budget	Actual	Variance
General:			
Debt Service:			
Principal	-	379,895	(379,895)
Interest	-	32,706	(32,706)
Other Financing Uses:			
Transfers Out	1,832,331	2,582,331	(750,000)

### Note 3: SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR THE RETIREES' HEALTH INSURANCE – OTHER POSTEMPLOYMENT BENEFITS

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. OPEB is funded on a pay-as-you-go system.

*Changes of Assumptions.* The discount rate increased from 4.09 percent to 4.21 percent and the health care cost trend rate was updated from 6.0% grading uniformly to 5.5% over two years to 7.0% grading uniformly to 5.6% over three years.

## Bay County District School Board Notes to Required Supplementary Information

### **Note 4: SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS**

*Changes of Assumptions.* The following changes in key actuarial assumptions occurred in 2023:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.54% to 3.65%.

HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

## **Compliance Section**



**INDEPENDENT AUDITOR’S MANAGEMENT LETTER**

Honorable Superintendent and Members  
of the Bay County District School Board  
Panama City, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Bay County District School Board (District), as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated March 24, 2025.

**Auditor’s Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, Independent Auditor’s 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 Accountant’s 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 24, 2025, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

<b>Tabulation of Uncorrected Audit Findings</b>		
<b>2023-24 FY</b>	<b>2022-23 FY</b>	<b>2021-22 FY</b>
<b>Finding No.</b>	<b>Finding No.</b>	<b>Finding No.</b>
2024-003	AM 2023-001	N/A

## **Financial Condition and Management**

Section 10.804(1)(f)2., Rules of the Auditor General, requires us to communicate whether or not the Bay 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 Bay 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 Bay County District School Board. It is management's responsibility to monitor the Bay County District School Board's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

## **Transparency**

Section 10.804(1)(f)6., Rules of the Auditor General, requires that we communicate the results of our determination as to whether the Bay County District School Board maintains on its website the information specified in Section 1011.035, Florida Statutes. In connection with our audit, we determined that the Bay County District School Board maintained on its Web site the information specified in Section 1011.035, Florida Statutes, except certain information was not updated in a timely manner to provide the most current information available.

## **Additional Matters**

Section 10.804(1)(f)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did note one such finding which is described in the accompanying schedule of findings and questioned costs as item 2024-003.

## **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, Bay County 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.*

Panama City Beach, Florida  
March 24, 2025



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## **INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

Honorable Superintendent and Members  
of the Bay County District School Board  
Panama City, Florida

We have examined the Bay County District School Board's (District) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended June 30, 2024. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. 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.

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

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

In our opinion, the District complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended June 30, 2024.

This report is intended solely for the information and use of the Bay County District School Board, 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.*

Panama City Beach, Florida  
March 24, 2025

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

Honorable Superintendent and Members  
of the Bay County District School Board  
Panama City, 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Bay County District School Board (District), as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 24, 2025. Our report on the District's financial statements includes a reference to other auditors who audited the financial statements of Palm Bay Preparatory Academy, Palm Bay Preparatory Elementary Academy, Central High School (charter schools under the Palm Bay Education Group, Inc.), Chautauqua Charter School, Inc., Community Charter Academy, Inc., Rising Leaders Academy, Inc., and the Bay Education Foundation, Inc. This report does not include the results of the other auditor's testing of internal control over financial reporting or on compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

#### **District's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

#### **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 organization'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.*

Panama City Beach, Florida  
March 24, 2025

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

Honorable Superintendent and Members  
of the Bay County District School Board  
Panama City, Florida

### **Report on Compliance for Each Major Federal Program**

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

We have audited Bay County District School Board's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Bay County District School Board's basic financial statements include the operations of its discretely presented component units which are not included in the Bay County District School Board's schedule of expenditures of federal awards for the year ended June 30, 2024. Our audit, described above, did not include the operations of the discretely presented component units because the component units engaged other auditors to perform the audits of compliance as applicable.

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

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

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

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002, to be a significant deficiency.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

