STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2022-177
March 2022

JACKSON COUNTY DISTRICT SCHOOL BOARD

For the Fiscal Year Ended
June 30, 2021

Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2020-21 fiscal year, Steve R. Benton served as Superintendent of the Jackson County Schools from November 17, 2020, H. Larry Moore served before that date, and the following individuals served as School Board Members:

	District No.
Diane Long	1
Tony Pumphrey, Chair from 11-17-20	2
Stacey B. Goodson, Vice Chair	3
Chris M. Johnson, Chair through 11-16-20	4
Charlotte M. Gardner	5

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

The team leader was Jason Law, and the audit was supervised by Shelly G. Curti, CPA.

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

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JACKSON COUNTY DISTRICT SCHOOL BOARD

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JACKSON COUNTY DISTRICT SCHOOL BOARD

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SUMMARY

Summary of Report on Financial Statements

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

Summary of Report on Internal Control and Compliance

We noted a certain matter involving the District's internal control over financial reporting and its operation that we consider to be a significant deficiency, as summarized below. However, the significant deficiency is not considered to be a material weakness.

Significant Deficiency

Finding No. 2021-001: District financial reporting procedures need improvement to ensure that account balances and transactions are properly reported and required information is properly disclosed in the annual financial report submitted to the Florida Department of Education.

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

Summary of Report on Federal Awards

We audited the District's compliance with applicable Federal awards requirements. The Special Education Cluster, Education Stabilization Fund, and Head Start programs were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs except that the District did not materially comply with the Matching, Level of Effort, Earmarking – Maintenance of Effort requirement for the Special Education Cluster. The noncompliance and control deficiency finding is summarized below.

Federal Awards Finding No. 2021-002: District records did not demonstrate compliance with the Special Education Cluster maintenance of effort requirement, resulting in questioned costs totaling $208,763.

Audit Objectives and Scope

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

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on the District's major Federal programs; and

- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs.

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

AUDIT METHODOLOGY

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

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 16 percent, 2 percent, 0 percent, 20 percent, 12 percent, and 12 percent, respectively, of the assets, liabilities, deferred inflows of resources, net position and fund balance, additions and revenues, and deductions and expenditures of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the school internal funds, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

As discussed in Note II. to the financial statements, the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which is a change in accounting principle that addresses accounting and financial reporting for fiduciary activities. This affects the comparability of amounts reported for the 2020-21 fiscal year with amounts reported for the 2019-20 fiscal year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 18, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

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

- In total, net position increased $4,586,091.62 due to revenues exceeding expenses, which represents a 5 percent increase over the 2019-20 fiscal year.
- General revenues total $80,617,513.45, or 91 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total $7,630,834.33, or 9 percent of all revenues.
- Expenses total $83,662,256.16. Only $7,630,834.33 of these expenses were offset by program specific charges, with the remainder paid from general revenues.
- At the end of the current fiscal year, the fund balance of the General Fund total $16,942,241.76, which is $5,928,807.16 more than the prior fiscal year balance. The General Fund assigned and unassigned fund balances total $12,365,855.08, or 21 percent of total General Fund revenues.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

All of the District's activities and services are reported in the government-wide financial statements as governmental activities. The District's governmental activities include instruction, student support services, instructional support services, administrative support services, facility maintenance, transportation, and food services. Property taxes and State revenues finance most of these activities. Additionally, all capital and debt financing activities are reported as governmental activities.

Fund Financial Statements

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

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

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

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

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

Proprietary Fund: Proprietary funds may be established to account for activities in which a fee is charged for services. The internal service fund is the only proprietary fund maintained by the District. The internal service fund is used to report activities that provide goods and services to support the District's Employee Health Self-Insurance Program. Since these services predominantly benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

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

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

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position, End of Year

	Governmental Activities	
	6-30-21	**6-30-20**
Current and Other Assets	$ 38,987,235.35	$ 31,144,793.08
Capital Assets	121,974,598.45	124,997,046.12
Total Assets	160,961,833.80	156,141,839.20
Deferred Outflows of Resources	16,362,630.00	14,217,966.00
Long-Term Liabilities	64,518,443.20	56,157,038.79
Other Liabilities	5,712,800.36	9,706,507.79
Total Liabilities	70,231,243.56	65,863,546.58
Deferred Inflows of Resources	4,453,648.00	6,442,778.00
Net Position:		
Net Investment in Capital Assets	113,725,509.66	109,286,328.16
Restricted	10,994,587.45	18,303,341.36
Unrestricted (Deficit)	(22,080,524.87)	(29,536,188.90)
Total Net Position	$ 102,639,572.24	$ 98,053,480.62

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

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was the result, in part, of accruing $5,811,330.41 in compensated absences payable, $4,190,060.00 in total OPEB liability, and $46,267,954 in net pension liability.

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

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-21	**6-30-20**
Program Revenues:		
Charges for Services	$ 457,723.70	$ 359,043.65
Operating Grants and Contributions	6,929,992.14	5,653,216.53
Capital Grants and Contributions	243,118.49	19,435,934.08
General Revenues:		
Property Taxes, Levied for Operational Purposes	7,829,980.17	7,480,494.92
Property Taxes, Levied for Capital Projects	1,827,941.27	1,883,522.43
Local Sales Taxes	2,964,358.81	2,823,798.02
Grants and Contributions Not Restricted to Specific Programs	56,817,991.25	51,252,137.04
Unrestricted Investment Earnings	36,452.24	197,457.66
Miscellaneous	11,140,789.71	3,475,397.20
Total Revenues	88,248,347.78	92,561,001.53
Functions/Program Expenses:		
Instruction	38,908,742.58	37,502,214.96
Student Support Services	4,102,054.07	3,817,400.13
Instructional Media Services	743,391.77	849,608.49
Instruction and Curriculum Development Services	2,350,182.70	2,091,727.85
Instructional Staff Training Services	447,609.77	520,162.18
Instruction-Related Technology	384,774.44	358,671.68
Board	529,222.28	481,142.29
General Administration	765,067.07	746,162.72
School Administration	4,178,901.35	3,551,056.75
Facilities Acquisition and Construction	1,333,055.04	4,840,907.30
Fiscal Services	530,347.26	402,255.06
Food Services	5,462,164.51	4,698,428.06
Central Services	681,602.32	603,939.65
Student Transportation Services	3,577,225.75	3,467,862.01
Operation of Plant	6,558,511.83	7,190,286.95
Maintenance of Plant	2,300,823.85	2,199,417.31
Administrative Technology Services	621,397.90	824,460.06
Community Services	32,532.91	10,486.89
Unallocated Interest on Long-Term Debt	216,646.23	203,411.72
Unallocated Depreciation Expense	3,424,430.54	3,413,879.00
Loss on Disposal of Capital Assets	6,513,571.99	-
Total Functions/Program Expenses	83,662,256.16	77,773,481.06
Change in Net Position	4,586,091.62	14,787,520.47
Net Position - Beginning	98,053,480.62	83,265,960.15
Net Position - Ending	$ 102,639,572.24	$ 98,053,480.62

The largest revenue source is the State of Florida (48 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP funding formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Operating grants and contributions increased by $1,276,775.61, or 23 percent, due to an increase in the number of meals served through the Federal Child Nutrition Summer Food Service Program for Children as a result of COVID-19.

Capital grants and contributions revenue decreased by $19,192,815.59, or 99 percent, due to a decrease in Public Education Capital Outlay (PECO) Special Facility Construction Account funding for the construction of Marianna K-8 School from the prior fiscal year.

Grants and contributions not restricted to specific programs increased by $5,565,854.21, or 11 percent, primarily due to new Federal Education Stabilization funds awarded in response to the COVID-19 pandemic.

Miscellaneous revenues increased by $7,665,392.51, or 221 percent, primarily due to the recognition of a New Markets Tax Credit note receivable.

Instruction and student support services expenses represent 51 percent of total governmental expenses in the 2020-21 fiscal year. These expenses increased by $1,691,181.56, or 4 percent, from the previous fiscal year.

Loss on disposal of assets represents 8 percent of the total governmental expenses in the 2020-21 fiscal year and increased $6,513,571.99, or 100 percent, over the previous fiscal year primarily due to the transfer of Golson Elementary School to Jackson Hospital and the sale of Graceville Elementary School.

Financial Analysis of the District's Funds

Governmental Funds

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

The total fund balances of governmental funds increased by $5,918,782.17 during the fiscal year to $24,069,555.10 at June 30, 2021. Of the total fund balance, $3,676,767.12, or 15 percent, is unassigned fund balance, which is available for spending at the District's discretion; $108,298.58 is nonspendable; $10,842,559.80 is restricted; and $9,441,929.60 is assigned.

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is $3,676,767.12, while the total fund balance is $16,942,241.76. As a measure of the

General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is approximately 21 percent of total General Fund revenues, while total fund balance represents approximately 29 percent of total General Fund revenues. Total fund balance increased $5,928,807.16, or 54 percent, primarily due to a decrease in expenditures due to the assignment of costs to the Federal Education Stabilization Fund.

The Special Revenue – Food Service Fund has a total fund balance of $3,735,571.24 which is restricted for the District's food service operations. During the fiscal year, total fund balance increased $1,486,404.92 over the prior fiscal year, due primarily to an extended approval for the District to participate throughout the year in higher meal reimbursement rates in response to economic impacts resulting from COVID-19.

The Special Revenue – Other Fund is used to account for certain Federal grant program activities including total revenues of $7,935,218.70 and total expenditures of $7,941,838.84. The revenues and expenditures were used mainly for instruction. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Special Revenue – Federal Education Stabilization Fund has total revenues and expenditures of $6,014,813.41 each. The revenues and expenditures were used mainly for instruction. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Public Education Capital Outlay Fund is restricted for the construction of the Marianna K-8 School. The fund balance decreased by $1,109,310.48 in the current fiscal year due to the completion of the new Marianna K-8 School.

Proprietary Funds

The District's proprietary fund statements provide the same type of information reported in the government-wide financial statements, but in more detail. The Internal Service Fund accounts for the District's Employee Health Self-Insurance Program and has an unrestricted net position of $2,331,410.79 at June 30, 2021, which is a decrease of $748,930.57, primarily due to increased insurance claims expenses.

General Fund Budgetary Highlights

During the 2020-21 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of $7,815,033.47, or 15 percent, as a result of the New Markets Tax Credit transaction. At the same time, final appropriations are more than the original budgeted amounts by $1,625,581.25, or 3 percent.

Actual revenues are in line with final budgeted revenues, while actual expenditures are $6,034,989.03, or 11 percent, less than final budgeted amounts. The decrease in actual expenditures is primarily due to continued cost containment measures implemented by the District. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by $6,064,056.22.

