

**STATE OF FLORIDA AUDITOR GENERAL**

**Financial and Federal Single Audit**

**ST. LUCIE 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, E. Wayne Gent served as Superintendent of the St. Lucie County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Debbie Hawley, Chair	1
Jack Kelly from 11-17-20	2
Carol A. Hilson through 11-16-20	2
Dr. Donna Mills, Vice Chair from 11-17-20	3
Jennifer Richardson from 11-17-20	4
Kathryn Hensley through 11-16-20, Vice Chair	4
Troy Ingersoll	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 Bevohn Dougall, CPA, and the audit was supervised by Clare Waters, CPA.

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

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# SUMMARY

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## SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

## SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

## SUMMARY OF REPORT ON FEDERAL AWARDS

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

## AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to 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

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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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the St. Lucie 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 5 percent, 0 percent, 5 percent, 3 percent, and 3 percent, respectively, of the assets, liabilities, net position and fund balance, additions and revenues, and deductions and expenditures of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represents 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. The financial statements of the school internal funds and the aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors. 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 reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the St. Lucie County District School Board, as of June 30, 2021, and the respective changes in financial position 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.A. to the financial statements, the District and certain discretely presented component units 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 23, 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, CPA  
Tallahassee, Florida  
March 23, 2022

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of the St. Lucie 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 \$29,383,196, in comparison to an increase of \$1,882,568 over the 2019-20 fiscal year.
- General revenues total \$515,010,809, or 95.2 percent of all revenues, as compared to \$465,633,064, or 95.3 percent, the 2019-20 fiscal year. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$26,001,740, or 4.8 percent of all revenues, as compared to \$22,843,210, or 4.7 percent, in the 2019-20 fiscal year.
- Expenses total \$511,629,353 as compared to \$486,593,706 in the 2019-20 fiscal year. Only \$26,001,740 of these expenses was offset by program specific revenues, with the remainder paid from general revenues. Total revenues exceeded total expenses by \$29,383,196 as compared to \$1,882,568 in the 2019-20 fiscal year.
- The assigned fund balance for the General Fund was \$15,857,267 and the unassigned fund balance for the General Fund was \$12,547,331. The sum of the assigned and unassigned fund balances of the General Fund, representing the net current financial resources available for general appropriation by the School Board, totaled \$28,404,598 at June 30, 2021, or 7.6 percent, of General Fund expenditures. The prior year sum of the assigned and unassigned fund balances in the General Fund was \$25,460,533, or 7 percent, of total General Fund expenditures.

## **OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

operations, during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

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

- Governmental activities – This represents most of the District's services, including its educational programs such as basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- Component units – The District presents the St. Lucie County Education Foundation, Inc., Renaissance Charter School at St. Lucie, Renaissance Charter School at Tradition, Somerset College Preparatory Academy of the Treasure Coast, Somerset St. Lucie, Somerset Academy Bethany, and Independence Classical Academy as discretely presented component units. Although legally separate organizations, these component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.

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

### **Fund Financial Statements**

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the 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 – Federal Education Stabilization Fund, Capital Projects – Sec. 1011.14/1011.15 Notes Fund, and Capital Projects – Other Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

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

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

The District uses custodial funds to account for school internal funds which are used to account for moneys collected at the schools in connection with school, student athletic, class, and club activities.

### **Notes to Financial Statements**

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

### **Other Information**

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

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

	<b>Governmental Activities</b>	
	<b>6-30-21</b>	<b>6-30-20</b>
Current and Other Assets	\$ 197,478,551	\$ 130,432,328
Capital Assets	584,767,497	603,350,804
<b>Total Assets</b>	<b>782,246,048</b>	<b>733,783,132</b>
<b>Deferred Outflows of Resources</b>	<b>110,376,347</b>	<b>85,265,771</b>
Long-Term Liabilities	513,126,056	469,030,952
Other Liabilities	42,233,350	32,388,571
<b>Total Liabilities</b>	<b>555,359,406</b>	<b>501,419,523</b>
<b>Deferred Inflows of Resources</b>	<b>11,082,100</b>	<b>20,835,783</b>
Net Position:		
Net Investment in Capital Assets	384,454,366	373,428,545
Restricted	133,735,250	81,721,431
Unrestricted (Deficit)	(192,008,727)	(158,356,379)
<b>Total Net Position</b>	<b>\$ 326,180,889</b>	<b>\$ 296,793,597</b>

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

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was primarily the result of accruing \$284,358,384 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

	<b>Governmental Activities</b>	
	<u>6-30-21</u>	<u>6-30-20</u>
Program Revenues:		
Charges for Services	\$ 1,968,860	\$ 3,560,721
Operating Grants and Contributions	22,491,092	17,108,588
Capital Grants and Contributions	1,541,788	2,173,901
General Revenues:		
Property Taxes, Levied for Operational Purposes	137,686,870	135,863,389
Property Taxes, Levied for Capital Projects	38,147,078	36,252,782
Local Sales Taxes	22,820,479	19,243,942
Grants and Contributions Not Restricted to Specific Programs	262,704,425	234,637,363
Unrestricted Investment Earnings	571,603	2,045,198
Miscellaneous	53,080,354	37,590,390
<b>Total Revenues</b>	<u>541,012,549</u>	<u>488,476,274</u>
Functions/Program Expenses:		
Instruction	270,986,008	252,300,562
Student Support Services	21,823,455	20,869,195
Instructional Media Services	4,744,433	4,881,006
Instruction and Curriculum Development Services	10,305,194	10,463,448
Instructional Staff Training Services	7,732,952	7,536,057
Instruction-Related Technology	403,589	330,807
Board	701,634	748,709
General Administration	5,340,183	5,253,200
School Administration	28,009,834	27,136,016
Facilities Acquisition and Construction	21,075,037	15,498,090
Fiscal Services	2,607,038	2,592,394
Food Services	22,088,702	22,830,601
Central Services	6,149,497	6,476,777
Student Transportation Services	24,081,796	24,805,711
Operation of Plant	38,645,121	34,319,909
Maintenance of Plant	6,418,794	8,086,187
Administrative Technology Services	3,982,597	4,108,664
Community Services	1,045,228	1,294,430
Unallocated Interest on Long-Term Debt	8,505,757	9,375,688
Unallocated Depreciation Expense	26,982,504	27,686,255
<b>Total Functions/Program Expenses</b>	<u>511,629,353</u>	<u>486,593,706</u>
<b>Change in Net Position</b>	<u>29,383,196</u>	<u>1,882,568</u>
Net Position - Beginning	296,793,597	294,911,029
Adjustment to Beginning Net Position (1)	4,096	-
Net Position - Beginning, as Restated	<u>296,797,693</u>	<u>294,911,029</u>
<b>Net Position - Ending</b>	<u>\$ 326,180,889</u>	<u>\$ 296,793,597</u>

(1) In the 2020-21 fiscal year, the adjustment to beginning net position was the result of the District recognizing its proportionate share of the FRS restatement of beginning net position of the FRS Pension Plan due to a correction to an interfund receivable.

Significant revenue sources included property and sales taxes, representing 36.7 percent of total revenues, and revenues for grants and contributions not restricted to specific programs, representing 48.6 percent of total government-wide revenues. Revenues from grants and contributions not restricted to specific programs are predominantly made up of State allocations such as Florida Education Finance Program (FEFP) and class size reduction. The State funding allocation 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. Other State revenues are primarily for acquisition, construction, and maintenance of education facilities.

Grants and contributions not restricted to specific programs revenues increased by \$28,067,062, or 12 percent, primarily due to \$11.2 million in FEMA revenues, \$8.2 million in Federal Education Stabilization funds awarded in response to the COVID-19 pandemic, and a \$6 million increase in FEFP funds received. Miscellaneous revenues increased by \$15,489,964, or 41.2 percent, primarily due to an increase in impact fee collections of \$13.2 million.

Instruction expense continued to be the major component of District outlays, representing 53 percent of total expenses. Total expenses increased \$25 million for the 2020-21 fiscal year. This is primarily related to an increase in pension expense.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

### **Major Governmental Funds**

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance decreased \$6,255,306 to \$12,547,331, while the total fund balance increased \$3,053,060 to \$33,461,656. The increase is the result of increased ad valorem tax revenue and State funding allocations, offset by increases in salary expenditures and a payment to the St. Lucie County Sheriff's department for 25 percent of the 1.0 mil ad valorem tax levy in accordance with a referendum passed in 2019.

The Special Revenue – Federal Education Stabilization Fund accounts for Federal grant expenditures and reimbursement under the CARES Act, which is an economic stimulus bill passed by the 116th U.S. Congress and signed into law by President Donald Trump on March 27, 2020, in response to the economic fallout of the COVID-19 pandemic. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Sec. 1011.14/1011.15 Notes Fund has a negative unassigned fund balance of \$8,564,773, which decreased from the prior fiscal year negative fund balance of \$11,259,545. In the 2018-19 fiscal year, the District issued a 2018 Revenue Anticipation Note for \$15 million. As of the end of the current fiscal year, \$9.3 million is still owed on the note, while expenditures of the proceeds are nearly complete.

The Capital Projects – Other Fund has a total fund balance of \$73,336,915, of which \$643,657 has been encumbered for specific projects. The fund balance increased \$30,896,318 during the fiscal year, primarily due to an increase in local capital tax, sales tax, and impact fee revenues as well as reducing major capital project expenditures.

## 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 \$6,230,387, or 1.7 percent, a decrease in total budgeted expenditures of \$13,810,487 (3.6 percent), and a decrease in net other financing sources of \$4,758,959, (45.6 percent). The final budgeted ending fund balance exceeded the ending fund balance in the original budget by \$15,281,914. Budget amendments were generally due to three factors: (1) supplemental appropriations and amendments approved after the beginning of the fiscal year to reflect new grants; (2) changes to existing grants and revenue sources and changes in revenue estimates for the FEFP; and (3) approval of transfers between expenditures. The District maintained its ongoing practice of conservative budgeting and monitoring of expenditures in order to increase fund balance for emergencies.

## 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 \$584,767,497 (net of accumulated depreciation). This investment in capital assets includes land; land improvements; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; construction in progress; and audio visual materials and computer software. The total decrease in capital assets for the current fiscal year was \$18,583,307.

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

### **Long-Term Debt**

At June 30, 2021, the District had total long-term debt outstanding of \$206,768,540, a decrease of \$19,056,926. The District's debt is composed of certificates of participation, bonds payable, and obligations under capital lease and is secured by specific revenue sources or the underlying assets.