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

Certified Public Accountants  
Panama City Beach, Florida  
March 24, 2025



**Bay County District School Board  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024**

<b>Federal Agency Pass-through Grantor Program Title</b>	Assistance Listing Number	Contract/ Grant Number	Expenditures	Payments to Subrecipients
U. S. Department of Agriculture				
Indirect				
Child Nutrition Cluster				
Passed through the Florida Department of Agriculture and Consumer Services				
School Breakfast Program	10.553	20002	\$ 2,200,271	\$ -
National School Lunch Program	10.555	20001, 20003	9,179,539	-
Summer Food Service Program for Children	10.559	19006, 19007, 20006, 20007	176,845	-
Passed through the Florida Department of Health				
USDA - Fresh Fruits and Vegetables Program	10.582	20004	36,001	-
<b>Total Child Nutrition Cluster</b>			<b>11,592,656</b>	<b>-</b>
Passed through the Florida Department of Health				
Child and Adult Care Food Program	10.558	A-4504	518,662	-
<b>Total U.S. Department of Agriculture</b>			<b>12,111,318</b>	<b>-</b>
U.S. Department of Education				
Direct				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063	N/A	1,276,353	-
<b>Total Student Financial Assistance Cluster</b>			<b>1,276,353</b>	<b>-</b>
Impact Aid				
School Safety National Activities (formerly, Safe and Drug- Free Schools and Communities-National Programs)	84.041	N/A	510,602	-
	84.184	S184H220208	740,370	-
<b>Total Direct</b>			<b>2,527,325</b>	<b>-</b>
Indirect				
Passed through the Florida Department of Education				
Special Education Cluster				
Special Education - Grants to States	84.027	262, 263	6,673,811	-
Special Education - Preschool Grants	84.173	266, 267	195,471	-
<b>Total Special Education Cluster</b>			<b>6,869,282</b>	<b>-</b>
Adult Education - Basic Grants to States	84.002	191	209,517	-
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	11,346,837	-
Career and Technical Education - Basic Grants to States	84.048	161	245,956	-
Education for Homeless Children and Youth	84.196	127	258,667	-
English Language Acquisition Grants	84.365	102	286,171	-
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	224	948,089	-
Student Support and Academic Enrichment Program	84.424	241	343,851	-
<b>Total Indirect</b>			<b>20,508,370</b>	<b>-</b>

(Continued)

See independent auditor's report and notes to schedule of expenditures of federal awards.

**Bay County District School Board  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024**

<b>Federal Agency Pass-through Grantor Program Title</b>	Assistance Listing Number	Contract/ Grant Number	Expenditures	Payments to Subrecipients
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act				
Indirect				
Passed through the Florida Department of Education				
COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act	84.425C	123 - GEERS	45,813	-
COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act	84.425D	124 - ESSER	1,717,067	-
COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act	84.425U	121 - ARP	25,632,624	-
COVID-19 - Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act	84.425W	122 - ARP		
		Homeless	673,455	-
<b>Total Indirect</b>			<b>28,068,959</b>	<b>-</b>
<b>Total Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act</b>			<b>28,068,959</b>	<b>-</b>
<b>Total U.S. Department of Education</b>			<b>51,104,654</b>	<b>-</b>
U.S. Department of Health and Human Services				
Indirect				
Passed through the Florida Department of Education				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	502	432,300	-
Passed through the Florida Department of Children and Families				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	BDZ02	150,000	-
<b>Total U.S. Department of Health and Human Services</b>			<b>582,300</b>	<b>-</b>
U.S. Department of Homeland Security				
Indirect				
Passed through Florida Executive Office of the Governor				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0887	2,480,701	-
<b>Total U.S. Department of Homeland Security</b>			<b>2,480,701</b>	<b>-</b>
U.S. Department of Defense				
Direct				
Army Junior Reserve Officers Training Corps	12.U01	N/A	73,588	-
Marine Corps Junior Reserve Officers Training Corps	12.U02	N/A	77,854	-
Navy Junior Reserve Officers Training Corps	12.U03	N/A	82,551	-
Air Force Junior Reserve Officers Training Corps	12.U04	N/A	149,421	-
<b>Total U.S. Department of Defense</b>			<b>383,414</b>	<b>-</b>
<b>Total expenditures of federal awards</b>			<b>\$ 66,662,387</b>	<b>\$ -</b>

See independent auditor's report and notes to schedule of expenditures of federal awards.

**Bay County District School Board**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying schedule of expenditures of federal awards includes the federal spending of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not represent the financial position of the District.

**Note 2: INDIRECT COST RATE**

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended June 30, 2024, the District did not elect to use this rate.

**Note 3: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES**

The District did not have any federal loans or loan guarantees outstanding during the year ended June 30, 2024.

**Note 4: SUB-RECIPIENTS**

During the year ended June 30, 2024 the District had no sub-recipients.

**Note 5: NONCASH ASSISTANCE AND OTHER**

The schedule includes \$686,438 of donated food received during the fiscal year under the National School Lunch Program. Donated food is valued at fair value at the time of donation. The District has no other types of federal assistance to be reported that includes, endowments, insurance, noncash assistance, personal protective equipment, other donated property, or free rent.

**Note 6: CONTINGENCIES**

Grant monies received and disbursed by the District are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the District does not believe that such disallowance, if any, would have a material effect on the financial position of the District.

**Note 7: FEDERAL PASS-THROUGH FUNDS**

The District is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.