Capital Assets and Long-Term Debt

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021, is $121,974,598.45 (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; audio visual materials; and computer software.

Major capital asset events included the following:

- Completion of Marianna K-8 School.
- Transfer of Golson Elementary School to Jackson Hospital.
- Completion of Graceville PK-5 additions on the Graceville High School campus.
- Sale of Graceville Elementary School to Rex Lumber, Graceville, LLC.
- Cottondale High School roof repairs to the gym and band buildings.
- At June 30, 2021, construction in progress includes the East K-8 School, safety and security fencing at Hope and Marianna K-8 schools, safety and security entrance at Marianna High School, and renovations to the centralized maintenance and food service warehouse.

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

Long-Term Debt

During the current fiscal year, the District refunded the 2014 Capital Improvement Revenue Bonds with the issuance of $3,475,891.48 of Capital Improvement Refunding Bonds, Series 2020, in order to obtain a more favorable interest rate. At June 30, 2021, the District has bonds payable totaling $5,751,182.79.

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

Requests for Information

This report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Director of Finance, Jackson County District School Board, P.O. Box 5958, Marianna, Florida 32447.

Jackson County District School Board
Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 25,842,223.38
Investments	1,633,339.48
Accounts Receivable	167,376.28
Due from Other Agencies	1,471,805.77
Due from Fiscal Agent	2,904,291.86
Donation Receivable	100,000.00
Inventories	108,298.58
New Markets Tax Credit Note Receivable - Noncurrent	6,759,900.00
Capital Assets:	
Nondepreciable Capital Assets	2,443,187.17
Depreciable Capital Assets, Net	119,531,411.28
TOTAL ASSETS	160,961,833.80
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	15,165,764.00
OPEB	1,196,866.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,362,630.00
LIABILITIES	
Accrued Salaries and Benefits	690,085.85
Payroll Deductions and Withholdings	336,787.56
Accounts Payable	1,204,871.42
Due to Other Agencies	3,146,086.59
Deposits Payable	831.04
Unearned Revenue	22,164.90
Estimated Liability for Self-Insurance Program	311,973.00
Long-Term Liabilities:	
Portion Due Within 1 Year	4,516,442.34
Portion Due After 1 Year	60,002,000.86
TOTAL LIABILITIES	70,231,243.56
DEFERRED INFLOWS OF RESOURCES	
Pensions	3,423,414.00
OPEB	1,030,234.00
TOTAL DEFERRED INFLOWS OF RESOURCES	4,453,648.00
NET POSITION	
Net Investment in Capital Assets	113,725,509.66
Restricted for:	
State Required Carryover Programs	4,506,546.65
Capital Projects	2,752,469.56
Food Service	3,735,571.24
Unrestricted	(22,080,524.87)
TOTAL NET POSITION	$ 102,639,572.24

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

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

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Functions/Programs			
Governmental Activities:			
Instruction	$ 38,908,742.58	$ 207,102.00	$ -
Student Support Services	4,102,054.07	-	-
Instructional Media Services	743,391.77	-	-
Instruction and Curriculum Development Services	2,350,182.70	-	-
Instructional Staff Training Services	447,609.77	-	-
Instruction-Related Technology	384,774.44	-	-
Board	529,222.28	-	-
General Administration	765,067.07	-	-
School Administration	4,178,901.35	-	-
Facilities Acquisition and Construction	1,333,055.04	-	-
Fiscal Services	530,347.26	-	-
Food Services	5,462,164.51	250,621.70	6,929,992.14
Central Services	681,602.32	-	-
Student Transportation Services	3,577,225.75	-	-
Operation of Plant	6,558,511.83	-	-
Maintenance of Plant	2,300,823.85	-	-
Administrative Technology Services	621,397.90	-	-
Community Services	32,532.91	-	-
Unallocated Interest on Long-Term Debt	216,646.23	-	-
Unallocated Depreciation Expense*	3,424,430.54	-	-
Loss on Disposal of Assets	6,513,571.99	-	-
Total Governmental Activities	$ 83,662,256.16	$ 457,723.70	$ 6,929,992.14

General Revenues:
Taxes:
Property Taxes, Levied for Operational Purposes
Property Taxes, Levied for Capital Projects
Local Sales Taxes
Grants and Contributions Not Restricted to Specific Programs
Unrestricted Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

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

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
$ -	$ (38,701,640.58)
-	(4,102,054.07)
-	(743,391.77)
-	(2,350,182.70)
-	(447,609.77)
-	(384,774.44)
-	(529,222.28)
-	(765,067.07)
-	(4,178,901.35)
243,118.49	(1,089,936.55)
-	(530,347.26)
-	1,718,449.33
-	(681,602.32)
-	(3,577,225.75)
-	(6,558,511.83)
-	(2,300,823.85)
-	(621,397.90)
-	(32,532.91)
-	(216,646.23)
-	(3,424,430.54)
-	(6,513,571.99)
$ 243,118.49	(76,031,421.83)
	7,829,980.17
	1,827,941.27
	2,964,358.81
	56,817,991.25
	36,452.24
	11,140,789.71
	80,617,513.45
	4,586,091.62
	98,053,480.62
	$ 102,639,572.24

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

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Fund
ASSETS			
Cash and Cash Equivalents	$ 16,275,254.72	$ 3,092,097.05	$ 3,000.00
Investments	1,633,339.48	-	-
Accounts Receivable	164,047.32	89.96	-
Due from Other Funds	216,179.78	-	271.09
Due from Other Agencies	486,285.92	705,283.37	205,642.54
Donation Receivable	-	-	-
Inventories	69,840.03	38,458.55	-
TOTAL ASSETS	$ 18,844,947.25	$ 3,835,928.93	$ 208,913.63
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	$ 690,085.85	$ -	$ -
Payroll Deductions and Withholdings	336,787.56	-	-
Accounts Payable	328,009.18	76,032.21	3,250.92
Due to Other Funds	545,372.42	3,780.02	205,662.71
Due to Other Agencies	-	-	-
Deposits Payable	831.04	-	-
Unearned Revenue	1,619.44	20,545.46	-
Total Liabilities	1,902,705.49	100,357.69	208,913.63
Deferred Inflows of Resources:			
Unavailable Revenue - Donation Receivable	-	-	-
Unavailable Revenue - Educational Facilities Security Grant	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances:			
Nonspendable:			
Inventories	69,840.03	38,458.55	-
Restricted for:			
State Required Carryover Programs	4,506,546.65	-	-
Capital Projects	-	-	-
Food Service	-	3,697,112.69	-
Total Restricted Fund Balance	4,506,546.65	3,697,112.69	-
Assigned for:			
Debt Service	-	-	-
DROP, Purchase Orders, School Budgets, and Buses	3,099,863.68	-	-
Minimum Wage, Cyber Security, and Miscellaneous Capital Projects	5,589,224.28	-	-
Total Assigned Fund Balance	8,689,087.96	-	-
Unassigned Fund Balance	3,676,767.12	-	-
Total Fund Balances	16,942,241.76	3,735,571.24	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 18,844,947.25	$ 3,835,928.93	$ 208,913.63

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

Special Revenue - Federal Education Stabilization Fund	Capital Projects - Public Education Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ 4,105,278.03	$ 2,366,593.58	$ 25,842,223.38
-	-	-	1,633,339.48
-	-	3,239.00	167,376.28
14,896.51	-	9,301.00	240,648.38
7,542.84	-	67,051.10	1,471,805.77
-	-	100,000.00	100,000.00
-	-	-	108,298.58
$ 22,439.35	$ 4,105,278.03	$ 2,546,184.68	$ 29,563,691.87
$ -	$ -	$ -	$ 690,085.85
-	-	-	336,787.56
870.71	-	-	408,163.02
21,568.64	-	64.92	776,448.71
-	3,146,086.59	-	3,146,086.59
-	-	-	831.04
-	-	-	22,164.90
22,439.35	3,146,086.59	64.92	5,380,567.67
-	-	50,000.00	50,000.00
-	-	63,569.10	63,569.10
-	-	113,569.10	113,569.10
-	-	-	108,298.58
-	-	-	4,506,546.65
-	959,191.44	1,679,709.02	2,638,900.46
-	-	-	3,697,112.69
-	959,191.44	1,679,709.02	10,842,559.80
-	-	752,841.64	752,841.64
-	-	-	3,099,863.68
-	-	-	5,589,224.28
-	-	752,841.64	9,441,929.60
-	-	-	3,676,767.12
-	959,191.44	2,432,550.66	24,069,555.10
$ 22,439.35	$ 4,105,278.03	$ 2,546,184.68	$ 29,563,691.87

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

Total Fund Balances - Governmental Funds		$ 24,069,555.10
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		121,974,598.45
A portion of the donation receivable is not available to pay for current period expenditures and, therefore, is reported as unavailable revenues on the governmental fund statements.		50,000.00
A portion of the Educational Facilities Security Grant is not available to pay for current period expenditures and, therefore, is reported as unavailable revenue on the governmental fund statements.		63,569.10
The New Markets Tax Credit Note Receivable is not due and collectible in the fiscal year and, therefore, is not reported as a receivable in the governmental funds.		6,759,900.00
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		2,331,410.79
The deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Pensions	$ 15,165,764.00	
Deferred Outflows Related to OPEB	1,196,866.00	
Deferred Inflows Related to Pensions	(3,423,414.00)	
Deferred Inflows Related to OPEB	(1,030,234.00)	11,908,982.00
Long-term liabilities are not due and payable in the fiscal year and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Bonds Payable	$ (5,751,182.79)	
Compensated Absences Payable	(5,811,330.41)	
Net Pension Liability	(46,267,954.00)	
Total OPEB Liability	(4,190,060.00)	
Special Public Education Capital Outlay Advance Payable	(2,497,916.00)	(64,518,443.20)
Net Position - Governmental Activities		$ 102,639,572.24