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

## OTHER MATTERS OF SIGNIFICANCE

As previously noted, nearly 48.6 percent of the District's revenues came from grants and contributions not restricted to specific programs primarily from the State of Florida, and 36.7 percent came from property and sales taxes. The State's primary sources of revenue are sales taxes, which are dependent on consumer spending by residents and tourists, and property taxes, which are dependent on assessed property values and the arrival of new residents into Florida and into St. Lucie County. Changes in these factors can significantly impact our expected revenues in any given fiscal year.

Beginning in 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally and this pandemic continued into 2021. As a result of the spread of COVID-19, economic uncertainties have arisen that could negatively impact the District's revenue and operations for an indeterminable time period. Other financial impacts could occur that are unknown at this time.

## 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 Chief Financial Officer, 9461 Brandywine Lane, Port St. Lucie, Florida 34986.

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# BASIC FINANCIAL STATEMENTS

## St. Lucie County District School Board Statement of Net Position June 30, 2021

	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 142,443,238.74	\$ 2,992,254.00
Cash and Cash Equivalents with Fiscal Agent	11,109,192.05	-
Investments	1,891.13	628,000.00
Taxes Receivable	82,264.23	-
Accounts Receivable	2,599,448.84	8,557.00
Due from Other Agencies	26,279,194.10	1,482,811.00
Deposits Receivable	-	25,000.00
Prepaid Items	56,770.00	625,018.00
Inventories	2,168,624.77	-
Restricted Cash	-	151,785.00
Restricted Cash and Cash Equivalents with Fiscal Agent	12,737,927.29	-
Capital Assets:		
Nondepreciable Capital Assets	60,137,502.52	-
Depreciable Capital Assets, Net	524,629,994.76	30,906,766.00
<b>TOTAL ASSETS</b>	<u>782,246,048.43</u>	<u>36,820,191.00</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions	102,870,464.00	-
OPEB	1,050,474.00	-
Net Carrying Amount of Debt Refundings	6,455,408.90	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>110,376,346.90</u>	<u>-</u>
<b>LIABILITIES</b>		
Accrued Salaries and Benefits	9,437,665.62	1,443,051.00
Payroll Deductions and Withholdings	3,598,014.95	-
Accounts Payable	13,663,856.72	1,407,265.00
Sales Tax Payable	374.56	-
Notes Payable	9,310,000.00	4,618.00
Construction Contracts Payable - Retained Percentage	8,936.65	-
Due to Other Agencies	3,558.78	292,392.00
Accrued Interest Payable	3,304,561.72	-
Deposits Payable	500.00	-
Unearned Revenue	2,905,881.32	-
Long-Term Liabilities:		
Portion Due Within 1 Year	24,436,043.51	2,180,438.00
Portion Due After 1 Year	488,690,012.10	31,376,739.00
<b>TOTAL LIABILITIES</b>	<u>555,359,405.93</u>	<u>36,704,503.00</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	8,172,623.00	-
OPEB	2,909,477.00	-
Deferred Revenue	-	360,929.00
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>11,082,100.00</u>	<u>360,929.00</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	384,454,365.72	(1,816,019.00)
Restricted for:		
State Required Carryover Programs	889,387.09	-
Debt Service	26,523,903.50	-
Capital Projects	100,656,919.02	-
Food Service	2,460,012.46	-
Grants and FAU Lab School	3,205,027.81	227,202.00
Unrestricted (Deficit)	(192,008,726.20)	1,343,396.00
<b>TOTAL NET POSITION</b>	<u>\$ 326,180,889.40</u>	<u>\$ (245,421.00)</u>

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

**St. Lucie County District School Board  
Statement of Activities  
For the Fiscal Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
Instruction	\$ 270,986,008.26	\$ 135,748.00	\$ -	\$ -
Student Support Services	21,823,454.97	-	-	-
Instructional Media Services	4,744,432.46	-	-	-
Instruction and Curriculum Development Services	10,305,193.87	-	-	-
Instructional Staff Training Services	7,732,952.19	-	-	-
Instruction-Related Technology	403,588.67	-	-	-
Board	701,633.99	-	-	-
General Administration	5,340,182.91	-	-	-
School Administration	28,009,833.49	-	-	-
Facilities Acquisition and Construction	21,075,036.59	-	-	1,458,975.32
Fiscal Services	2,607,037.92	-	-	-
Food Services	22,088,702.22	1,021,662.00	22,491,091.90	-
Central Services	6,149,497.22	579,560.41	-	-
Student Transportation Services	24,081,795.83	231,889.69	-	-
Operation of Plant	38,645,121.44	-	-	-
Maintenance of Plant	6,418,793.84	-	-	-
Administrative Technology Services	3,982,597.02	-	-	-
Community Services	1,045,227.68	-	-	-
Unallocated Interest on Long-Term Debt	8,505,757.16	-	-	82,812.38
Unallocated Depreciation Expense*	26,982,504.08	-	-	-
<b>Total Primary Government</b>	<b>\$ 511,629,351.81</b>	<b>\$ 1,968,860.10</b>	<b>\$ 22,491,091.90</b>	<b>\$ 1,541,787.70</b>
<b>Component Units</b>				
Charter Schools/Educational Foundation	\$ 38,014,433.00	\$ 993,842.00	\$ 2,390,324.00	\$ 2,341,320.00

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

Adjustment to Beginning Net Position

Net Position - Beginning, as Restated

**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.

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

<u>Primary Government</u>	
<u>Governmental</u>	<u>Component</u>
<u>Activities</u>	<u>Units</u>
\$ (270,850,260.26)	\$ -
(21,823,454.97)	-
(4,744,432.46)	-
(10,305,193.87)	-
(7,732,952.19)	-
(403,588.67)	-
(701,633.99)	-
(5,340,182.91)	-
(28,009,833.49)	-
(19,616,061.27)	-
(2,607,037.92)	-
1,424,051.68	-
(5,569,936.81)	-
(23,849,906.14)	-
(38,645,121.44)	-
(6,418,793.84)	-
(3,982,597.02)	-
(1,045,227.68)	-
(8,422,944.78)	-
(26,982,504.08)	-
<u>(485,627,612.11)</u>	<u>-</u>
-	(32,288,947.00)
137,686,869.57	-
38,147,077.82	-
22,820,478.79	-
262,704,425.40	31,018,411.00
571,603.37	5,841.00
53,080,353.78	1,131,148.00
<u>515,010,808.73</u>	<u>32,155,400.00</u>
29,383,196.62	(133,547.00)
296,793,596.78	(503,080.00)
4,096.00	391,206.00
<u>296,797,692.78</u>	<u>(111,874.00)</u>
<u>\$ 326,180,889.40</u>	<u>\$ (245,421.00)</u>

**St. Lucie County District School Board  
Balance Sheet – Governmental Funds  
June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>	<u>Capital Projects - Sec. 1011.14/1011.15 Notes Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 47,613,995.93	\$ -	\$ 745,227.33
Cash and Cash Equivalents with Fiscal Agent	-	-	-
Investments	-	-	-
Taxes Receivable	82,264.23	-	-
Accounts Receivable	2,347,021.54	-	-
Due from Other Funds	3,565,020.52	1,990,493.07	-
Due from Other Agencies	1,170,981.65	1,703,144.61	-
Prepaid Items	-	-	-
Inventories	962,642.55	-	-
Restricted Cash and Cash Equivalents with Fiscal Agent	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 55,741,926.42</u>	<u>\$ 3,693,637.68</u>	<u>\$ 745,227.33</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accrued Salaries and Benefits	\$ 8,006,301.89	\$ 47,126.01	\$ -
Payroll Deductions and Withholdings	3,228,620.82	8,854.83	-
Accounts Payable	10,162,705.32	1,006,476.78	-
Sales Tax Payable	374.56	-	-
Notes Payable	-	-	9,310,000.00
Construction Contracts Payable - Retained Percentage	-	-	-
Due to Other Funds	-	2,631,070.67	-
Due to Other Agencies	3,107.18	88.57	-
Deposits Payable	500.00	-	-
Unearned Revenue	171,178.13	20.82	-
<b>Total Liabilities</b>	<u>21,572,787.90</u>	<u>3,693,637.68</u>	<u>9,310,000.00</u>
Deferred Inflows of Resources:			
Unavailable Revenues - Grant Revenue	707,483.00	-	-
Fund Balances:			
Nonspendable:			
Inventories	962,642.55	-	-
Restricted for:			
State Required Carryover Programs	889,387.09	-	-
Debt Service	-	-	-
Food Service	-	-	-
Capital Projects	-	-	-
Grants and FAU Lab School	3,205,027.81	-	-
Total Restricted Fund Balance	<u>4,094,414.90</u>	<u>-</u>	<u>-</u>
Assigned for:			
Voluntary Prekindergarten and Other Local Programs	5,714,083.48	-	-
Outstanding Purchase Orders	10,143,183.68	-	-
Total Assigned Fund Balance	<u>15,857,267.16</u>	<u>-</u>	<u>-</u>
Unassigned Fund Balance	<u>12,547,330.91</u>	<u>-</u>	<u>(8,564,772.67)</u>
<b>Total Fund Balances</b>	<u>33,461,655.52</u>	<u>-</u>	<u>(8,564,772.67)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 55,741,926.42</u>	<u>\$ 3,693,637.68</u>	<u>\$ 745,227.33</u>