**Bay County District School Board  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024**

**Section I – Summary of Auditor's Results**

Financial Statements

- |   |            |
|---|------------|
| 1. Type of auditor's report issued  | Unmodified |
| 2. Internal control over financial reporting  |            |
| a. Material weakness(es) identified?  | Yes        |
| b. Significant deficiency(ies) identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted?                        | No         |

Federal Awards

- |   |            |
|---|------------|
| 1. Type of auditors' report issued on compliance for major programs                                   | Unmodified |
| 2. Internal control over major programs   |            |
| a. Material weakness(es) identified?  | No         |
| b. Significant deficiency(ies) identified not considered to be material weaknesses?                   | Yes        |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes        |
| 4. Identification of major federal programs:  |            |

<u>Assistance Listing Number</u>	<u>Name of Federal Award</u>
84.010	Title I Grants to Local Educational Agencies
84.425 C/D/U/W	COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act

- |   |             |
|---|-------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$1,999,872 |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520?               | No          |

(Continued)

**Bay County District School Board**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2024**

**Section II – Financial Statement Findings**

2024-001 Lack of Appropriate Staffing Leading to Audit Entries

Condition: The District made various reporting and record keeping errors during the year due to a lack of appropriate staffing. Management did not have appropriate processes and controls in place to prevent, or detect and correct errors in a timely manner. Summarized below are some of the adjustments identified.

- Beginning balance adjustments were required due to prior year audit adjustments not being posted.
- Beginning balance adjustments were required due to prior year receivables not being recorded.
- Adjustments were proposed related to OPEB liability, compensated absences, property & equipment, receivables and payables.

Criteria: Section 1010.01, Florida Statutes, requires that each school district prepare and maintain financial records and accounts in accordance with generally accepted accounting principles (GAAP). The District is required to implement necessary processes and controls to allow for accurate reporting and record keeping.

Cause: The District's processes and controls did not allow staff to identify these adjustments.

Effect: Reporting errors may cause financial statement users to misunderstand the District's financial activities and incorrectly assess their financial position.

Recommendation: The District should work to appropriately staff the departments within the District which impact the financial statements including but not limited to finance, facilities, management information systems, payroll, and human resources. The District should also prepare written documentation of procedures by position to ensure all entries required to comply with GAAP are made in a timely manner each year. The District should also improve their review procedures to ensure all entries required to comply with GAAP are made in a timely manner each year.

Management Response: See attached Corrective Action Plan.

2024-003 District procedures did not always limit expenditures to budgeted amounts, contrary to State law, State Board of Education (SBE) rules, and Board policies.

Condition: District records show that expenditures were not always limited to budgeted amounts. As of June 30, 2024, General Fund expenditures exceeded the budgeted amounts in three functional categories by \$750,000, \$379,895, \$32,706, for a total of \$1,162,601, and the Board did not amend the budget by September 10th to authorize the over-expended amounts.

Criteria: Section 1011.05, Florida Statutes, provides that the official budget shall not be altered, amended, or exceeded except as authorized. In addition, SBE Rule 6A-1.007(2), Florida Administrative Code, provides that no expenditure shall be authorized or obligation incurred that is in excess of budgetary appropriation and requires that the Board approve amendments to the budget whenever the function amounts are changed from the original budget. Also, pursuant to Section 1011.06(2), Florida Statutes, Board Policy 6.106

**Bay County District School Board  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2024**

allows end-of-year expenditures to exceed budgeted amounts provided the Board approves the expenditures and amends the budget no later than September 10th following the fiscal year end.

The process for adopting and amending the budget provides the District a mechanism to plan a level of expenditures to meet obligations and remain within available financial resources.

Cause: District personnel indicated that, due to oversights, certain budget amounts were not increased during the preparation of the budget schedule for the 2023-24 fiscal year annual financial report. In addition, separate budget amendments to cover the over-expended amounts were not presented to the Board for approval.

Effect: The District assigned and unassigned fund balance for the General Fund totaled \$74,054,842; however, without properly monitoring and amending the budget to meet changing financial circumstances, the District's ability to meet future financial obligations could be hindered.

Recommendation: District personnel should enhance budgetary procedures by closely monitoring financial activities to ensure that expenditures are limited to budgeted amounts as required by State law, SBE rules, and Board policies.

Management Response: See attached Corrective Action Plan.

**Bay County District School Board**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2024**

**Section III – Federal Awards Findings and Questioned Costs**

2024-002 Deficiencies Related to the Wage Rate Compliance Requirements

Assistance Listing Number: 84.425

Program Title: COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act

Compliance Requirement: Special Tests and Provisions – Wage Rate Requirements

Pass-through Entity: Florida Department of Education

Federal Grant/Contract Number and Grant Year: N/A

Finding Type: Significant Deficiency in Internal Control

Known Questioned Costs: \$773,629

Criteria: 2 CFR section 200.303 requires that nonfederal entities receiving federal awards establish and maintain internal control over the federal awards that provides reasonable assurance that the nonfederal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards. 2 CFR Part 176 Subpart C requires nonfederal entities to include provisions requiring compliance with the Wage-Rate requirements in federally-funded construction contracts exceeding \$2,000, and to collect certified payrolls from contractors and subcontractors for every week in which contract work is performed.