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

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

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Fund
Revenues			
Intergovernmental:			
Federal Direct	$ -	$ -	$ 2,346,542.77
Federal Through State and Local	384,173.85	6,873,783.14	5,588,675.93
State	41,917,554.40	56,209.00	-
Local:			
Property Taxes	7,829,980.17	-	-
Local Sales Taxes	-	-	-
Charges for Services - Food Service	-	250,621.70	-
Miscellaneous	8,979,819.64	14,610.23	-
Total Local Revenues	16,809,799.81	265,231.93	-
Total Revenues	59,111,528.06	7,195,224.07	7,935,218.70
Expenditures			
Current - Education:			
Instruction	26,723,361.75	-	4,896,000.73
Student Support Services	3,132,510.48	-	313,327.24
Instructional Media Services	660,131.74	-	3,707.56
Instruction and Curriculum Development Services	542,514.95	-	1,348,505.37
Instructional Staff Training Services	84,606.20	-	301,238.64
Instruction-Related Technology	251,410.22	-	26,347.40
Board	507,871.29	-	-
General Administration	429,250.39	-	224,789.64
School Administration	3,034,867.14	-	14,923.62
Facilities Acquisition and Construction	558,338.41	-	7,500.00
Fiscal Services	401,432.64	-	-
Food Services	16,579.20	5,375,010.84	-
Central Services	537,437.21	-	14,262.28
Student Transportation Services	2,793,197.82	-	3,567.32
Operation of Plant	5,870,820.61	-	148,281.17
Maintenance of Plant	1,897,886.74	-	-
Administrative Technology Services	554,582.09	-	-
Community Services	2,232.78	-	22,853.15
Fixed Capital Outlay:			
Facilities Acquisition and Construction	226,491.01	-	114,697.16
Other Capital Outlay	621,530.55	333,808.31	501,837.56
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	48,847,053.22	5,708,819.15	7,941,838.84
Excess (Deficiency) of Revenues Over Expenditures	10,264,474.84	1,486,404.92	(6,620.14)
Other Financing Sources (Uses)			
Transfers In	771,924.79	-	-
Payments to Refunding Escrow Agent	-	-	-
Refunding Bonds	-	-	-
Sale of Capital Assets	149,700.00	-	-
Loss Recoveries	1,502,607.53	-	-
New Markets Tax Credit Leveraged Loan	(6,759,900.00)	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	(4,335,667.68)	-	-
Net Change in Fund Balances	5,928,807.16	1,486,404.92	(6,620.14)
Fund Balances, Beginning	11,013,434.60	2,249,166.32	6,620.14
Fund Balances, Ending	$ 16,942,241.76	$ 3,735,571.24	$ 0.00

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

Special Revenue - Federal Education Stabilization Fund	Capital Projects - Public Education Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 2,346,542.77
6,014,813.41	-	110,203.35	18,971,649.68
-	-	742,747.93	42,716,511.33
-	-	1,827,941.27	9,657,921.44
-	-	2,964,358.81	2,964,358.81
-	-	-	250,621.70
-	387.88	53,797.03	9,048,614.78
-	387.88	4,846,097.11	21,921,516.73
6,014,813.41	387.88	5,699,048.39	85,956,220.51
4,509,996.91	-	-	36,129,359.39
277,168.91	-	-	3,723,006.63
19,078.77	-	-	682,918.07
186,349.21	-	-	2,077,369.53
30,770.65	-	-	416,615.49
8,217.49	-	-	285,975.11
3,416.92	-	-	511,288.21
47,888.34	-	-	701,928.37
225,574.33	-	-	3,275,365.09
2,764.89	-	724,103.78	1,292,707.08
9,790.66	-	-	411,223.30
-	-	-	5,391,590.04
21,463.96	-	-	573,163.45
64,929.20	-	-	2,861,694.34
224,154.79	-	-	6,243,256.57
53,482.36	-	-	1,951,369.10
3,219.02	-	-	557,801.11
-	-	-	25,085.93
-	2,390,321.83	2,850,899.40	5,582,409.40
326,547.00	-	-	1,783,723.42
-	-	1,025,099.13	1,025,099.13
-	-	216,646.23	216,646.23
6,014,813.41	2,390,321.83	4,816,748.54	75,719,594.99
-	(2,389,933.95)	882,299.85	10,236,625.52
-	1,280,623.47	877,256.88	2,929,805.14
-	-	(3,426,891.48)	(3,426,891.48)
-	-	3,475,891.48	3,475,891.48
-	-	-	149,700.00
-	-	740,749.12	2,243,356.65
-	-	-	(6,759,900.00)
-	-	(2,929,805.14)	(2,929,805.14)
-	1,280,623.47	(1,262,799.14)	(4,317,843.35)
-	(1,109,310.48)	(380,499.29)	5,918,782.17
-	2,068,501.92	2,813,049.95	18,150,772.93
$ 0.00	$ 959,191.44	$ 2,432,550.66	$ 24,069,555.10

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

Net Change in Fund Balances - Governmental Funds		$ 5,918,782.17
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense and adjustments in the current fiscal year.		3,467,332.52
The loss on the disposal of capital assets during the current fiscal year is reported in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the fiscal year purchased. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the disposed assets.		(6,513,571.99)
Donated assets are reported in the statement of net position and do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		36,340.55
The sale of a nondepreciable asset is reported in the governmental funds as revenue. However, in the statement of net position, the asset is reduced by the cost of the asset. This is the cost basis of the land sold.		(12,548.75)
Payments received as donation receivable are reported as revenues in the fiscal year received in the fund statements. However, under full accrual, these revenues were recognized as revenue in the statement of activities in the year the donation agreement was signed.		(50,000.00)
The New Markets Tax Credit Leveraged Loan uses current financial resources of the governmental funds, but lending activity increases noncurrent assets in the statement of net position.		6,759,900.00
The governmental funds report deferred inflows of resources related to unavailable Educational Facilities Security Grant revenue. Under full accrual, this amount is accrued and reported as revenue on the statement of activities.		(43,601.90)
Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceed repayments in the current fiscal year.		
Debt Issued	$ (3,475,891.48)	
Debt Refunded	3,426,891.48	
Debt Repayments	1,025,099.13	976,099.13
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount used in the current fiscal year.		(1,866,332.54)
Governmental funds report District OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions, as determined through an actuarial valuation, is reported as an OPEB expense.		
Increase in Total OPEB Liability	$ (474,321.00)	
Increase in Deferred Outflows of Resources - OPEB	395,779.00	
Decrease in Deferred Inflows of Resources - OPEB	146,156.00	67,614.00
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.		
FRS Pension Contribution	$ 3,246,375.00	
HIS Pension Contribution	622,170.00	
FRS Pension Expense	(6,540,563.00)	
HIS Pension Expense	(732,973.00)	(3,404,991.00)
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net expense of the internal service fund is reported with governmental activities.		(748,930.57)
Change in Net Position - Governmental Activities		$ 4,586,091.62

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

Jackson County District School Board
Statement of Net Position – Proprietary Fund
June 30, 2021

	Internal Service Fund
ASSETS	
Current Assets:	
Due from Other Funds	$ 535,800.33
Due from Fiscal Agent	2,904,291.86
TOTAL ASSETS	3,440,092.19
LIABILITIES	
Current Liabilities:	
Accounts Payable	796,708.40
Estimated Liability for Self-Insurance Program	311,973.00
TOTAL LIABILITIES	1,108,681.40
NET POSITION	
Unrestricted	$ 2,331,410.79

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

Jackson County District School Board
Statement of Revenues, Expenses, and Changes in Fund
Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	Internal Service Fund
OPERATING REVENUES	
Premiums	$ 6,175,462.89
OPERATING EXPENSES	
Purchased Services	60,330.13
Insurance Claims Expense	5,394,085.66
Excess Insurance Premiums	1,150,465.07
Service Agent Fees	326,865.22
Total Operating Expenses	6,931,746.08
Operating Loss	(756,283.19)
NONOPERATING REVENUES	
Interest	7,352.62
Change in Net Position	(748,930.57)
Total Net Position - Beginning	3,080,341.36
Total Net Position - Ending	$ 2,331,410.79

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

Jackson County District School Board
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Board Funds and Participants	$ 5,821,241.93
Cash Received from Other Operating Revenues	925,707.17
Cash Payments to Suppliers for Goods and Services	(1,393,454.06)
Cash Payments for Insurance Claims	(5,360,847.66)
Net Cash Used by Operating Activities	(7,352.62)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	7,352.62
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents, Beginning	-
Cash and Cash Equivalents, Ending	$ 0.00

Reconciliation of Operating Loss to Net Cash Used by Operating Activities:

Operating Loss	$ (756,283.19)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Due from Other Funds	(354,220.96)
Due from Fiscal Agent	925,707.17
Accounts Payable	144,206.36
Estimated Liability for Self-Insurance Program	33,238.00
Total Adjustments	748,930.57
Net Cash Used by Operating Activities	$ (7,352.62)

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

Jackson County District School Board
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2021

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 1,180,939
Due from Other Agencies	175
TOTAL ASSETS	1,181,114
LIABILITIES	
Accounts Payable	19,282
NET POSITION	
Restricted for Student Groups	$ 1,161,832

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

Jackson County District School Board
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

		Custodial Funds
ADDITIONS		
Student Group Collections	$	1,659,059
DEDUCTIONS		
Student Group Disbursements		1,596,076
Change in Net Position		62,983
Net Position - Beginning		-
Adjustment to Beginning Net Position		1,098,849
Net Position - Beginning, as Restated		1,098,849
Net Position - Ending	$	1,161,832

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

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

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

B. Reporting Entity

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

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

C. Basis of Presentation: Government-Wide Financial Statements

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

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

D. Basis of Presentation: Fund Financial Statements

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Food Service Fund – to account for the District's Food Service Program.
- Special Revenue – Other Fund – to account for certain Federal grant program resources.
- Special Revenue – Federal Education Stabilization Fund – to account for Coronavirus Aid, Relief, and Economic Security (CARES) Act funding provided through the State as emergency relief to address the impact of COVID-19 on elementary and secondary schools.
- Capital Projects – Public Education Capital Outlay Fund – to account for the financial resources generated by the State Public Education Capital Outlay and Debt Service Trust Funds to be used, in part, for the construction of the Marianna K-8 School.

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

- Internal Service Fund – to account for the District's Employee Health Self-Insurance Program.
- Custodial Funds – to account for resources of the school internal funds, which are used to administer moneys collected at several schools in connection with school, student athletic, class, and club activities.

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 45 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 45 days of year end). Property taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Allocations of cost, such as depreciation, are not recognized in governmental funds.

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

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

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 3 months or less from the date of acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME.

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

2. Investments

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

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

Investments made locally consist of amounts placed with the intergovernmental investment pool and are reported at fair value. Types and amounts of investments held at fiscal year end are described in a subsequent note.

3. Inventories

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost on the first-in, first-out basis, except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased, except for transportation materials and supplies. Transportation materials and supplies are recorded as expenditures when purchased. However, expenditures are adjusted at June 30 to properly reflect the cost of the inventory in the General Fund for those transportation items on hand as of June 30.

4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than $1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation. Interest cost incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

As of June 30, 2021, the reported value of capital assets includes amounts capitalized for improvements to the property acquired under a 50-year operating lease with the FDOE as follows: buildings $926,941.82, and improvements other than buildings, $64,169.07.