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

<b>Capital Projects - Other Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 70,217,517.55	\$ 23,866,497.93	\$ 142,443,238.74
-	11,109,192.05	11,109,192.05
-	1,891.13	1,891.13
-	-	82,264.23
-	252,427.30	2,599,448.84
-	-	5,555,513.59
17,456,048.99	5,949,018.85	26,279,194.10
-	56,770.00	56,770.00
-	1,205,982.22	2,168,624.77
-	12,737,927.29	12,737,927.29
<u>\$ 87,673,566.54</u>	<u>\$ 55,179,706.77</u>	<u>\$ 203,034,064.74</u>
\$ -	\$ 1,384,237.72	\$ 9,437,665.62
-	360,539.30	3,598,014.95
445,842.28	2,048,832.34	13,663,856.72
-	-	374.56
-	-	9,310,000.00
7,632.00	1,304.65	8,936.65
-	2,924,442.92	5,555,513.59
-	363.03	3,558.78
-	-	500.00
2,713,521.74	21,160.63	2,905,881.32
<u>3,166,996.02</u>	<u>6,740,880.59</u>	<u>44,484,302.19</u>
11,169,655.22	-	11,877,138.22
-	1,205,982.22	2,168,624.77
-	-	889,387.09
-	29,828,465.22	29,828,465.22
-	1,254,030.24	1,254,030.24
73,336,915.30	16,150,348.50	89,487,263.80
-	-	3,205,027.81
<u>73,336,915.30</u>	<u>47,232,843.96</u>	<u>124,664,174.16</u>
-	-	5,714,083.48
-	-	10,143,183.68
-	-	15,857,267.16
-	-	3,982,558.24
<u>73,336,915.30</u>	<u>48,438,826.18</u>	<u>146,672,624.33</u>
<u>\$ 87,673,566.54</u>	<u>\$ 55,179,706.77</u>	<u>\$ 203,034,064.74</u>

**St. Lucie 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** \$ 146,672,624.33

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. 584,767,497.28

Revenues not available to liquidate liabilities in the governmental funds are recorded in the government-wide statements when earned. 11,877,138.22

The difference between the acquisition price and the net carrying amount of refunded debt is reported as a deferred outflow of resources in the government-wide statements, but is not reported in the governmental funds. 6,455,408.90

Interest on long-term debt is accrued as a liability in the government-wide statements but is not recognized in the governmental funds. (3,304,561.72)

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	\$	102,870,464.00	
Deferred Outflows Related to OPEB		1,050,474.00	
Deferred Inflows Related to Pensions		(8,172,623.00)	
Deferred Inflows Related to OPEB		<u>(2,909,477.00)</u>	92,838,838.00

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:

Obligations Under Capital Lease	\$	(2,617,903.31)	
Bonds Payable		(55,110,843.99)	
Certificates of Participation Payable		(149,039,793.16)	
Compensated Absences Payable		(13,896,711.15)	
Other Postemployment Benefits Payable		(8,102,420.00)	
Net Pension Liability		<u>(284,358,384.00)</u>	<u>(513,126,055.61)</u>

**Net Position - Governmental Activities** \$ 326,180,889.40

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

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**St. Lucie 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 - Federal Education Stabilization Fund	Capital Projects - Sec. 1011.14/1011.15 Notes Fund
<b>Revenues</b>			
Intergovernmental:			
Federal Direct	\$ 375,541.95	\$ -	\$ -
Federal Through State and Local	1,498,844.93	8,194,787.80	-
State	203,759,139.31	-	-
Local:			
Property Taxes	137,686,869.57	-	-
Local Sales Taxes	-	-	-
Impact Fees	-	-	-
Charges for Services - Food Service	-	-	-
Miscellaneous	26,126,575.16	174,478.41	-
Total Local Revenues	<u>163,813,444.73</u>	<u>174,478.41</u>	<u>-</u>
<b>Total Revenues</b>	<u>369,446,970.92</u>	<u>8,369,266.21</u>	<u>-</u>
<b>Expenditures</b>			
Current - Education:			
Instruction	233,313,246.50	3,558,614.02	-
Student Support Services	18,982,550.27	95,155.88	-
Instructional Media Services	4,358,076.41	10,088.00	-
Instruction and Curriculum Development Services	4,814,121.73	76,992.50	-
Instructional Staff Training Services	2,121,244.61	26,708.13	-
Instruction-Related Technology	374,763.74	-	-
Board	600,819.30	-	-
General Administration	3,377,144.80	324,415.20	-
School Administration	25,208,469.79	52,328.04	-
Facilities Acquisition and Construction	3,192,356.49	-	215,228.20
Fiscal Services	2,265,253.21	-	-
Food Services	346.40	-	-
Central Services	5,751,036.37	-	-
Student Transportation Services	21,901,910.31	20,501.90	-
Operation of Plant	34,205,706.99	3,373,786.24	-
Maintenance of Plant	5,958,062.98	51,311.20	-
Administrative Technology Services	3,638,024.71	28,128.00	-
Community Services	507,761.97	298,159.18	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	298,491.45	-	19,999.00
Other Capital Outlay	803,320.28	453,077.92	-
Debt Service:			
Principal	208,770.48	-	-
Interest and Fiscal Charges	185,121.31	-	5,300.00
<b>Total Expenditures</b>	<u>372,066,600.10</u>	<u>8,369,266.21</u>	<u>240,527.20</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(2,619,629.18)</u>	<u>-</u>	<u>(240,527.20)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	6,973,549.60	-	2,935,300.00
Sale of Capital Assets	30,360.70	-	-
Loss Recoveries	90,465.93	-	-
Transfers Out	(1,421,687.50)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>5,672,688.73</u>	<u>-</u>	<u>2,935,300.00</u>
<b>Net Change in Fund Balances</b>	3,053,059.55	-	2,694,772.80
Fund Balances, Beginning	30,408,595.97	-	(11,259,545.47)
<b>Fund Balances, Ending</b>	<u>\$ 33,461,655.52</u>	<u>\$ 0.00</u>	<u>\$ (8,564,772.67)</u>

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

<u>Capital Projects - Other Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 4,371,523.33	\$ 4,747,065.28
457,886.73	50,243,141.31	60,394,660.77
860,865.04	4,571,462.88	209,191,467.23
-	38,147,077.82	175,833,947.39
22,820,478.79	-	22,820,478.79
28,868,045.44	-	28,868,045.44
-	1,021,662.00	1,021,662.00
79,849.11	418,489.45	26,799,392.13
<u>51,768,373.34</u>	<u>39,587,229.27</u>	<u>255,343,525.75</u>
<u>53,087,125.11</u>	<u>98,773,356.79</u>	<u>529,676,719.03</u>
-	17,802,478.32	254,674,338.84
-	1,021,594.43	20,099,300.58
-	-	4,368,164.41
-	4,550,605.09	9,441,719.32
-	5,087,000.03	7,234,952.77
-	-	374,763.74
-	-	600,819.30
-	1,182,523.54	4,884,083.54
-	492,064.27	25,752,862.10
10,471,032.28	7,157,281.09	21,035,898.06
-	119,330.35	2,384,583.56
-	21,185,372.22	21,185,718.62
-	23,993.56	5,775,029.93
-	621,034.38	22,543,446.59
-	1,249.14	37,580,742.37
-	-	6,009,374.18
-	-	3,666,152.71
-	185,216.19	991,137.34
830,242.74	678,988.01	1,827,721.20
586,996.00	4,843,353.69	6,686,747.89
915,546.34	16,215,000.00	17,339,316.82
134,453.66	9,419,795.90	9,744,670.87
<u>12,938,271.02</u>	<u>90,586,880.21</u>	<u>484,201,544.74</u>
<u>40,148,854.09</u>	<u>8,186,476.58</u>	<u>45,475,174.29</u>
-	27,454,049.81	37,362,899.41
-	-	30,360.70
-	651,709.96	742,175.89
<u>(9,252,536.60)</u>	<u>(26,688,675.31)</u>	<u>(37,362,899.41)</u>
<u>(9,252,536.60)</u>	<u>1,417,084.46</u>	<u>772,536.59</u>
30,896,317.49	9,603,561.04	46,247,710.88
42,440,597.81	38,835,265.14	100,424,913.45
<u>\$ 73,336,915.30</u>	<u>\$ 48,438,826.18</u>	<u>\$ 146,672,624.33</u>

**St. Lucie 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** \$ 46,247,710.88

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

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

Capital Outlay - Capitalized	\$ 8,514,469.09	
Less: Depreciation Expense	<u>(27,000,779.41)</u>	(18,486,310.32)

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.

(96,996.41)

Revenues not available to liquidate liabilities in the governmental funds are reported as deferred inflows until amounts are available, but are accrued in the government-wide statements when earned.

11,877,138.22

Reversal of prior year accrual in government-wide statements for revenue recognized as not available.

(1,216,849.00)

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

17,339,316.82

Certain issuance costs and premiums for new debt issues are reported when issued as expenditures and other financing sources in the governmental funds, but are deferred and amortized over the term of the debt in the statement of activities.

Premium/discount amortization	\$ 1,717,609.50	
Change in deferred loss on refunding	<u>(772,138.79)</u>	945,470.71

Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as an expense when interest accrues in the statement of activities. This is the amount of change in accrued interest at year end.

293,443.00

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

(340,056.28)

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 OPEB expense.

OPEB Contributions	\$ 497,481.00	
OPEB Expense	<u>(495,217.00)</u>	2,264.00

Expenses reported in the statement of activities that do not utilize current financial resources and are not reported as expenses in the funds.

FRS Pension Contributions	\$ 19,158,314.00	
HIS Pension Contributions	3,929,685.00	
FRS Pension Expense	(42,811,003.00)	
HIS Pension Expense	<u>(7,458,931.00)</u>	<u>(27,181,935.00)</u>

**Change in Net Position - Governmental Activities** **\$ 29,383,196.62**

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

**St. Lucie County District School Board  
Statement of Fiduciary Net Position – Fiduciary Funds  
June 30, 2021**

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,711,211
Inventory	<u>62,715</u>
<b>TOTAL ASSETS</b>	<u>2,773,926</u>
<b>LIABILITIES</b>	
Accounts Payable	<u>1,120</u>
<b>NET POSITION</b>	
Restricted for Student Groups	<u>\$ 2,772,806</u>

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

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

	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Student Group Collections	<u>\$ 2,751,776</u>
<b>DEDUCTIONS</b>	
Student Group Disbursements	<u>2,889,997</u>
<b>Change in Net Position</b>	(138,221)
Net Position - Beginning	-
Adjustment to Beginning Net Position	<u>2,911,027</u>
Net Position - Beginning, as Restated	<u>2,911,027</u>
<b>Net Position - Ending</b>	<u><u>\$ 2,772,806</u></u>

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

# **NOTES TO FINANCIAL STATEMENTS**

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## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the St. Lucie County School District's (District) governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the District's transportation 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 St. Lucie County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education (SBE) rules. The governing body of the District is the Board, which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of St. Lucie County.

Criteria for determining if other entities are potential component units that should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any legally separate entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading.