Condition: There were no controls over the wage rate compliance requirements which resulted in the District being unaware that two of the contractors did not have the required Davis-Bacon wage rate clause in their contracts and were not submitting the required certified payrolls.

Cause: While the District was aware that wage-rate requirements applied to construction type federal grant expenditures, they did not consider whether these requirements were considered in projects originally intended to be paid from non-federal funds. The funding source of certain projects was changed mid process and the District did not have a process in place to review the agreements for compliance with federal grant requirements prior to the change.

Effect: The District's lack of controls over the wage rate compliance requirements led to deficiencies within the compliance requirements resulting in questioned costs of \$773,629.

Perspective: Errors noted in actual dollar amounts are not material to the grant. The noncompliance was considered at 100% of the amounts paid under the two contracts that did not include the Wage Rate requirements and for which no certified payrolls were obtained. There were two other contractors under which \$2,802,969 was paid that were in compliance with the wage rate requirements. Therefore, there are no amounts of unknown questioned costs. In addition, the questioned costs noted stem from control deficiencies rather than intentional noncompliance as management was unaware that contractors were required to have both the Davis-Bacon wage rate clause in their contracts and to submit certified payrolls.

Questioned Costs: Questioned costs were considered at 100%. Total questioned costs were \$773,629.

Recommendation: The District should implement and document standardized processes and procedures to identify that contractors have the required Davis-Bacon wage rate clause in their contracts and to ensure that contractors are submitting certified payrolls. We also recommend general training be

**Bay County District School Board  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2024**

completed for all staff regarding this requirement to standardize the process throughout the District and consider when other processes may be more effective and efficient if not specifically required.

Management Response: See attached Corrective Action Plan.



**Bay County District School Board  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2024**

The District has taken corrective action for findings included in the prior year audit report, except as noted in finding AM 2023-001 below.

<b>Prior Year/ Current Year Finding No.</b>	<b>Program/Area</b>	<b>Brief Description</b>	<b>Status</b>	<b>Comments</b>
AM 2023-001/ 2024-003	Financial Statement/Financial Reporting	District procedures did not always limit expenditures to budgeted amounts, contrary to State law, State Board of Education (SBE) rules, and Board policies.	Not corrected	The expenditures that exceeded budgetary amounts were due to year-end reclassifications and accruals. The District is still in the process of implementing new procedures, including a detailed year-end review of the budget-to-actual expenditures to detect and prevent budgetary over expenditures going forward.



**MARK McQUEEN**  
SUPERINTENDENT

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Board Members:

Jerry Register

District 1

Ann Leonard

District 2

Chris Moore

District 3

Winston Chester

District 4

Steve Moss

District 5

## **CORRECTIVE ACTION PLAN**

March 24, 2025

### **Bay County District School Board Management's Corrective Action Plans For the Fiscal Year Ended June 30, 2024**

***Finding Number: 2024-001***

***Planned Corrective Action:***

The District has worked hard to recruit and retain qualified staff for all Departments. The Finance Department has been fully staffed with the same individuals for only two years. There have also been many new individuals in Facilities and Human Resources over the past two years. The Beginning Balance adjustments were necessary as a result of the Fiscal Year 2023 audit and the errors have since been corrected. The Finance Department will review procedures with all Departments/Employees to ensure understanding and importance. With time and experience, the current District staff is expected to make fewer errors.

**Anticipated Completion Date: 6/30/2025**

**Responsible Contact Person: Jacqueline Webb**

***Finding Number: 2024-002***

***Planned Corrective Action:***

The District had an unusually high volume of federal grants related to the CARES Act. There were expenditures planned for these funds; however, due to supply issues with both vendors and materials, other projects had to be substituted for the planned expenditures to meet timing requirements of the grant. It was during this process that the requirements related to the Davis Bacon Act were not followed. Moving forward, staff has gained experience and are more aware of the effects of moving expenditures for grant-related funds.

**Anticipated Completion Date: 3/31/2025**

**Responsible Contact Person: Jacqueline Webb**

**Finding Number: 2024-003**

**Planned Corrective Action:**

The expenditures that were over budgeted amounts relate to entries that are done for the government wide financial statements due to GASB 87 and adjusting entry that was made by the auditor. These amounts are not identified until the closing process when doing the financial statements. In the future, we will include this entry in the final budget an amendments that are brought to the Board for approval.

**Anticipated Completion Date:** 9/11/2025

**Responsible Contact Person:** Jacqueline Webb

A handwritten signature in blue ink, appearing to read 'Mark McQueen', written over a horizontal line.

Mark McQueen

Superintendent of Schools