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

Description	Estimated Useful Lives
Improvements Other Than Buildings	8 - 40 years
Buildings and Fixed Equipment	10 - 50 years
Furniture, Fixtures, and Equipment	3 - 15 years
Motor Vehicles	5 - 10 years
Audio Visual Materials	3 - 5 years
Computer Software	3 - 5 years

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

5. Pensions

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

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

6. Long-Term Liabilities

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

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. The face amount of debt issued is reported as other financing sources.

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

7. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and the governmental funds balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first two items, deferred inflows of resources related to pensions and OPEB are discussed in the statement of net position and discussed in subsequent notes. The remaining two items, unavailable revenue from a donation receivable and the Educational Facilities Security Grant, are reported in the governmental funds balance sheet and are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

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

10. Fund Balance Policies

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

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

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. State Revenue Sources

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

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

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

Pursuant to Section 1013.64, Florida Statutes, the District received special allocations in the 2017-18, 2018-19, and 2019-20 fiscal years for specific construction needs through the Public Education Capital Outlay and Debt Service Trust Fund - Special Facility Construction Account. As a condition for receiving these funds, other construction funding must be pledged for the project, including the capital outlay millage levied pursuant to Section 1011.71(2), Florida Statutes, or an equivalent amount of revenue from local school capital outlay surtax under Section 212.055(6), Florida Statutes, for the total amount of 3 fiscal years' maximum millage.

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

3. District Property Taxes

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

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

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

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

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

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

4. Capital Outlay Surtax

In May 2014, the voters of Jackson County (County) approved a one-half cent school capital outlay surtax on sales in the County for 10 years, effective January 1, 2016, to pay construction costs of certain school facilities and related costs in accordance with Section 212.055(6), Florida Statutes.

5. Federal Revenue Sources

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

6. Compensated Absences

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

7. Proprietary Fund Operating and Nonoperating Revenues and Expenses

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

II. ACCOUNTING CHANGE

The District implemented GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The District considers the school internal funds to meet the criteria for reporting as fiduciary activities in the custodial funds. As such, the beginning net position of the custodial funds was increased by $1,098,849.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

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

B. Investments

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

Investments	Maturities	Fair Value
SBA:		
Florida PRIME (1)	50 Days	$ 6,015,027.32
Florida Fixed Income Trust (FIT) - Enhanced Cash	299 Days	1,633,339.48
Total Investments		$ 7,648,366.80

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

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District's investments in Florida FIT totaling $1,633,339.48 are valued using Level 1 inputs.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits the length of investments as follows: (1) investments of current operating funds shall have maturities of no longer than 2 years, and (2) investments of bond reserves, construction funds, and other nonoperating funds shall have a term appropriate for the need for the funds and in accordance with debt covenants, but in no event shall exceed 5 years.

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

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

As of June 30, 2021, the District has the following interest rate risk by fund:

		Investment Maturities	
Investment by Fund	**Fair Value**	**6 Months or Less**	**6 Months to 2 Years**
Major Governmental Funds:			
General	$ 6,776,191.55	$ 5,142,852.07	$ 1,633,339.48
Nonmajor Governmental Funds	872,175.25	872,175.25	-
Total Investments	$ 7,648,366.80	$ 6,015,027.32	$ 1,633,339.48

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy limits investments to the SBA's Florida PRIME; direct obligations of United States Government; certain Federal Instrumentalities, interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; repurchase agreements secured by the collateral composed of negotiable direct obligations of the United States Government, United States Government Agencies, and Federal Instrumentalities that have a market value of 102 percent of the value of the repurchase agreement; commercial paper of the highest credit rating; certain banker's acceptances; certain highly rated state and local governmental taxable or tax-exempt debt; shares of open-end, no-load mutual funds registered under the Investment Company Act of 1940, provided that the portfolio invests primarily in short-term government bonds and money market funds operated in accordance with Title 17, Section 270.2a-7, Code of Federal Regulations, and provided the mutual fund is rated AA and the money market is rated AAm or AAm-G or better by Standard & Poor's, or the equivalent by another rating agency; and any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; provided that said funds contain no derivatives. Investment in any derivative products or the use of reverse repurchase agreements requires specific Board approval.

The District's investment in Florida PRIME is rated AAAm by Standard & Poor's. Florida FIT is rated AAAf/S1 by Fitch.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that securities shall be held with a third-party custodian; and all securities purchased by and all collateral obtained by the District should be properly designated as an asset of the District. As of June 30, 2021, all investments are held with an appropriate custodian or trustee or are held in accounts in the name of and belonging to the District.

All District investments are in compliance with the District's investment policy in relation to interest rate risk, credit risk, and custodial risk.

C. Donation Receivable

On July 24, 2017, the Board entered into a contribution agreement with a non-governmental entity whereby the District agreed to convey a portion of land located at the Graceville Elementary School valued at $20,000 for a contribution of $500,000. In accordance with the agreement, the District received $250,000 on September 12, 2017, and the remaining balance is payable in 5 annual contributions of $50,000 with the first paid on July 12, 2018. As of June 30, 2021, the District reported a donation receivable of $100,000.

D. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES					
Capital Assets Not Being Depreciated:					
Land	$ 1,575,512.38	$ -	$ -	$ 12,548.75	$ 1,562,963.63
Construction in Progress	62,294,215.40	-	206,559.39	61,620,551.25	880,223.54
Total Capital Assets Not Being Depreciated	63,869,727.78	-	206,559.39	61,633,100.00	2,443,187.17
Capital Assets Being Depreciated:					
Improvements Other Than Buildings	5,706,765.94	-	199,266.00	465,458.00	5,440,573.94
Buildings and Fixed Equipment	108,749,751.26	-	66,791,162.10	12,449,477.62	163,091,435.74
Furniture, Fixtures, and Equipment	6,250,575.87	(36,568.50)	1,299,053.13	656,584.83	6,856,475.67
Motor Vehicles	10,368,414.12	36,568.50	526,984.00	817,902.64	10,114,063.98
Audio Visual Materials	24,822.47	-	-	2,807.63	22,014.84
Computer Software	140,395.71	-	-	32,796.44	107,599.27
Total Capital Assets Being Depreciated	131,240,725.37	-	68,816,465.23	14,425,027.16	185,632,163.44
Less Accumulated Depreciation for:					
Improvements Other Than Buildings	3,426,829.78	4,945.36	215,976.59	395,678.58	3,252,073.15
Buildings and Fixed Equipment	53,984,586.39	19,548.87	2,731,860.34	6,041,023.19	50,694,972.41
Furniture, Fixtures, and Equipment	4,261,049.87	7,596.50	476,593.61	621,246.69	4,123,993.29
Motor Vehicles	8,275,722.81	(971.45)	443,250.48	817,902.64	7,900,099.20
Audio Visual Materials	24,822.47	-	-	2,807.63	22,014.84
Computer Software	140,395.71	-	-	32,796.44	107,599.27
Total Accumulated Depreciation	70,113,407.03	31,119.28	3,867,681.02	7,911,455.17	66,100,752.16
Total Capital Assets Being Depreciated, Net	61,127,318.34	(31,119.28)	64,948,784.21	6,513,571.99	119,531,411.28
Governmental Activities Capital Assets, Net	$ 124,997,046.12	$ (31,119.28)	$ 65,155,343.60	$ 68,146,671.99	$ 121,974,598.45

Note: Capital Assets and accumulated depreciation includes adjustments totaling $31,119.28 to correct errors in the capital assets and depreciation schedules, respectively, for certain assets.

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	$ 443,250.48
Unallocated	3,424,430.54
Total Depreciation Expense – Governmental Activities	$ 3,867,681.02

E. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

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

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

The District's FRS and HIS pension expense totaled $7,273,536 for the fiscal year ended June 30, 2021.

FRS Pension Plan

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

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

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

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

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

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

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

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

	Percent of Gross Salary	
Class	**Employee**	**Employer** (1)
FRS, Regular	3.00	10.00
FRS, Elected County Officers	3.00	49.18
FRS, Senior Management Service	3.00	27.29
FRS, Special Risk	3.00	24.45
DROP – Applicable to Members from All of the Above Classes	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

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

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

The District's contributions to the Plan totaled $3,246,375 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the District reported a liability of $33,765,283 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.077905250 percent, which was a decrease of 0.002056143 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized the Plan pension expense of $6,540,563. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 1,292,266	$ -
Change of Assumptions	6,112,591	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	2,010,417	-
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	-	1,604,247
District FRS Contributions Subsequent to the Measurement Date	3,246,375	-
Total	$ 12,661,649	$ 1,604,247

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling $3,246,375, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 1,468,941
2023	2,642,218
2024	2,242,179
2025	1,254,606
2026	203,083
Total	$ 7,811,027

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

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

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

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

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

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

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

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

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

	1% Decrease (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
District's Proportionate Share of the Net Pension Liability	$ 53,917,483	$ 33,765,283	$ 16,934,079

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

HIS Pension Plan

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

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

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

The District's contributions to the HIS Plan totaled $622,170 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the District reported a net pension liability of $12,502,671 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.102398345 percent, which was a decrease of 0.002468185 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized the HIS Plan pension expense of $732,973. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences Between Expected and Actual Experience	$	511,435	$	9,645
Change of Assumptions		1,344,393		726,985
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments		9,982		-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions		16,135		1,082,537
District HIS Contributions Subsequent to the Measurement Date		622,170		-
Total	$	2,504,115	$	1,819,167

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling $622,170, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount	
2022	$	55,806
2023		16,441
2024		(150,018)
2025		(43,459)
2026		69,858
Thereafter		114,150
Total	$	62,778

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

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

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

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

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

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

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
District's Proportionate Share of the Net Pension Liability	$ 14,452,530	$ 12,502,671	$ 10,906,717

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

2. FRS – Defined Contribution Pension Plan

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

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

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67

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

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

The District's Investment Plan pension expense totaled $511,863.58 for the fiscal year ended June 30, 2021.

F. Other Postemployment Benefit Obligations

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

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	37
Active Employees	566
Total	603

Total OPEB Liability. The District's total OPEB liability of $4,190,060 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020.

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

Inflation	2.25 percent
Salary Increases	3.4 percent to 7.8 percent, including inflation
Discount Rate	2.45 percent
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend rates starting at 6.25 percent (11.8 percent for premiums) with trend rates gradually decreasing to an ultimate trend rate of 3.99 percent in 2040.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death."
Expenses	Administrative expenses are included in the per capita health costs.

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

Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2020, actuarial valuation of the FRS Defined Benefit Pension Plan. These demographic assumptions were developed by FRS from an actuarial experience study, and therefore are appropriate for use in the OPEB Plan actuarial valuation. These include assumed rates of future termination, mortality, disability, and retirement. In addition, salary increase assumptions (for development of the pattern of the normal cost increases) were the same as those used in the July 1, 2020, actuarial valuation of the FRS Defined Benefit Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment Plan are the same as for similarly situated participants of the FRS Defined Benefit Pension Plan.