Based on the application of these criteria, the following component units are included within the District's reporting entity:

**Blended Component Unit.** Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The St. Lucie County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note III.J.1. Due to the substantive economic relationship

between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

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

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

The Renaissance Charter School at St. Lucie, a department of Renaissance Charter School, Inc.; Renaissance Charter School at Tradition, a department of Renaissance Charter School, Inc.; Somerset College Preparatory Academy of the Treasure Coast, Somerset St. Lucie, and Somerset Academy Bethany, divisions of Somerset Academy, Inc.; and Independence Classical Academy are not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33 Florida Statutes. The charter schools operate under charters approved by their sponsor, the St. Lucie County District School Board. The charter schools are considered to be component units of the District, as it would be misleading to exclude them because of their financial relationship to the District and the District's oversight responsibility.

The financial data reported on the accompanying statements was derived from the Foundation's and charter schools' audited financial statements for the fiscal year ended June 30, 2021. The audit reports are filed in the District's administrative offices at 9461 Brandywine Lane, Port St. Lucie, Florida 34986.

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

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

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

### **D. Basis of Presentation: Fund Financial Statements**

The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component unit. Separate statements for each fund category – governmental 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 – Federal Education Stabilization Fund – to account for Federal 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 – Sec. 1011.14/1011.15 Notes Fund – to account for financial resources generated by the District’s Revenue Anticipation Note of \$15,000,000, borrowed on December 13, 2018, under the provisions of Section 1011.14, Florida Statutes.
- Capital Projects – Other Fund – to account for various financial resources generated by certificates of participation, sales tax revenue bonds, and other debt; impact fees to be used for educational capital outlay needs, including new construction, and remodeling and renovation projects; and repair and remediation of damage caused by hurricanes and tropical storms, along with associated insurance loss recoveries.

Additionally, the District reports the following fiduciary fund types:

- 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 on the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities 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, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

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

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

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

The Foundation and charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

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

### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 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, as well as those held by trustees for debt service payments.

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 are presented at fair value or amortized cost, which approximates fair value.

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

### **3. Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption in the course of District operations. Maintenance inventories are stated at cost on the weighted moving average basis.

Transportation inventories are stated at last invoice cost, which approximates the first-in, first-out basis. United States Department of Agriculture donated foods are stated at their acquisition 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.

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

#### **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.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	8 - 40 years
Buildings and Fixed Equipment	10 - 50 years
Furniture, Fixtures, and Equipment	3 - 15 years
Motor Vehicles	5 - 10 years
Property Under Capital Lease	3 - 15 years
Audio Visual Materials and 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. Bonds and certificates of participation premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds and certificates of participation payable are reported net of the applicable bond premium or discount.

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

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

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

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

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. On the statement net position, the District has two items that qualify for reporting in this category. The deferred inflows of resources related to pensions and OPEB are discussed in subsequent notes. On the governmental funds balance sheet, the District has two items, unavailable revenue from Medicaid reimbursements and Federal disaster grants, which arise only under a modified accrual basis of accounting that qualify for reporting in this category. These amounts are deferred and 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 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 assigns fund balance based on actions of the Superintendent or his designee. 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 School Hardening Grant program. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE.

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

## **3. District Property Taxes**

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

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

The Board adopted the 2020 tax levy on September 8, 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 St. Lucie 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 October 2005, the voters of St. Lucie County approved a one-half cent school capital outlay surtax on sales in the County for 20 years, effective January 1, 2006, to pay construction costs of certain school facilities and related costs in accordance with Section 212.055(6), Florida Statutes.

#### **5. Educational Impact Fees**

St. Lucie County imposes an educational impact fee based on an ordinance adopted by the County Commission. This ordinance was most recently amended on June 6, 2017, when Ordinance 17-013 established, in part, revised fees to be collected. The educational impact fee is collected for most new residential construction by the County and each municipality within the County based on an interlocal agreement. The fees are to be used solely for the purpose of providing capital improvements to the public educational system necessitated by new residential development and are not to be used for any expenditure that would be classified as a maintenance or repair expense. The authorized uses include, but are not limited to, land acquisition; facility design and construction costs; furniture and equipment; and payment of principal, interest, and related costs of indebtedness necessitated by new residential development.

#### **6. 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.

#### **7. 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.

## **II. ACCOUNTING CHANGES**

### **A. GASB Statement No. 84.**

The District and certain component units 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. As such, the beginning net position of the District's custodial funds and the aggregate discretely presented component units column was increased by \$2,911,027 and \$342,341, respectively.

## B. Change in Reporting Entity.

The District increased the beginning net position for the aggregate discretely presented component units by \$48,865 due to the opening of the Independence Classical Academy. The restated beginning net position affects the comparability of amounts reported for the 2020-21 fiscal year with amounts reported for the 2019-20 fiscal year.

### 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:

<u>Investments Reported at Amortized Cost</u>	<u>Maturities</u>	<u>Investments</u>	<u>Cash and Cash Equivalents</u>
SBA:			
Florida PRIME (1)	50 Days	\$ -	\$ 123,454,249.38
Debt Service Accounts	6 Months	1,891.13	-
U.S. Treasury Securities (2)	July 2021	-	11,847,000.00
First American Government Obligations Fund Class Z (3)	28 days	-	11,109,192.05
Total Investments, Primary Government		<u>\$ 1,891.13</u>	
Investments Reported as Cash and Cash Equivalents			146,410,441.43
Cash Deposits (4)			<u>19,879,916.65</u>
<b>Total Cash and Cash Equivalents</b>			<u><u>\$ 166,290,358.08</u></u>

- (1) Florida PRIME is a qualifying external investment pool presented at amortized cost. There are no restrictions or limitations on withdrawals; however, Florida PRIME may, on occurrence of an event that has material impact on liquidity or operations, impose restrictions on withdrawals for up to 48 hours.
- (2) Composed of funds held in trust in connection with Certificates of Participation, Series 2010B-QCSB and Series 2010C-QSCB, reported as restricted cash and cash equivalents with fiscal agent.
- (3) Composed of funds held in trust in connection with Certificates of Participation, Series 2011A, Series 2011B, Series 2013A, Series 2015A, and Series 2017, reported as cash and cash equivalents with fiscal agent.
- (4) Includes \$890,927.29 of funds held in trust in connection with Certificates of Participation Series 2010B-QSCB and 2010C QSCB reported as restricted cash and cash equivalents with fiscal agent.

## **Fair Value Measurement**

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

Investments in Florida PRIME are measured at amortized cost, which approximates fair value. The District invests in Florida PRIME to obtain competitive market returns while ensuring the safety and liquidity of the portfolio. Investments in Florida PRIME may be redeemed without advance notice and there are no unfunded commitments for further investment. There are currently no limitation as to the frequency of redemptions; however, Florida PRIME has the ability to impose restrictions on withdrawals should a material event occur. Detailed information on the withdrawal restrictions that may be imposed and Florida PRIME's responsibilities should such an event occur is described in Section 218.409(8)(a), Florida Statutes.

## **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 encourages investment maturities that match known cash flow needs and anticipated cash flow requirements as a means of managing its exposure to fair value losses from increasing interest rates. Investment of current operating funds shall have maturities no longer than 2 years. Investment of bond reserves, construction funds, and other nonoperating funds shall have a term appropriate to the need for funds and in accordance with debt covenants, but shall not exceed 5 years.

The District's First American Government Obligations Fund Class Z money market investment had a weighted average days to maturity (WAM) ranging from daily liquidity to 28 days at June 30, 2021. Florida PRIME had a WAM of 50 days. 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.

## **Credit Risk**

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

The District's investments in the SBA debt service accounts are to provide for debt service payments on bond debt issued by the SBE for the benefit of the District. The District relies on policies developed

by the SBA for managing interest rate risk and credit risk for this account. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

As of June 30, 2021, the District's investments in Florida PRIME and First American Government Obligations Fund Class Z are rated AAAm and the United States Treasury securities are rated AA+ by Standard & Poor's.

### **Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy addresses custodial credit risk in that all securities, with the exception of certificates of deposit, are 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. The securities must be held in an account separate and apart from the assets of the financial institution.

### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy limits the amounts that may be invested in any one issuer ranging from 25 to 100 percent depending on investment type.

## C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 43,377,244.30	\$ -	\$ -	\$ 43,377,244.30
Land Improvements	5,508,927.34	723,891.09	-	6,232,818.43
Construction in Progress	13,900,064.00	708,341.80	4,080,966.01	10,527,439.79
Total Capital Assets Not Being Depreciated	<u>62,786,235.64</u>	<u>1,432,232.89</u>	<u>4,080,966.01</u>	<u>60,137,502.52</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	16,838,868.96	24,560.00	-	16,863,428.96
Buildings and Fixed Equipment	1,021,250,277.43	4,476,454.32	-	1,025,726,731.75
Furniture, Fixtures, and Equipment	55,974,813.00	3,086,687.54	2,840,218.42	56,221,282.12
Motor Vehicles	40,804,008.00	3,356,032.00	2,604,860.95	41,555,179.05
Audio Visual Materials and Computer Software	18,325,666.20	219,468.35	1,791,973.41	16,753,161.14
Total Capital Assets Being Depreciated	<u>1,153,193,633.59</u>	<u>11,163,202.21</u>	<u>7,237,052.78</u>	<u>1,157,119,783.02</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	11,260,090.43	384,684.75	-	11,644,775.18
Buildings and Fixed Equipment	511,170,111.50	20,488,837.44	-	531,658,948.94
Furniture, Fixtures, and Equipment	45,571,387.00	3,986,774.28	2,793,366.41	46,764,794.87
Motor Vehicles	27,901,293.00	2,029,512.47	2,554,716.55	27,376,088.92
Audio Visual Materials and Computer Software	16,726,183.29	110,970.47	1,791,973.41	15,045,180.35
Total Accumulated Depreciation	<u>612,629,065.22</u>	<u>27,000,779.41</u>	<u>7,140,056.37</u>	<u>632,489,788.26</u>
Total Capital Assets Being Depreciated, Net	<u>540,564,568.37</u>	<u>(15,837,577.20)</u>	<u>96,996.41</u>	<u>524,629,994.76</u>
Governmental Activities Capital Assets, Net	<u>\$ 603,350,804.01</u>	<u>\$ (14,405,344.31)</u>	<u>\$ 4,177,962.42</u>	<u>\$ 584,767,497.28</u>

The class of property under capital lease is presented in Note III.H.