Changes in the Total OPEB Liability.

	Amount
Balance at June 30, 2020	$ 3,715,739
Changes for the year:	
Service Cost	140,833
Interest	116,989
Differences Between Expected and Actual Experience	280,390
Changes of Assumptions or Other Inputs	173,886
Benefit Payments	(237,777)
Net Changes	474,321
Balance at June 30, 2021	$ 4,190,060

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

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

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

	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Total OPEB Liability	$ 4,541,497	$ 4,190,060	$ 3,871,248

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.25 percent decreasing to 2.99 percent) or 1 percentage point higher (7.25 percent decreasing to 4.99 percent) than the current healthcare cost trend rates:

	1% Decrease (5.25% decreasing to 2.99%)	Healthcare Cost Trend Rates (6.25% decreasing to 3.99%)	1% Increase (7.25% decreasing to 4.99%)
Total OPEB Liability	$ 3,700,383	$ 4,190,060	$ 4,792,712

<u>OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>. For the fiscal year ended June 30, 2021, the District recognized OPEB expense of $217,560. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 421,440	$ -
Changes of Assumptions or Other Inputs	490,252	1,030,234
Benefits Paid Subsequent to the Measurement Date	285,174	-
Total	$ 1,196,866	$ 1,030,234

The deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date, totaling $285,174, will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ (40,262)
2023	(40,262)
2024	(40,262)
2025	(40,262)
2026	(40,262)
Thereafter	82,768
Total	$ (118,542)

G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Jackson County District School Board is a member of the Panhandle Area Educational Consortium – Risk Management Consortium (Consortium) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, sabotage and terrorism, cyber liability, employee dishonesty, equipment breakdown, and other coverage deemed necessary by the members of the Consortium. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specific amounts. The Board of Directors for the Consortium is composed of superintendents of all participating districts. The Washington County District School Board serves as fiscal agent for the Consortium.

The District also participates in an employee group health insurance program administered through the Consortium. Premiums charged to the districts are based on each individual district's claims experience, and the program operates as an individually-funded plan by each participating district with shared administrative costs and a pooling of plan assets for working capital.

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

A liability in the amount of $311,973 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2021. The actuarial basis used for estimating the liability for unpaid claims of the District's health plan was a combination of the development method and the claim projection method. Under the development method, the historical claim data was recorded by incurred month and paid month. The resulting loss development pattern (as claims mature) was used to estimate the future development of existing claims as of their valuation (accounting) date on June 30, 2021. The claim projection method used historical claim experience to estimate the ultimate level of incurred claims in a specific incurral month. This incurred claim estimate was utilized to estimate a claims reserve. The claims development method was used to estimate the incurred but unpaid claims liability for all incurral months prior to May 2021. The claim projection method was used to estimate the level of incurred but unpaid claims for the incurral months of May 2021 and June 2021. However, to be conservative, a 10 percent increase to the incurred but not paid (IBNP) reserve amount has been added to provide a margin of experience less favorable than expected. The paid claims data has not been adjusted for any excess recoveries, which would otherwise tend to overstate the IBNP reserves. In this instance, the effect is not significant and adds a slight amount of conservatism.

Because of the relatively short payment pattern of the claims, there was no discounting for present value other than that inherent in the claims data.

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

Fiscal Year	Beginning-of-Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2019-20	$ 248,200.00	$ 4,558,415.42	$ (4,527,880.42)	$ 278,735.00
2020-21	278,735.00	5,394,085.66	(5,360,847.66)	311,973.00

H. Long-Term Liabilities

1. Special Public Education Capital Outlay Advance Payable

The liability at June 30, 2021, of $2,497,916 represents the amount of the Public Education Capital Outlay Special Facilities allocation expected to be replaced by other District capital outlay sources that are committed under Section 1013.64, Florida Statutes, for funding specific construction needs. The liability is expected to be retired by the close of the 2021-22 fiscal year.

2. Bonds Payable

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

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
District Revenue Bonds:			
Series 2019	$ 2,396,167.24	2.379	2024
Series 2020, Refunding	3,355,015.55	1.59	2033
Total Bonds Payable	$ 5,751,182.79		

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

<u>District Revenue Bonds</u>

On December 20, 2019, the Board issued a Capital Improvement Revenue Bond, Series 2019, in the amount of $4,000,000. This bond is authorized by Chapter 1001, Florida Statutes, and Chapter 212, Florida Statutes and is secured by a pledge of proceeds received by the District from the levy and collection of one-half cent discretionary sales surtax pursuant to Section 212.055(6), Florida Statutes. Proceeds of the bond were used to pay construction cost of a new school facility.

The District has pledged a total of $2,511,581.58 of discretionary sales surtax revenue (local sales tax revenue) in connection with the District Series 2019, Revenue Bond issue described above. During the 2020-21 fiscal year, the District recognized local sales tax revenue totaling $2,964,358.81 and expended $879,055.48 (30 percent) of these revenues. The pledged local sales tax revenues are committed until final maturity of the debt, or June 1, 2024. Assuming a nominal growth rate in the collection of local sales tax revenue, which are levied through December 31, 2025, approximately 33 percent of this revenue stream has been pledged in connection with debt service on the revenue bond.

On December 1, 2020, the Board issued $3,475,891.48 in Capital Improvement Refunding Revenue Bonds, Series 2020, as authorized by Chapter 73-498, Special Acts of 1973, as amended by Chapter 74-501, Special Acts of 1974, which provides that the bonds be secured from the pari-mutuel replacement (State sales tax) revenues distributed annually to Jackson County from the State pursuant to Section 212.20(6)(d)6.a., Florida Statutes, as a replacement for moneys distributed under Section 550.135, Florida Statutes, prior to July 1, 2000. These bonds were issued to provide funds, together with other available funds of the Board, sufficient to refund the District's outstanding Capital Improvement Refunding Revenue Bonds, Series 2014 and pay costs associated with the issuance of the bonds.

The District has pledged a total of $3,712,731.98 of State sales tax revenues in connection with the District Series 2020, Refunding Revenue Bonds. During the 2020-21 fiscal year, the District recognized State sales tax revenues totaling $371,500 and expended $333,429.39 (90 percent) of these revenues for debt service directly collateralized by these revenues. The pledged State sales tax revenue is committed until final maturity of the debt, or December 1, 2033. Approximately 82 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds.

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

Fiscal Year Ending June 30	Total	Principal	Interest
District Refunding Revenue Bonds:			
2022	$ 297,018.56	$ 244,642.42	$ 52,376.14
2023	297,018.56	248,547.69	48,470.87
2024	297,018.56	252,515.31	44,503.25
2025	297,018.56	256,546.26	40,472.30
2026	297,018.55	260,641.56	36,376.99
2027-2031	1,485,092.78	1,366,962.27	118,130.51
2032-2033	742,546.41	725,160.04	17,386.37
Total District Refunding Revenue Bonds	3,712,731.98	3,355,015.55	357,716.43
District Revenue Bonds:			
2022	859,712.93	801,916.38	57,796.55
2023	840,370.37	801,916.38	38,453.99
2024	811,498.28	792,334.48	19,163.80
Total District Revenue Bonds	2,511,581.58	2,396,167.24	115,414.34
Total	$ 6,224,313.56	$ 5,751,182.79	$ 473,130.77

3. Defeased Debt

On December 1, 2020, the Board issued $3,475,891.48 in Refunding Capital Improvement Revenue Bonds, Series 2020, with an interest rate of 1.59 percent, to fully refund $3,426,891.48 principal amount of the District's Capital Improvement Revenue Bonds, Series 2014. The Series 2014 bonds were refunded to reduce its total debt service payments over the next 13 years by approximately $473,340.22 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $426,101.13.

4. Changes in Long-Term Liabilities

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

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable - Direct Borrowings and Direct Placements	$ 6,727,281.92	$ 3,475,891.48	$ 4,451,990.61	$ 5,751,182.79	$ 1,046,558.80
Compensated Absences Payable	3,944,997.87	2,235,152.81	368,820.27	5,811,330.41	556,452.73
Net Pension Liability	39,271,104.00	23,813,669.00	16,816,819.00	46,267,954.00	130,340.81
Total OPEB Liability	3,715,739.00	712,098.00	237,777.00	4,190,060.00	285,174.00
Special Public Education Capital Outlay Advance Payable	2,497,916.00	-	-	2,497,916.00	2,497,916.00
Total Governmental Activities	$ 56,157,038.79	$ 30,236,811.29	$ 21,875,406.88	$ 64,518,443.20	$ 4,516,442.34

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

I. Fund Balance Reporting

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

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

J. Interfund Receivables and Payables

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

	Interfund	
Funds	**Receivables**	**Payables**
Major:		
General	$ 216,179.78	$ 545,372.42
Special Revenue:		
Food Service	-	3,780.02
Other	271.09	205,662.71
Federal Education Stabilization	14,896.51	21,568.64
Nonmajor Governmental	9,301.00	64.92
Internal Service	535,800.33	-
Total	$ 776,448.71	$ 776,448.71

The interfund receivables and payables primarily represent amounts due to the General Fund for expenditures paid on behalf of other funds and amounts owed from the General Fund to the Internal Service Fund for June health insurance premiums. These amounts are expected to be repaid within 1 year.

K. Revenues

1. Schedule of State Revenue Sources

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

Source	Amount
Florida Education Finance Program	$ 33,906,793.00
Categorical Educational Program - Class Size Reduction	6,286,467.00
Agency for Persons with Disabilities - Sunland Center	946,880.09
Voluntary Prekindergarten Program	396,071.87
Motor Vehicle License Tax (Capital Outlay and Debt Service)	235,560.78
Workforce Development Program	224,766.00
Educational Facilities Security Grant	131,716.66
Food Service Supplement	56,209.00
Miscellaneous	532,046.93
Total	$ 42,716,511.33

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

2. Property Taxes

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

	Millages	Taxes Levied
General Fund		
Nonvoted School Tax:		
Required Local Effort	3.846	$ 6,701,373.22
Basic Discretionary Local Effort	0.748	1,303,335.20
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	1.075	1,873,108.74
Total	5.669	$ 9,877,817.16

L. Interfund Transfers

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

	Interfund	
Funds	**Transfers In**	**Transfers Out**
Major:		
General	$ 771,924.79	$ -
Capital Projects:		
Public Education Capital Outlay	1,280,623.47	-
Nonmajor Governmental	877,256.88	2,929,805.14
Total	$ 2,929,805.14	$ 2,929,805.14

Transfers to the General Fund primarily represent reimbursements for maintenance projects and bus purchases. Transfers to the Capital Projects – Public Education Capital Outlay Fund are for revenue pledged in connection with the Public Education Capital Outlay Special Facilities funding. Transfers to Nonmajor Governmental funds primarily represent revenue pledged in connection with the District's Series 2019 Revenue Bond.

M. New Markets Tax Credit

Description.

Pursuant to the Community Renewal Tax Relief Act of 2000, the New Markets Tax Credit (NMTC) program is a Federal program designed to fund capital for project owners located in qualifying low-income communities. The NMTC program permits taxpayers to claim Federal tax credits for making qualified equity investments in a designated Community Development Entity (CDE). NMTC transactions have a 7-year compliance period during which the tax credit investor (TCI) receives Federal tax credits equal to 39 percent of the loans in exchange for providing equity toward the transactions.

In January 2021, the Board approved a resolution to participate in the program and the District closed a NMTC transaction as a leveraged lender to access additional funds through the NMTC program and partially offset Graceville PK-5 School construction costs. Pursuant to a Board-approved contract, an attorney established the Graceville PK-5 Qualified Active Low-Income Community Business, Inc. (QALICB) to serve as the unrelated 501(C)(3) supporting organization for the Board and the NMTC transaction. A bank served as the TCI for the transaction and established the Jackson County School Board Graceville Investment Fund, LLC (Fund) to raise the required capital for the transaction.

The capital raised by the Fund was used to make a $9,000,000 qualified equity investment in the Black Business Investment Subsidiary CDE 15, LLC as the CDE. The CDE then loaned substantially all of these funds to the QALICB through two Qualified Low-Income Community Investment loans with principal amounts totaling $6,759,900 and $2,150,000, respectively.

For the 2020-21 fiscal year, the QALICB distributed to the District $7,720,492 and the District, as the leveraged lender, loaned $6,759,900 to the Fund, creating the NMTC Note Receivable (discussed below). At the close of the transaction, the Fund paid $65,533 to the District for NMTC Note Receivable interest and the QALICB made a $100 lease payment to the District pursuant to the operating lease (discussed below). As a result of these transactions, the District retained a net subsidy of $1,026,225 which, by Board resolution, is included in the General Fund assigned fund balance for facilities and construction.

On January 12, 2028, the TCI may exit the transaction through the exercise of a call/put agreement entered into with the Board. Under the agreement, the TCI may "put" its residual interests in the NMTC transaction to the District for a purchase price of $1,000. Alternatively, the Board has 180 days to exercise a call option to purchase the TCI's entire interest in the Fund for a purchase price equal to the fair market value of the TCI's interest. The District will realize savings from the NMTC transactions through the exercise of the put or call option, at which time the Board will control the Fund and can effectively forgive the District loans.

Note Receivable. The $6,759,000 leveraged loan from the District to the Fund remains fully outstanding at June 30, 2021, and is reported as a New Markets Tax Credit Note Receivable in the government-wide financial statements. The note is secured by the Fund's entire membership interest in CDE, equal to 99.99 percent of the total equity interest. It is periodically evaluated for impairment based on relevant facts and circumstances and, as of June 30, 2021, District management determined that no allowance is necessary and no impairment has occurred. The note specifies that interest-only payments shall be made annually to the District at 1 percent of the outstanding balance until December 2027 and, starting in January 2028, the Fund will make annual principal and interest payments to the District through 2056, as shown below:

Fiscal Year Ending June 30	Total	Principal	Interest
2022	$ 70,319	$ -	$ 70,319
2023	72,535	-	72,535
2024	72,535	-	72,535
2025	72,535	-	72,535
2026	72,535	-	72,535
2027-2031	638,615	277,420	361,195
2032-2036	1,114,973	782,804	332,169
2037-2041	1,325,329	1,039,746	285,583
2042-2046	1,500,348	1,277,460	222,888
2047-2051	1,793,521	1,647,017	146,504
2052-2056	1,791,677	1,735,453	56,224
Total	$ 8,524,922	$ 6,759,900	$ 1,765,022

Operating Lease. On January 12, 2021, as part of the NMTC transaction, the Board, as lessor, leased the land and new improvements thereon for the Graceville PK-5 School to the QALICB (lessee, and related party – see related parties note below) for $100, for a term of 75 years. Simultaneously, the QALICB subleased this same land and new improvements back to the Board for 35 years. The following is a schedule by years of future minimum rental payments required under this lease:

Fiscal Year Ending June 30	Amount
2022	$ 257,726
2023	264,800
2024	272,100
2025	279,600
2026	287,300
2027-2031	1,559,300
2032-2036	1,785,700
2037-2041	2,045,000
2042-2046	2,341,800
2047-2051	2,681,900
2052-2056	3,071,300
2057	665,800
Total Minimum Payments Required	$ 15,512,326

NMTC transactions are reported as a property sale for tax purposes through a lease/leaseback structure, even though fee property ownership remains unchanged. The QALICB is not allowed to retain any cash and any excess must be immediately returned to the District for its supporting purpose. This return payment will be recorded by the District as interest income. The lease and sublease are expected to be cancelled at the end of the NMTC compliance period on January 12, 2028, when either the put or call option is exercised (described above) as part of the unwinding of the NMTC transaction. As such, District management considers the lease obligation to be an operating lease.

Related Parties. The president of the QALICB is also a board member of the Jackson County District School Board. In addition, the Articles of Incorporation of the QALICB state that the general purpose of the corporation is to "be operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the Jackson County School Board." As of June 30, 2021, the nature of the relationship between the District and the QALICB is limited to the aforementioned NMTC transaction.

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Direct	$ -	$ -	$ -	$ -
Federal Through State and Local	250,000.00	381,887.39	384,173.85	2,286.46
State	42,523,849.00	41,924,102.00	41,917,554.40	(6,547.60)
Local:				
Property Taxes	7,640,777.00	7,825,611.44	7,829,980.17	4,368.73
Charges for Services - Food Service	-	-	-	-
Miscellaneous	843,500.40	8,941,559.04	8,979,819.64	38,260.60
Total Local Revenues	8,484,277.40	16,767,170.48	16,809,799.81	42,629.33
Total Revenues	51,258,126.40	59,073,159.87	59,111,528.06	38,368.19
Expenditures				
Current - Education:				
Instruction	31,153,404.02	31,035,057.34	26,723,361.75	4,311,695.59
Student Support Services	3,016,340.00	3,405,565.63	3,132,510.48	273,055.15
Instructional Media Services	718,381.80	684,805.80	660,131.74	24,674.06
Instruction and Curriculum Development Services	557,430.00	553,655.00	542,514.95	11,140.05
Instructional Staff Training Services	106,270.00	97,560.06	84,606.20	12,953.86
Instruction-Related Technology	439,335.00	432,097.29	251,410.22	180,687.07
Board	455,795.00	514,595.00	507,871.29	6,723.71
General Administration	394,220.00	441,102.67	429,250.39	11,852.28
School Administration	3,141,774.00	3,227,059.50	3,034,867.14	192,192.36
Facilities Acquisition and Construction	433,500.00	665,510.13	558,338.41	107,171.72
Fiscal Services	370,000.00	426,000.00	401,432.64	24,567.36
Food Services	-	17,356.61	16,579.20	777.41
Central Services	549,305.18	566,965.36	537,437.21	29,528.15
Student Transportation Services	2,733,985.00	2,854,747.42	2,793,197.82	61,549.60
Operation of Plant	7,059,549.00	6,572,399.11	5,870,820.61	701,578.50
Maintenance of Plant	1,740,461.00	1,973,400.67	1,897,886.74	75,513.93
Administrative Technology Services	384,011.00	563,898.32	554,582.09	9,316.23
Community Services	2,700.00	2,244.78	2,232.78	12.00
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	226,491.01	226,491.01	-
Other Capital Outlay	-	621,530.55	621,530.55	-
Total Expenditures	53,256,461.00	54,882,042.25	48,847,053.22	6,034,989.03
Excess (Deficiency) of Revenues Over Expenditures	(1,998,334.60)	4,191,117.62	10,264,474.84	6,073,357.22
Other Financing Sources (Uses)				
Transfers In	1,102,500.00	771,924.79	771,924.79	-
New Markets Tax Credit Leveraged Loan	-	(6,759,900.00)	(6,759,900.00)	-
Sale of Capital Assets	-	149,700.00	149,700.00	-
Loss Recoveries	-	1,511,908.53	1,502,607.53	(9,301.00)
Total Other Financing Sources (Uses)	1,102,500.00	(4,326,366.68)	(4,335,667.68)	(9,301.00)
Net Change in Fund Balances	(895,834.60)	(135,249.06)	5,928,807.16	6,064,056.22
Fund Balances, Beginning	11,013,434.60	11,013,434.60	11,013,434.60	-
Fund Balances, Ending	$ 10,117,600.00	$ 10,878,185.54	$ 16,942,241.76	$ 6,064,056.22

Special Revenue - Food Service Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
$ -	$ -	$ -	$ -
4,816,800.00	6,873,783.14	6,873,783.14	-
54,525.00	56,209.00	56,209.00	-
-	-	-	-
150,000.00	250,621.70	250,621.70	-
30,000.00	14,610.23	14,610.23	-
180,000.00	265,231.93	265,231.93	-
5,051,325.00	7,195,224.07	7,195,224.07	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,845,000.00	6,911,862.16	5,375,010.84	1,536,851.32
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	333,808.31	333,808.31	-
5,845,000.00	7,245,670.47	5,708,819.15	1,536,851.32
(793,675.00)	(50,446.40)	1,486,404.92	1,536,851.32
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(793,675.00)	(50,446.40)	1,486,404.92	1,536,851.32
2,249,166.32	2,249,166.32	2,249,166.32	-
$ 1,455,491.32	$ 2,198,719.92	$ 3,735,571.24	$ 1,536,851.32

(Continued)