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	\$ 18,275.33
Unallocated	<u>26,982,504.08</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 27,000,779.41</u>

## D. Retirement Plans

### 1. FRS – Defined Benefit Pension Plans

#### General Information about the FRS

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment

Plan. Chapter 112, Florida Statutes, established the Retiree HIS Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

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

The District's FRS and HIS pension expense totaled \$50,269,934 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:

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

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
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 \$19,158,314 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 \$201,817,678 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 0.465645629 percent, which was an increase of 0.030201223 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 \$42,811,003. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 7,723,973	\$ -
Change of Assumptions	36,535,421	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	12,016,419	-
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	6,541,872	2,263,769
District FRS Contributions Subsequent to the Measurement Date	19,158,314	-
<b>Total</b>	<b>\$ 81,975,999</b>	<b>\$ 2,263,769</b>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$19,158,314, 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:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 12,002,171
2023	18,790,484
2024	16,374,522
2025	10,232,969
2026	<u>3,153,770</u>
<b>Total</b>	<u><u>\$ 60,553,916</u></u>

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	PUB2010 base table varies by member category and sex, 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:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.2%	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%
<b>Total</b>	<u>100%</u>			
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:

	<u>1% Decrease (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase (7.8%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 322,268,915	\$ 201,817,678	\$ 101,216,281

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

**Payables to the Pension Plan.** At June 30, 2021, the District reported a payable of \$2,220,444 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2021.

### **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 \$3,929,685 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 \$82,540,706 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 0.676018072 percent, which was an increase of 0.045514512 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 \$7,458,931. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 3,376,415	\$ 63,675
Change of Assumptions	8,875,476	4,799,420
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	65,901	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	4,646,988	1,045,759
District HIS Contributions Subsequent to the Measurement Date	3,929,685	-
<b>Total</b>	<b>\$ 20,894,465</b>	<b>\$ 5,908,854</b>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$3,929,685, 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:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 2,674,194
2023	2,117,757
2024	845,571
2025	1,534,996
2026	1,935,733
Thereafter	1,947,675
<b>Total</b>	<b>\$ 11,055,926</b>

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

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

	<b>1% Decrease (1.21%)</b>	<b>Current Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
District's Proportionate Share of the Net Pension Liability	\$ 95,413,372	\$ 82,540,706	\$ 72,004,466

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

Payables to the Pension Plan. At June 30, 2021, the District reported a payable of \$576,454 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2021.

## **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:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 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 \$5,367,457 for the fiscal year ended June 30, 2021.

Payables to the Investment Plan. At June 30, 2021, the District reported a payable of \$660,836 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2021.

## **E. Other Postemployment Benefit Obligations**

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District that provides OPEB for all employees who satisfy the District's retirement eligibility provisions. Pursuant to Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical, prescription drug, and life insurance 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 and life 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	351
Active Employees	<u>4,179</u>
Total	<u>4,530</u>

**Total OPEB Liability.** The District’s total OPEB liability of \$8,102,420 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	Salary increase rates used in the July 1, 2020, actuarial valuation of the FRS for Regular Class members; 3.4 percent – 7.8 percent, including inflation.
Discount Rate	2.45 percent
Retirement Age	Retirement rates used in the July 1, 2020, actuarial valuation of the FRS. The rates are based on results of a Statewide experience study covering the period 2013-2018.
Mortality	Mortality rates are the same as used in the July 1, 2020, actuarial valuation of the FRS. These rates were taken from adjusted Pub-2010 mortality tables published by SOA with generational mortality improvements using a scale MP-2018. Adjustments to reference tables are based on the results of a Statewide experience study covering the period 2008-2013.
Healthcare Cost Trend Rates	Starting at 3.02 percent for 2021 (to reflect actual premium), followed by 6 percent for 2022, and gradually decreasing to an ultimate trend rate of 3.99 percent over 19 years based on the Getzen Model.
Aging Factors	Based on the 2013 SOA Study “Health Care Costs – From Birth to Death.”
Expenses	Administrative expenses are included in the per capita health costs.

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the actuarial valuation, the municipal bond rate of 2.45 percent was based on the daily rate of Fidelity's "20-Year Municipal GO 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.

	<u>Amount</u>
Balance at June 30, 2020	\$ 9,140,801
Changes for the year:	
Service Cost	478,086
Interest	292,236
Differences Between Expected and Actual Experience	(609,097)
Changes of Assumptions or Other Inputs	(635,071)
Benefit Payments	<u>(564,535)</u>
Net Changes	<u>(1,038,381)</u>
Balance at June 30, 2021	<u>\$ 8,102,420</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 3.13 percent in 2019 to 2.45 percent in 2020, an update to the medical claim costs and premiums based on actual premiums provided for the valuation, and changes in demographic assumptions to match those developed by the Florida Retirement System and adopted for its July 1, 2020, 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:

	<u>1% Decrease (1.45%)</u>	<u>Current Discount Rate (2.45%)</u>	<u>1% Increase (3.45%)</u>
Total OPEB Liability	\$ 8,937,860	\$ 8,102,420	\$ 7,375,950

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 or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 7,270,773	\$ 8,102,420	\$ 9,126,736

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$495,217. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 450,346	\$ 556,132
Changes of Assumptions or Other Inputs	102,647	2,353,345
Benefits Paid Subsequent to the Measurement Date	497,481	-
<b>Total</b>	<u>\$ 1,050,474</u>	<u>\$ 2,909,477</u>

The amount reported as deferred outflows of resources related to OPEB, totaling \$497,481, resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year, will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2022. The amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ (275,105)
2023	(275,105)
2024	(275,105)
2025	(275,105)
2026	(275,105)
Thereafter	(980,959)
<b>Total</b>	<u>\$ (2,356,484)</u>

## F. Other Significant Commitments

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

The following is a schedule of encumbrances at June 30, 2021:

<b>Major Funds</b>				
<b>General</b>	<b>Special Revenue - Federal Education Stabilization</b>	<b>Capital Projects - Other</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 10,140,183.68	\$ 1,092,174.49	\$ 643,657.10	\$ 3,469,055.50	\$ 15,345,070.77

## 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; third-party injuries and/or property damage; and natural disasters. The St. Lucie County District School Board is a member of the South Central Educational Risk Management Program (SCERMP) a consortium under which seven district school boards have established a public entity risk sharing pool for property, general liability, automobile liability, workers' compensation, governmental crime, and other coverage deemed necessary by the members of the SCERMP. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The interlocal agreement and bylaws of SCERMP provide that risk of loss is transferred to the consortium. SCERMP is self-sustaining through member contributions (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. Member school boards are also subject to supplemental contributions in the event of a deficiency, except to the extent that the deficiency results from a specific claim against a member school board in excess of the coverage available, then such deficiency is solely the responsibility of that member school board.

The Board of Directors for SCERMP is composed of superintendents, finance directors, or an authorized representative of all participating districts. Employers Mutual, Inc. D/B/A Relation Insurance Inc. serves as the third-party administrator, insurance broker, and fiscal agent for SCERMP.

Property damage coverage is managed by SCERMP by purchase of excess property coverage through commercial insurance carriers for property loss claims in excess of \$100,000 (except wind, hail, and flood). The named wind/hail/hurricane deductible is 5 percent of replacement cost value with a minimum of \$100,000 per occurrence and a maximum of \$25 million per occurrence. The deductibles for all other wind events are \$100,000. Special hazard flood area deductibles are \$500,000 per building and \$500,000 contents plus \$100,000 time element per occurrence. The flood deductible outside a special flood hazard area is \$100,000. SCERMP's purchased excess property loss limit during the 2020-21 fiscal year was \$100 million.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2020-21 fiscal year was \$1 million. SCERMP purchases excess liability coverage through a commercial insurance carrier, which covers workers' compensation losses in excess of the self-insurance retention. Employers' liability is included, subject to \$2 million per occurrence.

The District is protected by Section 768.28, Florida Statutes, under the Doctrine of Sovereign Immunity, as it is now written, as it may be amended by the Legislature at future dates, which effectively limits the amount of liability of governmental entities for tort claims to \$200,000 per claim and \$300,000 per occurrence.

The District's health insurance, life insurance, dental insurance, and vision care plan are being provided through purchased commercial insurance.

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

## H. Lease Obligations

The class and amounts of property being acquired under a capital lease is as follows:

	<u>Asset Balance</u>
Computers	\$ 1,963,500
District Vehicles	590,220
<b>Total</b>	<u>\$ 2,553,720</u>

Future minimum capital lease payments and the present value of the minimum lease payments as of June 30 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,294,659.00	\$ 1,167,103.94	\$ 127,555.06
2023	1,294,659.00	1,211,890.68	82,768.32
2024	273,953.71	238,908.69	35,045.02
<b>Total</b>	<u>\$ 2,863,271.71</u>	<u>\$ 2,617,903.31</u>	<u>\$ 245,368.40</u>

## I. Changes in Short-Term Debt

The following is a schedule of changes in short-term debt:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Tax Anticipation Note	\$ -	\$ 18,000,000	\$ 18,000,000	\$ -
Other Short-Term Debt	12,240,000	-	2,930,000	9,310,000
<b>Total Governmental Activities</b>	<u>\$ 12,240,000</u>	<u>\$ 18,000,000</u>	<u>\$ 20,930,000</u>	<u>\$ 9,310,000</u>

The Tax Anticipation Note, Series 2020, with an interest rate of 2 percent, was issued on September 4, 2020, for \$18,000,000, and matured on June 1, 2021. Proceeds from the tax anticipation note were used as working capital reserves in the General Fund as permitted under State and Federal tax laws.

During the 2019-20 fiscal year, the District entered a financing arrangement under the provisions of Section 1011.14, Florida Statutes, which authorizes district school boards to create obligations for a period of 1 year, in anticipation of budgeted revenues accruing on a current basis, without pledging

the credit of the District or requiring future levy of taxes for certain purposes. These obligations may be extended from year to year, with the consent of the lender, for a period not to exceed 4 years, for a total of 5 years, including the initial year of the loan. The Revenue Anticipation Note (RAN), in the amount of \$15,000,000 with a final maturity date of December 1, 2023, is to be used for capital improvements to educational and related facilities. If the District fails to provide the principal and interest payments through to term, the noteholders may accelerate the outstanding principal and interest accrued thereon to be due and payable immediately or make any other remedy available by law.