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

	Special Revenue - Other Fund			
	Original Budget	**Final Budget**	**Actual**	**Variance with Final Budget - Positive (Negative)**
Revenues				
Intergovernmental:				
Federal Direct	$ 2,139,801.00	$ 2,424,127.00	$ 2,346,542.77	$ (77,584.23)
Federal Through State and Local	2,978,680.02	6,621,730.30	5,588,675.93	(1,033,054.37)
Total Revenues	5,118,481.02	9,045,857.30	7,935,218.70	(1,110,638.60)
Expenditures				
Current - Education:				
Instruction	3,026,054.89	5,603,894.86	4,896,000.73	707,894.13
Student Support Services	324,334.94	422,375.43	313,327.24	109,048.19
Instructional Media Services	-	4,742.30	3,707.56	1,034.74
Instruction and Curriculum Development Services	991,603.76	1,407,113.77	1,348,505.37	58,608.40
Instructional Staff Training Services	383,244.05	448,439.23	301,238.64	147,200.59
Instruction-Related Technology	-	26,662.87	26,347.40	315.47
Board	-	-	-	-
General Administration	183,423.06	241,277.30	224,789.64	16,487.66
School Administration	13,772.04	14,924.30	14,923.62	0.68
Facilities Acquisition and Construction	-	7,500.00	7,500.00	-
Fiscal Services	-	-	-	-
Food Services	600.00	-	-	-
Central Services	19,444.68	32,510.31	14,262.28	18,248.03
Student Transportation Services	25,101.60	30,536.05	3,567.32	26,968.73
Operation of Plant	131,752.00	148,281.17	148,281.17	-
Maintenance of Plant	-	-	-	-
Administrative Technology Services	-	-	-	-
Community Services	19,150.00	47,685.13	22,853.15	24,831.98
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	114,697.16	114,697.16	-
Other Capital Outlay	-	501,837.56	501,837.56	-
Total Expenditures	5,118,481.02	9,052,477.44	7,941,838.84	1,110,638.60
Excess (Deficiency) of Revenues Over Expenditures	-	(6,620.14)	(6,620.14)	-
Net Change in Fund Balances	-	(6,620.14)	(6,620.14)	-
Fund Balances, Beginning	6,620.14	6,620.14	6,620.14	-
Fund Balances, Ending	$ 6,620.14	$ 0.00	$ 0.00	$ 0.00

Special Revenue - Federal Education Stabilization Fund

Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
$ -	$ -	$ -	$ -
5,695,012.14	6,462,725.47	6,014,813.41	(447,912.06)
5,695,012.14	6,462,725.47	6,014,813.41	(447,912.06)
4,959,266.96	4,606,639.19	4,509,996.91	96,642.28
315,344.89	463,572.45	277,168.91	186,403.54
-	19,078.77	19,078.77	-
66,487.46	324,002.45	186,349.21	137,653.24
57,328.30	55,050.91	30,770.65	24,280.26
-	8,617.49	8,217.49	400.00
-	3,416.92	3,416.92	-
68,604.05	47,888.34	47,888.34	-
109,610.43	225,586.77	225,574.33	12.44
-	2,764.89	2,764.89	-
-	9,790.66	9,790.66	-
-	-	-	-
20,083.12	21,463.96	21,463.96	-
22,788.92	64,929.20	64,929.20	-
75,498.01	226,675.09	224,154.79	2,520.30
-	53,482.36	53,482.36	-
-	3,219.02	3,219.02	-
-	-	-	-
-	-	-	-
-	326,547.00	326,547.00	-
5,695,012.14	6,462,725.47	6,014,813.41	447,912.06
-	-	-	-
-	-	-	-
-	-	-	-
$ 0.00	$ 0.00	$ 0.00	$ 0.00

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

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	$ 140,833	$ 108,727	$ 164,231	$ 180,772
Interest	116,989	119,869	151,720	131,946
Differences Between Expected and Actual Experience	280,390	-	236,337	-
Changes of Assumptions or Other Inputs	173,886	412,956	(1,190,390)	(308,896)
Benefit Payments	(237,777)	(256,769)	(257,024)	(231,333)
Net Change in Total OPEB Liability	474,321	384,783	(895,126)	(227,511)
Total OPEB Liability - Beginning	3,715,739	3,330,956	4,226,082	4,453,593
Total OPEB Liability - Ending	$ 4,190,060	$ 3,715,739	$ 3,330,956	$ 4,226,082
Covered-Employee Payroll	$ 22,031,814	$ 22,373,381	$ 22,373,381	$ 22,395,307
Total OPEB Liability as a Percentage of Covered-Employee Payroll	19.02%	16.61%	14.89%	18.87%

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

Fiscal Year Ending June 30	District's Proportion of the FRS Net Pension Liability	District's Proportionate Share of the FRS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.099280091%	$ 17,090,522	$ 36,053,531	47.40%	88.54%
2014	0.096518314%	5,889,037	35,680,387	16.50%	96.09%
2015	0.093302935%	12,051,325	35,464,920	33.98%	92.00%
2016	0.088168032%	22,262,497	36,260,965	61.40%	84.88%
2017	0.087614449%	25,915,766	36,758,460	70.50%	83.89%
2018	0.085214006%	25,666,900	36,082,737	71.13%	84.26%
2019	0.079961393%	27,537,591	35,121,377	78.41%	82.61%
2020	0.077905250%	33,765,283	35,594,994	94.86%	78.85%

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

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

Fiscal Year Ending June 30	Contractually Required FRS Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	District's Covered Payroll	FRS Contributions as a Percentage of Covered Payroll
2014	$ 2,114,161	$ (2,114,161)	$ -	$ 35,680,387	5.93%
2015	2,274,805	(2,274,805)	-	35,464,920	6.41%
2016	2,150,118	(2,150,118)	-	36,260,965	5.93%
2017	2,280,820	(2,280,820)	-	36,758,460	6.20%
2018	2,428,531	(2,428,531)	-	36,082,737	6.73%
2019	2,479,380	(2,479,380)	-	35,121,377	7.06%
2020	2,588,446	(2,588,446)	-	35,594,994	7.27%
2021	3,246,375	(3,246,375)	-	37,484,440	8.66%

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

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

Fiscal Year Ending June 30	District's Proportion of the HIS Net Pension Liability	District's Proportionate Share of the HIS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.124105706%	$ 10,805,033	$ 36,053,531	29.97%	1.78%
2014	0.120044774%	11,224,480	35,680,387	31.46%	0.99%
2015	0.116898278%	11,921,787	35,464,920	33.62%	0.50%
2016	0.117460621%	13,689,550	36,260,965	37.75%	0.97%
2017	0.115241241%	12,322,125	36,758,460	33.52%	1.64%
2018	0.110439699%	11,689,061	36,082,737	32.40%	2.15%
2019	0.104866530%	11,733,513	35,121,377	33.41%	2.63%
2020	0.102398345%	12,502,671	35,594,994	35.12%	3.00%

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

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

Fiscal Year Ending June 30	Contractually Required HIS Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	District's Covered Payroll	HIS Contributions as a Percentage of Covered Payroll
2014	$ 411,233	$ (411,233)	$ -	$ 35,680,387	1.15%
2015	466,858	(466,858)	-	35,464,920	1.32%
2016	602,061	(602,061)	-	36,260,965	1.66%
2017	609,890	(609,890)	-	36,758,460	1.66%
2018	598,917	(598,917)	-	36,082,737	1.66%
2019	582,314	(582,314)	-	35,121,377	1.66%
2020	590,074	(590,074)	-	36,594,994	1.61%
2021	622,170	(622,170)	-	37,484,440	1.66%

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

1. Budgetary Basis of Accounting

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

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

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

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The June 30, 2021, total OPEB liability increased from the prior fiscal year as a result of changes to assumptions as discussed below:

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

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

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

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Total Expenditures
Clustered			
Child Nutrition Cluster			
United States Department of Agriculture:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	21002	$ 64,968.96
National School Lunch Program	10.555	21001, 21003	496,887.54
COVID-19 National School Lunch Program	COVID-19, 10.555	21001, 21003	250,023.60
Total National School Lunch Program	10.555		746,911.14
Summer Food Service Program for Children	10.559	20006, 20007, 21006, 21007	5,917,414.13
Total Child Nutrition Cluster			6,729,294.23
Special Education Cluster			
United States Department of Education:			
Florida Department of Education:			
Special Education - Grants to States	84.027	263	1,622,216.68
Special Education - Preschool Grants	84.173	267	107,222.65
Total Special Education Cluster			1,729,439.33
477 Cluster			
United States Department Health and Human Services:			
Chipola Regional Workforce Development, dba CareerSource Chipola:			
Temporary Assistance for Needy Families	93.558	None	6,620.14
Head Start Cluster			
United States Department of Health and Human Services:			
Head Start	93.600	N/A	2,134,750.77
COVID-19 Head Start	COVID-19, 93.600	N/A	211,792.00
Total Head Start Cluster			2,346,542.77
Not Clustered			
United States Department of Agriculture			
Florida Department of Health:			
Child and Adult Care Food Program	10.558	S-5018	144,488.91
United States Department of Education			
Florida Department of Education:			
Adult Education - Basic Grants to States	84.002	191	113,932.37
Title I Grants to Local Educational Agencies	84.010	212, 223	2,817,000.16
Career and Technical Education - Basic Grants to States	84.048	161	205,390.00
Education for Homeless Children and Youth	84.196	127	96,696.35
Rural Education	84.358	110	138,631.00
English Language Acquisition State Grants	84.365	102	22,862.57
Supporting Effective Instruction State Grants	84.367	224	263,715.77
Student Support and Academic Enrichment Program	84.424	241	166,909.38
Education Stabilization Fund:	84.425		
Governor's Emergency Education Relief Fund	COVID-19, 84.425C	123	502,920.03
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124	5,511,893.38
Total Education Stabilization Fund	84.425		6,014,813.41
Hurricane Education Recovery	84.938	105	34,099.00
Total United States Department of Education			9,874,050.01
United States Department of Homeland Security			
Florida Division of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z1013	49,375.40
Total Expenditures of Federal Awards			$ 20,879,810.79

The accompanying notes are an integral part of this Schedule.

Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Jackson County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

(2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

(4) Noncash Assistance - National School Lunch Program. Includes $315,640.08 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

(5) COVID-19 National School Lunch Program. The District incurred $250,023.60 in expenditures for the National School Lunch Program grant in the 2019-20 fiscal year.

(6) Head Start. Expenditures include $2,134,750.77 for grant number/program year 04CH011752-01-00.

(7) Disaster Grants – Public Assistance (Presidentially Declared Disasters). The District incurred $49,375.40 in expenditures for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) grant in the 2019-20 fiscal year.

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson County District School Board as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 18, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds, as described in our report on the District's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Financial Statement Finding No. 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** Financial Statement Finding No. 2021-001 and in the **CORRECTIVE ACTION PLAN**. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 18, 2022

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on the Special Education Cluster

As described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**, the District did not comply with requirements regarding the Special Education Cluster, Federal Assistance Listing No. 84.027 and No. 84.173, as described in Federal Awards Finding No. 2021-002 for Matching, Level of Effort, Earmarking – Maintenance of Effort. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program cluster.

Qualified Opinion on the Special Education Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster for the fiscal year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major Federal programs identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** for the fiscal year ended June 30, 2021.

Other Matters

The District's response to the noncompliance finding identified in our audit is described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** Federal Awards Finding No. 2021-002 and in the **CORRECTIVE ACTION PLAN**. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Federal Awards Finding No. 2021-002, that we consider to be a material weakness.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** Federal Awards Finding No. 2021-002 and in the **CORRECTIVE ACTION PLAN**. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 18, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major Federal programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified for the Education Stabilization Fund and Head Start and qualified for the Special Education Cluster (ALN 84.027 and 84.173).
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major Federal programs:	
Assistance Listing Numbers:	Name of Federal Program or Cluster:
84.027 and 84.173	Special Education Cluster
84.425	Education Stabilization Fund
93.600	Head Start
Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDING

SIGNIFICANT DEFICIENCY

FINANCIAL REPORTING

Finding Number	**2021-001**
Opinion Units	Governmental Activities, Major Fund: General Fund, and Aggregate Remaining Fund Information
Financial Statements Account Titles	Various
Fund Names	General Fund and Other Governmental Funds

Adjustment Amounts

For example, for Governmental Activities:

- To correct statement out-of-balance of $3,440,092:
  - Reductions (credits) of $535,800 to Accounts Receivable and $2,904,292 to Due from Other Agencies.
- To properly report the New Markets Tax Credit (NMTC) transaction:
  - Additions to NMTC Note Receivable (debit) and Miscellaneous General Revenues (credit) of $6,759,900 each.

For the General Fund:

- To properly report NMTC transaction:
  - Additions to Other Financing Uses – NMTC Leveraged Loan (debit) and Miscellaneous Local Revenues (credit) of $6,759,900 each.

For the Other Governmental Funds:

- To properly report bond refunding transaction:
  - Additions to Other Financing Uses – Payments to Refunding Escrow Agent (debit) and to Other Financing Sources – Face Value of Refunding Bonds (credit) of $3,426,891.48 each.

Statistically Valid Sample	Not Applicable
Prior Year Finding	Not Applicable

Finding

District financial reporting procedures need improvement to ensure that financial statements and notes to the financial statements are properly presented in the annual financial report (AFR) submitted to the Florida Department of Education (FDOE).

Criteria

Section 1010.01, Florida Statutes, requires that State Board of Education (SBE) rules incorporate the requirements of law and accounting principles generally accepted in the United States (GAAP). SBE Rule 6A-1.0071, Florida Administrative Code, and related instructions from the FDOE prescribe the exhibits and schedules that should be prepared as part of the District AFR. GAAP require that:

- The account balances on the statement of net position (SNP) present total assets and deferred outflows of resources that equal total liabilities, deferred inflows of resources, and net position.
- Lending activities be recorded as other financing uses in the governmental fund financial statements. Pursuant to the Community Renewal Tax Relief Act of 2000, the NMTC is a Federal program designed to fund capital for project owners located in qualifying low income communities. In January 2021, the Board approved a

resolution to participate in the program and the District closed a NMTC transaction as a leveraged lender.

- Also, in the in the governmental fund financial statements, the gross amount of refunding bonds issued is shown as an other financing source and the payment to refund the old debt is shown as other financing uses.
- Notes to the financial statements provide additional information that is essential for a full understanding of the transactions and amounts presented on the financial statements. For example:
    - A description of significant receivables that represent contractual rights to receive money on fixed or determinable dates should also be disclosed.
    - For current refunding transactions, the disclosures should include the difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding and the economic gain or loss resulting from the transaction.

Condition

The District did not always comply with GAAP by properly presenting account balances and transactions and notes to financial statements in the AFR submitted to the FDOE. For example, before audit adjustments:

Government-wide Financial Statements:

- The SNP total assets and deferred outflows of resources exceeded total liabilities, deferred inflows of resources, and net position by $3,440,092 because District personnel duplicated an internal service fund conversion entry.
- The District did not properly report applicable loans receivable resulting from an NMTC transaction.

Governmental Fund Financial Statements:

- In the General Fund, the District reported the net effect of the NMTC financing transaction and did not report the other financing uses for the leveraged loan but had reduced miscellaneous local revenues instead.
- For the Other Governmental Funds, the District reported the net effect of the refunding bond issue and did not report the other financing uses reflecting the payment of the old debt.

Notes to Financial Statements:

- The District omitted certain note disclosures related to the NMTC financing transaction and current bond refunding.

Cause

The finance director responsible for preparing the AFR had no previous experience with the NMTC and misunderstood the necessary entries to properly present the various transactions applicable to the District as a leveraged lender. In addition, the finance director was on extended leave prior to submission of the AFR and, as a result, did not have sufficient time to adequately prepare or review the AFR. While the Board approved the AFR, the District had not established effective review procedures to detect these errors prior to Board approval and submittal to the FDOE.

Effect

Several accounts were misstated on the AFR and the statements were out-of-balance. Significant reporting errors and omissions such as these may cause financial statement users to misunderstand District financial activities and incorrectly assess the District's financial position. Furthermore, reporting errors and omissions from the AFR decrease the relevance and usefulness of financial reporting for financial statement users.

We extended our procedures to determine the adjustments necessary to ensure that financial statement amounts and note disclosures were properly presented and District personnel accepted the adjustments. However, our audit procedures cannot substitute for management's responsibility to implement adequate controls over preparation of the AFR.

Recommendation	The District should improve procedures to ensure that financial statements and notes to the financial statements are properly presented in the District AFR. Such procedures should include review and approval of the AFR to detect and correct reporting errors prior to Board approval and submittal to the FDOE. Procedures could also include appropriate training for District personnel responsible for AFR preparation when entering new and complex transactions such as an NMTC transaction.
District Response	The District shall take steps necessary to ensure that training is received to ensure accurate reporting and will establish a review process over preparation of the AFR.

SECTION III – FEDERAL AWARDS FINDING AND QUESTIONED COSTS

U.S. DEPARTMENT OF EDUCATION

Finding Number	**2021-002**
Assistance Listing Number	84.027 and 84.173
Assistance Listing Program Title	**Special Education Cluster**
Compliance Requirement	Matching, Level of Effort, Earmarking – Maintenance of Effort (MOE)
Pass-Through Entity	Florida Department of Education
Federal Grant/Contract Number and Grant Year	H173A200027 – 2021, H027A200024 – 2021
Statistically Valid Sample	Not Applicable
Finding Type	Opinion Qualification, Noncompliance, and Material Weakness
Questioned Costs	$208,763
Prior Year Finding	Not Applicable
Finding	District records did not demonstrate compliance with the Special Education Cluster MOE requirement for the 2020-21 fiscal year.
Criteria	Title 34, Sections 300.203 and 300.204, Code of Federal Regulations, provide that the amount of State and local funds or the combined State and local funds expended by the District on Special Education-related services during any fiscal year must be at least the same, either in total or per capita, as the amount spent in the most recent fiscal year. Allowances for decreases in MOE may be made for certain reasons including the departure of Special Education personnel, a decrease in the enrollment of children with disabilities, the termination of costly expenditures for long-term purchases, such as expenditures for the acquisition of equipment and the construction of school facilities, and the termination of District services for particular students who required costly programs and services but are no longer in the District.
Condition	The District had not established procedures to adequately monitor and document compliance with the MOE requirement. As part of our audit, we examined District records and determined that the amount of State and local

funds spent toward Special Education services, both in aggregate and on a per-student basis, decreased in the 2020-21 fiscal year when compared to the 2019-20 fiscal year.

According to District records, the enrollment of children with disabilities decreased in the 2020-21 fiscal year by approximately 3.5 percent and we considered this decrease within our MOE calculations. However, although we requested, District records were not provided to identify other qualified allowances that would justify the decrease in the required effort. Consequently, there was a $208,763 MOE deficiency in State and local expenditures for the 2020-21 fiscal year, resulting in questioned costs of that amount. District personnel agreed with our questioned cost calculations.

Cause

According to District personnel, the primary methodology for ensuring that the Special Ed – MOE compliance requirement is maintained is through annual staffing allocations. Due to a decline in enrollment following COVID-19 shutdowns toward the end of the 2019-20 fiscal year, the District made changes to the initial staffing plan by reducing certain non-core curriculum positions. The District also attempted to avoid terminating existing personnel to the extent possible, and Education Stabilization Funds were subsequently utilized to fund existing positions. However, in doing so, the District inadvertently did not consider the impact these actions would have on meeting the MOE requirement.

Effect

Without adequate procedures to monitor and document efforts to meet the MOE requirement, there is an increased risk that State and local funds will not be properly allocated and expended for Special Education services, and the grantor may reduce future Special Education awards.

Recommendation

The District should strengthen controls over State and local resources allocated and expended for the SEC to ensure compliance with the Federal MOE requirement. In addition, the District should document to the grantor (FDOE) how the District complied with the Federal MOE requirement or restore $208,763 to the SEC programs.

District Response

The District shall enhance its procedures to ensure compliance with the Special Ed - Maintenance of Effort requirement.

PRIOR AUDIT FOLLOW-UP

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

THE SCHOOL BOARD OF JACKSON COUNTY

Steve R. Benton, Sr.
Superintendent of Schools

2903 Jefferson Street
P.O. Box 5958
Marianna, Florida 32447
Telephone 850-482-1200
Fax 850-482-1299

Audit Report No. (Finding No.)	Program/Area	Brief Description	Status	Comments
2019-144 (2018-001) 2020-101 (2019-001)	Information Technology - Access Privileges	The Director of Finance had full update access privileges to information technology applications or components that allowed her to perform functions incompatible with her assigned job responsibilities, and she also served as the District's security administrator.	Fully Corrected	

THE SCHOOL BOARD OF JACKSON COUNTY

Steve R. Benton, Sr.
Superintendent of Schools

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Marianna, Florida 32447
Telephone 850-482-1200
Fax 850-482-1299

February 28, 2022

Jackson County District School Board
Management's Corrective Action Plans
For the Fiscal Year Ended June 30, 2021

Finding Number:	2021-001
Planned Corrective Action:	The District will allow, before submitting to the school board, time for two finance employees to thoroughly review the Annual Financial Report. The District filled the Assistant Finance Director position in January 2021, and this employee is currently receiving in-service twice a year through the Florida School Finance Officers Association (FSFOA) Conferences and is enrolled in the Florida School Finance Council's Institute of Florida School Finance Program Cohort 2. The District Finance Officer will seek training opportunities when new and complex transactions are entered into by the District and continuing in-service with the FSFOA.
Anticipated Completion Date:	June 30, 2022
Responsible Contact Person:	Kathy L. Sneads

Federal Awards Finding No.:	2021-002
Planned Corrective Action:	In order to ensure compliance with the Special Ed - MOE and ensure that State and local funds will be allocated and utilized for Special Education services, the District finance office will perform periodic reviews on expenditures. The District will also continue to utilize the annual staffing allocations. The District plans to seek resolution with the grantor agency regarding questioned costs.
Anticipated Completion Date:	June 30, 2022
Responsible Contact Person:	Kathy L. Sneads