Amounts payable for the planned extended repayment of the RAN is as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	\$3,238,931.75	\$3,015,000.00	\$ 223,931.75
2023	3,241,109.75	3,105,000.00	136,109.75
2024	3,235,776.50	3,190,000.00	45,776.50
Total Notes Payable	<u>\$9,715,818.00</u>	<u>\$9,310,000.00</u>	<u>\$ 405,818.00</u>

## J. Long-Term Liabilities

### 1. Certificates of Participation

Certificates of participation at June 30, 2021, are as follows:

<u>Series</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Lease Term Maturity</u>	<u>Original Amount</u>
COPs from Direct Borrowings:				
2010B-QSCB	\$ 12,232,000	0.47 (1)	2027	\$ 12,232,000
2010C-QSCB	8,000,000	0.39 (1)	2028	8,000,000
Total COPs from Direct Borrowings	<u>20,232,000</u>			
Other COP Issuances				
2011A, Refunding	5,315,000	4	2022	54,850,000
2011B, Refunding	12,725,000	3.6 - 5	2024	12,725,000
2013A, Refunding	73,665,000	3 - 3.25	2031	77,255,000
2015A, Refunding	19,335,000	3 - 5	2031	26,080,000
2017A, Refunding	<u>13,530,000</u>	3 - 5	2033	16,660,000
Total Other COP Issuances	<u>124,570,000</u>			
<b>Total Certificates of Participation</b>	<u>\$ 144,802,000</u>			

- (1) Series 2010B and Series 2010C are designated as "qualified school construction bonds" as defined in Section 54F of the Internal Revenue Code, and pursuant to Section 6431 of the Code, the Board has elected to receive Federal subsidy payments on each interest payment date for the certificates in an amount equal to the lesser of the amount of interest payable with respect to the certificates on such date or the amount of interest which would have been payable with respect to the certificates if the interest were determined at the applicable tax credit rate for the certificates pursuant to Section 54A(3)(b) of the Code. The interest rate for Series 2010B Certificates is 5.87 percent, with an allowed Federal subsidy of 5.4 percent. The interest rate for Series 2010C Certificates is 5.24 percent, with allowed Federal subsidy of 4.85 percent. For the Series 2010B and Series 2010C Certificates, payments of \$719,529 and \$470,588, respectively, are deposited into a sinking fund annually. The accumulated amount in this fund is to be used to repay the principal amount of these Certificates upon maturity.

Series 2010B-QSCB Certificates – The District entered into a financing arrangement with the Leasing Corporation on June 29, 2010, which was characterized as a lease-purchase agreement, whereby the District secured financing of \$12,232,000 for various educational facilities. The Series 2010B Certificates were to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation, with a rental fee of \$10 per year. The initial term of the lease is 17 years commencing on June 29, 2010. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, and a resulting event of termination takes place, the trustee, upon the written request of a majority of the owners of the certificates, may accelerate the outstanding principal to be due and payable immediately, take title to and sell or otherwise dispose of the financed projects, or make any other remedy available by law, for the benefit of the owners of the certificates.

Series 2010C-QSCB Certificates – The District entered into a financing arrangement on September 30, 2010, which was characterized as a lease purchase agreement, with the Leasing Corporation whereby the District secured financing of \$8,000,000 for various education facilities. The Series 2010C Certificates were to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation, with a rental fee of \$10 per year. The initial term of the lease is 17 years, commencing on October 1, 2010. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, and a resulting event of termination takes place, the trustee, upon the written request of a majority of the owners of the certificates, may accelerate the outstanding principal to be due and payable immediately, take title to and sell or otherwise dispose of the financed projects, or make any other remedy available by law, for the benefit of the owners of the certificates.

Series 2011A Refunding Certificates – The District entered into a financing arrangement on May 3, 2011, which was characterized as a lease-purchase agreement, with the Leasing Corporation whereby the District secured financing of \$54,850,000 to refund a portion of Certificates of Participation, Series 2001A, B, C, and Certificate of Participation Series 2003A. The Series 2011A Refunding Certificates were to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation, with a rental fee of \$10 per year. The initial term of the lease is 22 years commencing on May 3, 2011. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, and a resulting event of termination takes place, the trustee, upon the written request of a majority of the owners of the certificates, may accelerate the outstanding principal to be

due and payable immediately, take title to and sell or otherwise dispose of the financed projects, or make any other remedy available by law, for the benefit of the owners of the certificates.

Series 2011B Refunding Certificates – The District entered into a financing arrangement on January 5, 2012, which was characterized as a lease-purchase agreement, with the Leasing Corporation whereby the District secured financing of \$12,725,000 to refund a portion of Certificates of Participation, Series 2001A, B, C, and Certificate of Participation, Series 2003A. The Series 2011B Refunding Certificates were to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation, with a rental fee of \$10 per year. The initial term of the lease is 11 years commencing on January 5, 2012. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, and a resulting event of termination takes place, the trustee, upon the written request of a majority of the owners of the certificates, may accelerate the outstanding principal to be due and payable immediately, take title to and sell or otherwise dispose of the financed projects, or make any other remedy available by law, for the benefit of the owners of the certificates.

Series 2013A Refunding Certificates – The District entered into a financing arrangement on March 20, 2013, which was characterized as a lease-purchase agreement, with the Leasing Corporation whereby the District secured financing of \$77,255,000 to refund a portion of Certificate of Participation, Series 2003A and Certificate of Participation, Series 2004A. The Series 2013A Refunding Certificates are to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation with a rental fee of \$10 per year. The initial term of the lease is 17 years commencing on March 20, 2013. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, and a resulting event of termination takes place, the trustee, upon the written request of a majority of the owners of the certificates, may accelerate the outstanding principal to be due and payable immediately, take title to and sell or otherwise dispose of the financed projects, or make any other remedy available by law, for the benefit of the owners of the certificates.

Series 2015A Refunding Certificates – The District entered into a financing arrangement on December 3, 2014, which was characterized as a lease purchase agreement, with the Leasing Corporation whereby the District secured financing of \$26,080,000 to refund Certificates of participation, Series 2005A. The Series 2015A Refunding Certificates are to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation, with a rental fee of \$10 per year. The initial term of the lease is 15 years commencing on December 3, 2014. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, and a resulting event of termination takes place, the trustee, upon the written request of a majority of the owners of the certificates, may accelerate the outstanding principal to be due and payable immediately, take title to and sell or otherwise dispose of the financed projects, or make any other remedy available by law, for the benefit of the owners of the certificates.

Series 2017A Refunding Certificates – The District entered into a financing arrangement on January 11, 2017, which was characterized as a lease purchase agreement, with the Leasing Corporation whereby the District secured financing of \$16,660,000 to refund Certificates of Participation, Series 2007, which was used for the planning and construction of the Treasure Coast University Charter School (now called Palm Pointe Educational Research School at Tradition). Series 2017 Certificates were to be repaid from the proceeds of rents paid to the District.

As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation, with a rental fee of \$10 per year. The initial term of the lease is 25 years commencing on January 11, 2017. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, and a resulting event of termination takes place, the trustee, upon the written request of a majority of the owners of the certificates, may accelerate the outstanding principal to be due and payable immediately, take title to and sell or otherwise dispose of the financed projects, or make any other remedy available by law, for the benefit of the owners of the certificates.

In connection with this financing arrangement, the District entered into an Education Facilities Lease Purchase Agreement with the FAU-Treasure Coast University Schools, Inc. (TCUS), a Florida not for profit corporation authorized and created by Florida Atlantic University, for the purpose of facilitating the acquisition, construction, and operation of TCUS, as sub-lessee. The term of the sublease commenced on January 11, 2017, and extends through August 15, 2032. In accordance with the sublease, TCUS will remit Charter School capital funds to the Trustee for deposit to the TCUS Fund.

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

<u>Certificates</u>	<u>Description of Properties</u>
Series 2010B-QSCB	Lincoln Park Academy Additions and Renovations
Series 2010C-QSCB	Lincoln Park Academy Additions and Renovations
Series 2011A & 2011B	District Administration Building Fairlawn Elementary School Frances K. Sweet Elementary School Dan McCarty Middle School Ft. Pierce Magnet School of the Arts
Series 2013A	Rivers Edge Elementary School Savanna Ridge Elementary School Southern Oaks Middle School Dan McCarty Middle School Addition St. Lucie Elementary School Addition Lincoln Park Academy Additions and Renovations Oak Hammock K-8 School Treasure Coast High School
Series 2015A	Westgate K-8 School Treasure Coast High School Improvements
Series 2017A	Palm Pointe Educational Research School at Tradition

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

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Other Certificates of Participation</u>		<u>Certificates of Participation from Direct Borrowings</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 15,712,212.00	\$ 9,690,000.00	\$ 4,888,222.00	\$ -	\$ 1,133,990.00
2023	15,872,062.00	10,325,000.00	4,413,072.00	-	1,133,990.00
2024	15,879,308.00	10,820,000.00	3,925,318.00	-	1,133,990.00
2025	16,099,928.00	11,510,000.00	3,455,938.00	-	1,133,990.00
2026	16,083,671.00	11,985,000.00	2,964,681.00	-	1,133,990.00
2027-2031	96,283,990.00	67,520,000.00	7,188,400.00	20,232,000.00	1,343,590.00
2032-2033	2,826,363.00	2,720,000.00	106,363.00	-	-
Total Minimum Lease Payments	178,757,534.00	124,570,000.00	26,941,994.00	20,232,000.00	7,013,540.00
Plus: Net Unamortized Premium	4,237,793.16	4,237,793.16	-	-	-
<b>Total Minimum Lease Payments</b>	<b>\$ 182,995,327.16</b>	<b>\$ 128,807,793.16</b>	<b>\$ 26,941,994.00</b>	<b>\$ 20,232,000.00</b>	<b>\$ 7,013,540.00</b>

## 2. Bonds Payable

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

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:			
Series 2011A, Refunding	\$ 125,000	3	2023
District Revenue Bonds:			
Sales Tax Revenue Bonds, Series 2001	1,700,000	5	2031
Sales Tax Revenue Bonds, Series 2015, Refunding	47,310,000	5	2027
<b>Total Bonds Payable</b>	<b>\$ 49,135,000</b>		

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

## **State School Bonds**

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

## **Sales Tax Revenue Bonds**

Series 2001 – These bonds are authorized by Chapters 67-1996 and 76-480, Laws of Florida, Section 212.20, Florida Statutes, Chapters 230, 235, 236, and 550, and a resolution adopted by the St. Lucie County District School Board on June 12, 2001. These bonds are secured by pari-mutuel replacement revenues distributed annually to St. Lucie County from the State pursuant to Section 212.20(6)(d)7a., Florida Statutes, as a replacement for moneys distributed under Section 550.135, Florida Statutes, prior to July 1, 2000.

Series 2015, Refunding – The School Board issued Sales Tax Refunding Revenue Bonds, Series 2015, in the amount of \$79,880,000 on May 15, 2015. These bonds are authorized by Chapter 1001, Florida Statutes, and Chapter 212, Florida Statutes, and a resolution of the Board adopted on March 24, 2015. Proceeds from the bonds were used to refund Sales Tax Revenue Bonds, Series 2006.

These bonds are secured by a pledge of proceeds received by the District from the levy and collection of a one-half cent discretionary sales surtax (sales tax revenues) pursuant to Section 212.055(6), Florida Statutes. The pledged sales tax revenues, amounting to \$54,752,250 as of June 30, 2021, are committed until final maturity of the debt, or October 1, 2026. During the 2020-21 fiscal year, the District recognized sales tax revenues totaling \$22,820,479 and expended \$9,156,125 (40 percent) of these revenues for debt service directly collateralized by these revenues. Assuming a nominal growth rate in the collection of sales tax revenue, which are levied, unless extended, through December 31, 2026, approximately 48 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:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds:			
2022	\$ 63,750.00	\$ 60,000.00	\$ 3,750.00
2023	66,950.00	65,000.00	1,950.00
Total State School Bonds	130,700.00	125,000.00	5,700.00
District Revenue Bonds:			
2022	9,366,625.00	7,090,000.00	2,276,625.00
2023	9,358,375.00	7,445,000.00	1,913,375.00
2024	9,352,000.00	7,820,000.00	1,532,000.00
2025	9,336,500.00	8,205,000.00	1,131,500.00
2026	9,331,125.00	8,620,000.00	711,125.00
2027-2031	10,199,625.00	9,830,000.00	369,625.00
Total District Revenue Bonds	56,944,250.00	49,010,000.00	7,934,250.00
Total Bonds Payable	57,074,950.00	49,135,000.00	7,939,950.00
Plus: Net Unamortized Premium	5,975,843.99	5,975,843.99	-
<b>Total</b>	<b>\$63,050,793.99</b>	<b>\$55,110,843.99</b>	<b>\$ 7,939,950.00</b>

### 3. Changes in Long-Term Liabilities

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

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Certificates of Participation Payable	\$154,207,000.00	\$ -	\$ 9,405,000.00	\$144,802,000.00	\$ 9,690,000.00
Unamortized Premiums/Discounts	4,807,401.16	-	569,608.00	4,237,793.16	548,625.45
Total Certificates of Participation Payable	159,014,401.16	-	9,974,608.00	149,039,793.16	10,238,625.45
Bonds Payable	55,945,000.00	-	6,810,000.00	49,135,000.00	7,150,000.00
Unamortized Premium	7,123,845.49	-	1,148,001.50	5,975,843.99	1,148,001.12
Total Bonds Payable	63,068,845.49	-	7,958,001.50	55,110,843.99	8,298,001.12
Obligations Under Capital Lease	3,742,220.13	-	1,124,316.82	2,617,903.31	1,167,103.94
Other Postemployment Benefits Payable	9,140,801.00	770,322.00	1,808,703.00	8,102,420.00	497,481.00
Compensated Absences Payable	13,556,654.87	3,714,398.91	3,374,342.63	13,896,711.15	3,374,343.00
Net Pension Liability (1)	220,503,934.00	147,876,116.00	84,021,666.00	284,358,384.00	860,489.00
<b>Total Governmental Activities</b>	<b>\$469,026,856.65</b>	<b>\$152,360,836.91</b>	<b>\$108,261,637.95</b>	<b>\$513,126,055.61</b>	<b>\$24,436,043.51</b>

(1) The net pension liability beginning balance was decreased by \$4,096 as a result of the District recognizing its proportionate share of the FRS restatement of beginning net position of the FRS Pension Plan due to the correction of an interfund receivable amount.

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

### K. 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.

The Capital Projects – Sec. 1011.14/1011.15 Notes Fund contains a deficit fund balance of \$8,564,772.67 for funds related to a note issued pursuant to Sections 1011.14 and 1011.15, Florida Statutes. The deficit fund balance occurred because the short-term debt is a fund liability while the capital assets constructed with the note proceeds are not recorded in the fund financial statements. The deficit is expected to be restored when the District pays the obligation in its entirety.

## L. Interfund Receivables and Payables

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 3,565,020.52	\$ -
Special Revenue:		
Federal Education Stabilization	1,990,493.07	2,631,070.67
Nonmajor Governmental	-	2,924,442.92
<b>Total</b>	<b>\$ 5,555,513.59</b>	<b>\$ 5,555,513.59</b>

Interfund receivables and payables were temporary in nature and were to facilitate Federal cash flows.

## M. 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	\$ 157,781,926.88
Categorical Educational Program - Class Size Reduction	44,830,116.00
Charter School Capital Outlay	2,177,638.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,519,038.64
Voluntary Prekindergarten Program	900,103.63
Food Service Supplement	254,517.00
State License Tax	224,242.62
Miscellaneous	1,503,884.46
<b>Total</b>	<b>\$ 209,191,467.23</b>

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

## 2. Property Taxes

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

<b>General Fund</b>	<b>Millages</b>	<b>Taxes Levied</b>
Nonvoted School Tax:		
Required Local Effort	3.701	\$ 97,501,220
Basic Discretionary Local Effort	0.748	19,705,730
Voted School Tax:		
Additional Operating	1.000	26,344,599
<b>Capital Projects - Local Capital Improvement Fund</b>		
Nonvoted Tax:		
Local Capital Improvements	1.500	39,516,864
<b>Total</b>	<b>6.949</b>	<b>\$ 183,068,413</b>

## N. Interfund Transfers

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

<b>Funds</b>	<b>Interfund</b>	
	<b>Transfers In</b>	<b>Transfers Out</b>
Major:		
General	\$ 6,973,549.60	\$ 1,421,687.50
Capital Projects		
Sec. 1011.14/1011.15 Notes	2,935,300.00	-
Other	-	9,252,536.60
Nonmajor Governmental	27,454,049.81	26,688,675.31
<b>Total</b>	<b>\$ 37,362,899.41</b>	<b>\$ 37,362,899.41</b>

Interfund transfers are generally intended to cover property and casualty insurance and maintenance expenditures, to provide payments to charter schools for capital outlay, and debt service obligations as permitted by law.

## IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

## V. SUBSEQUENT EVENTS

On September 14, 2021, the District authorized the issuance of a tax anticipation note in the amount of \$20 million. The note proceeds will be used for operating expenses for the 2021-22 fiscal year in anticipation of the receipt of ad valorem taxes levied and collected for the same year. The note has an interest rate of 1.5 percent and a maturity date of June 1, 2022.

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# OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Intergovernmental:				
Federal Direct	\$ 328,290.71	\$ 375,541.95	\$ 375,541.95	\$ -
Federal Through State and Local	1,131,329.00	1,498,844.93	1,498,844.93	-
State	206,725,085.53	203,759,139.31	203,759,139.31	-
Local:				
Property Taxes	138,332,146.00	137,686,869.57	137,686,869.57	-
Miscellaneous	16,699,732.46	26,126,575.16	26,126,575.16	-
Total Local Revenues	<u>155,031,878.46</u>	<u>163,813,444.73</u>	<u>163,813,444.73</u>	<u>-</u>
<b>Total Revenues</b>	<u>363,216,583.70</u>	<u>369,446,970.92</u>	<u>369,446,970.92</u>	<u>-</u>
<b>Expenditures</b>				
Current - Education:				
Instruction	245,061,959.14	233,313,246.50	233,313,246.50	-
Student Support Services	18,238,930.51	18,982,550.27	18,982,550.27	-
Instructional Media Services	4,389,247.97	4,358,076.41	4,358,076.41	-
Instruction and Curriculum Development Services	4,243,834.68	4,814,121.73	4,814,121.73	-
Instructional Staff Training Services	905,015.82	2,121,244.61	2,121,244.61	-
Instruction-Related Technology	310,556.64	374,763.74	374,763.74	-
Board	623,138.60	600,819.30	600,819.30	-
General Administration	3,531,973.15	3,377,144.80	3,377,144.80	-
School Administration	24,523,630.30	25,208,469.79	25,208,469.79	-
Facilities Acquisition and Construction	3,197,171.07	3,192,356.49	3,192,356.49	-
Fiscal Services	2,462,211.94	2,265,253.21	2,265,253.21	-
Food Services	346.40	346.40	346.40	-
Central Services	6,353,900.27	5,751,036.37	5,751,036.37	-
Student Transportation Services	21,992,974.81	21,901,910.31	21,901,910.31	-
Operation of Plant	37,816,363.37	34,205,706.99	34,205,706.99	-
Maintenance of Plant	6,205,726.30	5,958,062.98	5,958,062.98	-
Administrative Technology Services	3,843,091.65	3,638,024.71	3,638,024.71	-
Community Services	1,123,514.06	507,761.97	507,761.97	-
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	298,491.45	298,491.45	-
Other Capital Outlay	-	803,320.28	803,320.28	-
Debt Service:				
Principal	-	208,770.48	208,770.48	-
Interest and Fiscal Charges	1,053,499.97	185,121.31	185,121.31	-
<b>Total Expenditures</b>	<u>385,877,086.65</u>	<u>372,066,600.10</u>	<u>372,066,600.10</u>	<u>-</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(22,660,502.95)</u>	<u>(2,619,629.18)</u>	<u>(2,619,629.18)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	11,853,336.00	6,973,549.60	6,973,549.60	-
Sale of Capital Assets	-	30,360.70	30,360.70	-
Loss Recoveries	-	90,465.93	90,465.93	-
Transfers Out	<u>(1,421,688.00)</u>	<u>(1,421,687.50)</u>	<u>(1,421,687.50)</u>	<u>-</u>
<b>Total Other Financing Sources</b>	<u>10,431,648.00</u>	<u>5,672,688.73</u>	<u>5,672,688.73</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(12,228,854.95)</u>	<u>3,053,059.55</u>	<u>3,053,059.55</u>	<u>-</u>
Fund Balances, Beginning	<u>30,408,596.00</u>	<u>30,408,595.97</u>	<u>30,408,595.97</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 18,179,741.05</u>	<u>\$ 33,461,655.52</u>	<u>\$ 33,461,655.52</u>	<u>\$ 0.00</u>

**Special Revenue - Federal Education Stabilization Fund**

<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
\$ -	\$ -	\$ -	\$ -
10,378,478.24	11,096,703.18	8,194,787.80	(2,901,915.38)
-	-	-	-
-	-	-	-
-	174,478.41	174,478.41	-
-	174,478.41	174,478.41	-
<u>10,378,478.24</u>	<u>11,271,181.59</u>	<u>8,369,266.21</u>	<u>(2,901,915.38)</u>
7,420,115.59	5,362,520.04	3,558,614.02	1,803,906.02
205,800.00	105,577.35	95,155.88	10,421.47
-	10,088.00	10,088.00	-
62,688.37	80,138.68	76,992.50	3,146.18
38,075.00	53,717.96	26,708.13	27,009.83
-	29,000.00	-	29,000.00
-	-	-	-
476,359.95	327,473.11	324,415.20	3,057.91
-	226,842.20	52,328.04	174,514.16
-	164,394.46	-	164,394.46
-	4,207.50	-	4,207.50
-	-	-	-
-	-	-	-
202,940.00	301,481.15	20,501.90	280,979.25
1,972,499.33	3,373,786.24	3,373,786.24	-
-	51,311.20	51,311.20	-
-	28,128.00	28,128.00	-
-	298,159.18	298,159.18	-
-	-	-	-
-	854,356.52	453,077.92	401,278.60
-	-	-	-
-	-	-	-
<u>10,378,478.24</u>	<u>11,271,181.59</u>	<u>8,369,266.21</u>	<u>2,901,915.38</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 478,086	\$ 436,389	\$ 617,119	\$ 596,250
Interest	292,236	325,443	359,791	300,912
Differences Between Expected and Actual Experience	(609,097)	-	625,804	-
Changes of Assumptions or Other Inputs	(635,071)	126,245	(1,971,463)	(566,590)
Benefit Payments	(564,535)	(602,066)	(531,685)	(568,605)
<b>Net Change in Total OPEB Liability</b>	<u>(1,038,381)</u>	<u>286,011</u>	<u>(900,434)</u>	<u>(238,033)</u>
Total OPEB Liability - Beginning	<u>9,140,801</u>	<u>8,854,790</u>	<u>9,755,224</u>	<u>9,993,257</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 8,102,420</u>	<u>\$ 9,140,801</u>	<u>\$ 8,854,790</u>	<u>\$ 9,755,224</u>
Covered-Employee Payroll	\$ 169,946,879	\$ 165,950,822	\$ 160,338,958	\$ 154,322,202
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	4.77%	5.51%	5.52%	6.32%

**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	0.466124380%	\$ 80,240,752	\$ 182,872,212	43.88%	88.54%
2014	0.474089874%	28,926,454	188,719,016	15.33%	96.09%
2015	0.471616682%	60,915,620	193,145,356	31.54%	92.00%
2016	0.448501208%	113,246,907	201,141,768	56.30%	84.88%
2017	0.442315535%	130,833,967	202,544,149	64.60%	83.89%
2018	0.443917904%	133,710,374	207,335,443	64.49%	84.26%
2019	0.435444406%	149,956,895 (2)	211,113,431	71.03%	82.61%
2020	0.465645629%	201,817,678	234,720,782	85.98%	78.85%

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

(2) The net position liability for 2019 has been decreased by \$4,096 to reflect the District's proportionate share of the FRS restatement of beginning net position of the FRS Pension Plan due to the correction of an interfund receivable amount.

**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	\$ 10,384,580	\$ (10,384,580)	\$ -	\$ 188,719,016	5.50%
2015	11,498,415	(11,498,415)	-	193,145,356	5.95%
2016	10,937,417	(10,937,417)	-	201,141,768	5.44%
2017	11,514,562	(11,514,562)	-	202,544,149	5.68%
2018	12,651,304	(12,651,304)	-	207,355,443	6.10%
2019	13,501,919	(13,501,919)	-	211,113,431	6.40%
2020	15,471,341	(15,471,341)	-	234,720,782	6.59%
2021	19,158,314	(19,158,314)	-	236,782,474	8.09%

(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
<b>2013</b>	0.629493939%	\$ 54,805,724	\$ 182,872,212	29.97%	1.78%
<b>2014</b>	0.635162690%	59,389,261	188,719,016	31.47%	0.99%
<b>2015</b>	0.636159430%	64,878,255	193,145,356	33.59%	0.50%
<b>2016</b>	0.651252749%	75,900,810	201,141,768	37.73%	0.97%
<b>2017</b>	0.635172458%	67,915,570	202,544,149	33.53%	1.64%
<b>2018</b>	0.634679891%	67,175,232	207,335,443	32.40%	2.15%
<b>2019</b>	0.630503560%	70,547,039	211,113,431	33.42%	2.63%
<b>2020</b>	0.676018072%	82,540,706	234,720,782	35.17%	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	Contractually Required Contribution	HIS Contribution Deficiency (Excess)	District's Covered Payroll	HIS Contributions as a Percentage of Covered Payroll
<b>2014</b>	\$ 2,175,854	\$ (2,175,854)	\$ -	\$ 188,719,016	1.15%
<b>2015</b>	2,431,797	(2,431,797)	-	193,145,356	1.26%
<b>2016</b>	3,338,085	(3,338,085)	-	201,141,768	1.66%
<b>2017</b>	3,361,516	(3,361,516)	-	202,544,149	1.66%
<b>2018</b>	3,441,885	(3,441,885)	-	207,355,443	1.66%
<b>2019</b>	3,501,125	(3,501,125)	-	211,113,431	1.66%
<b>2020</b>	3,895,575	(3,895,575)	-	234,720,782	1.66%
<b>2021</b>	3,929,685	(3,929,685)	-	236,782,474	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.

*Changes of Assumptions.* In 2021, the discount rate was decreased from 3.13 percent in 2019 to 2.45 percent in 2020, medical claim costs and premiums were updated based on actual premiums provided for the valuation, and demographic assumptions were revised to match those developed by the Florida Retirement System and adopted for its July 1, 2020, 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

## St. Lucie 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	Passed Through to Subrecipients	Total Expenditures
<b>Clustered</b>				
<b>Child Nutrition Cluster</b>				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	21002	\$ -	\$ 217,601.85
National School Lunch Program	10.555	21001, 21003	-	1,913,694.33
COVID-19 National School Lunch Program	COVID-19, 10.555	21001, 21003	-	1,648,688.74
Total National School Lunch Program	10.555		-	3,562,383.07
Summer Food Service Program for Children	10.559	20006, 20007, 21006, 21007	-	17,791,284.50
<b>Total Child Nutrition Cluster</b>			-	21,571,269.42
<b>Special Education Cluster</b>				
United States Department of Education:				
Special Education - Grants to States:				
Florida Department of Education	84.027	262, 263	3,073.20	9,320,615.55
University of South Florida		None	-	114,922.85
Total Special Education - Grants to States			3,073.20	9,435,538.40
Special Education - Preschool Grants:				
Florida Department of Education	84.173	267	-	275,161.40
<b>Total Special Education Cluster</b>			3,073.20	9,710,699.80
<b>Not Clustered</b>				
<b>United States Department of Agriculture</b>				
Florida Department of Health:				
Child and Adult Care Food Program	10.558	A-5637	-	556,285.77
Florida Department of Agriculture and Consumer Services:				
Fresh Fruit and Vegetable Program	10.582	21004	-	107,512.51
<b>Total United States Department of Agriculture</b>			-	663,798.28
<b>United States Department of Defense</b>				
Army Junior Reserve Officers Training Corps	12.UNK	N/A	-	373,684.48
<b>United States Department of Justice</b>				
STOP School Violence	16.839	N/A	-	19,958.51
<b>United States Department of Education</b>				
Arts in Education	84.351	N/A	-	219,314.46
Magnet Schools Assistance	84.165	N/A	-	2,843,163.70
School Safety National Activities	84.184	N/A	-	304,270.31
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	12,000.00	13,218,391.23
Migrant Education - State Grant Program	84.011	217	-	147,881.42
Career and Technical Education - Basic Grants to States	84.048	161	-	559,657.98
Education for Homeless Children and Youth	84.196	127	-	51,203.74
Twenty-First Century Community Learning Centers	84.287	244	-	647,561.71
English Language Acquisition State Grants	84.365	102	-	698,972.17
Supporting Effective Instruction State Grants	84.367	224	-	1,584,346.43
School Improvement Grants	84.377	126	-	406,075.97
Student Support and Academic Enrichment Program	84.424	241	-	871,448.77
Education Stabilization Fund:				
Governor's Emergency Education Relief Fund	COVID-19, 84.425C	123	-	737,479.18
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124	-	7,416,204.20
Total Education Stabilization Fund	84.425		-	8,153,683.38
<b>Total United States Department of Education</b>			12,000.00	29,705,971.27
<b>United States Department of Health and Human Services</b>				
Provider Relief Fund	COVID-19, 93.498	N/A	-	41,104.42
<b>United States Department of Homeland Security</b>				
Florida Division of Emergency Management:				
St. Lucie County:				
Emergency Management Performance Grants	97.042	Y2271	-	174,478.41
<b>Total Expenditures of Federal Awards</b>			<b>\$ 15,073.20</b>	<b>\$ 62,260,964.59</b>

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 St. Lucie 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 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 \$1,337,436.21 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 \$1,648,688.74 in expenditures for the National School Lunch Program 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the St. Lucie 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 23, 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 and the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material

misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **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, CPA  
Tallahassee, Florida  
March 23, 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 St. Lucie 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 opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

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

In our opinion, the 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 major Federal programs for the fiscal year ended June 30, 2021.

### **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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
March 23, 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?	None reported
Noncompliance material to financial statements noted?	No

### **Federal Awards**

Internal control over major Federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major Federal programs:	
Assistance Listing Numbers:	Name of Federal Program or Cluster:
10.553, 10.555, and 10.559	Child Nutrition Cluster
84.425	Education Stabilization Fund
Dollar threshold used to distinguish between type A and type B programs:	\$1,867,828
Auditee qualified as low risk auditee?	Yes

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

No matters are reported.

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

No matters are reported.

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

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

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

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The District did not have prior audit findings required to be reported under 2 CFR 200.511.