

**DISTRICT SCHOOL BOARD OF
ST. LUCIE COUNTY, FLORIDA**

FINANCIAL STATEMENTS AND
OTHER INFORMATION

As of and for the Year Ended June 30, 2023

And Reports of Independent Auditor

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FINANCIAL SECTION

Report of Independent Auditor

To the Honorable Members of the School Board
District School Board of St. Lucie County
Port St. Lucie, Florida

Report on the Audit of the Financial Statements

Opinions

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 District School Board of St. Lucie County, Florida (the “District”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the 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 District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us and our opinions, insofar as they relate to the amounts included for the discretely presented component units, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Orlando, Florida
March 27, 2024

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**DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS**

JUNE 30, 2023

The management of the District School Board of St. Lucie County (“District”) has prepared the following discussion and analysis to provide an overview of the District’s financial activities for the fiscal year ended June 30, 2023. 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 2022-23 fiscal year are as follows:

- In total, net position increased \$55,021,895, in comparison to an increase of \$91,047,573 in the 2021-22 fiscal year.
- General revenues \$626,190,194, or 95.0% of all revenues, as compared to \$557,326,078, or 93.8%, in the 2021-22 fiscal year. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$32,853,607, or 5.0% of all revenues, as compared to \$36,719,646, or 6.2%, in the 2021-22 fiscal year.
- Expenses total \$604,021,906, as compared to \$502,998,151, in the 2021-22 fiscal year. Only \$32,853,607 of these expenses was offset by program specific revenues, with the remainder paid from general revenues. Total revenues exceeded total expenses by \$55,021,895 as compared to \$91,047,573 as in the 2021-22 fiscal year.
- The assigned fund balance for the General Fund was \$6,566,270 and the unassigned fund balance for the General Fund was \$24,443,137. 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 \$31,009,407 at June 30, 2023, or 7.0%, of General Fund expenditures. The prior year sum of the assigned and unassigned fund balances in the General Fund was \$33,868,995, or 8.7% 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 and 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.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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 of St. Lucie; Renaissance Charter School at Tradition; Somerset College Preparatory Academy; Somerset Academy St. Lucie; Somerset Academy Bethany; Tradition Preparatory High School; and Independence Classical Academy, Inc. 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 entity-wide perspective contained in the government-wide statements. All of the District's funds may be classified within one of the broad categories discussed below.

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

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

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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, Other Federal Programs Fund, Nonvoted Capital Improvement Section 1011.71(2), F.S. Fund, Federal Education Stabilization Fund, and Other Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. Budgetary comparison schedules have been provided for the General Fund, Other Federal Programs Fund, and Federal Education Stabilization Fund to demonstrate compliance with the respective budgets.

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 the 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 net pension liability and its progress in funding its obligations to provide other postemployment benefits to employees.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. The following is a summary of the District's net position as of June 30, 2023 compared to net position as of June 30, 2022:

**Net Position, End of Year
Governmental Activities**

	2023	2022
Assets		
Current and other assets	\$ 313,229,413	\$ 259,066,113
Capital assets	552,251,244	563,659,281
Total Assets	865,480,657	822,725,394
Deferred Outflows of Resources		
Pensions	102,972,557	87,145,259
Other postemployment benefits	1,249,062	1,323,859
Net carrying amount of debt refundings	4,097,582	5,679,741
Deferred Outflows of Resources	108,319,201	94,148,859
Liabilities		
Long-term liabilities	457,350,865	330,581,193
Other liabilities	26,358,818	27,775,753
Total Liabilities	483,709,683	358,356,946
Deferred Inflows of Resources		
Pensions	13,408,111	8,172,623
Other postemployment benefits	4,431,707	2,909,477
Deferred Inflows of Resources	17,839,818	141,288,845
Net Position		
Net investment in capital assets	389,117,812	382,926,501
Restricted	251,421,127	194,625,046
Unrestricted (Deficit)	(168,288,582)	(160,323,085)
Total Net Position	\$ 472,250,357	\$ 417,228,462

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 \$16.1 million in compensated absences payable, \$6.6 million in other postemployment benefit obligations, and \$267.0 million in net pension liability.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2023 and June 30, 2022 are as follows:

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	June 30, 2023	June 30, 2022
Program Revenues:		
Charges for services	\$ 5,334,525	\$ 3,370,866
Operating grants and contributions	25,856,974	30,225,281
Capital grants and contributions	1,662,108	3,123,499
General Revenues:		
Property taxes, levied for operations purposes	172,669,063	148,915,846
Property taxes, levied for capital projects	52,235,694	41,853,272
Local sales taxes	31,301,616	28,608,044
Impact fees	22,274,570	30,060,141
Grants and contributions not restricted to specific programs	314,490,868	294,950,134
Unrestricted investment earnings	10,645,814	1,055,847
Miscellaneous	22,572,569	11,882,794
Total Revenues	659,043,801	594,045,724
Program Expenses:		
Instruction	356,714,672	293,499,872
Student support services	26,472,873	21,545,201
Instructional media services	4,529,157	4,216,685
Instruction and curriculum development services	11,032,434	9,403,213
Instructional staff training services	12,093,313	7,120,124
Instruction related technology	725,854	389,690
Board of education	875,445	484,312
General administration	6,475,873	5,576,492
School administration	29,616,011	26,431,528
Facilities acquisition and construction	27,861,574	19,345,371
Fiscal services	2,713,561	2,516,514
Food services	30,135,230	26,169,422
Central services	7,224,019	6,387,740
Student transportation services	30,644,293	26,734,345
Operation of plant	43,289,349	38,163,795
Maintenance of plant	7,375,654	6,260,134
Administrative technology services	4,038,028	3,632,039
Community services	913,249	745,857
Interest on long-term debt	1,291,317	4,375,817
Total Functions/Program Expense	604,021,906	502,998,151
Change in Net Position	55,021,895	91,047,573
Net Position, Beginning	417,228,462	326,180,889
Net Position, Ending	\$ 472,250,357	\$ 417,228,462

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Significant revenue sources included property and sales taxes, representing 38.9% of total revenues, and revenues for grants and contributions not restricted to specific programs, representing 47.7% 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.

Property tax revenue increased by \$34,135,639, or 17.9%, due to increase in property values. Grants and contributions not restricted to specific programs revenues increased by \$19,540,734, or 6.6%, primarily due to \$11 million in Federal Education Stabilization funds awarded in response to the COVID-19 pandemic. Miscellaneous revenues increased by \$10,689,775, or 90%, primarily due to land that was donated to the School Board in exchange for future Educational Impact Fee Credits. Instruction expense continued to be the major component of District outlays, representing 59.1% of total expense. Total expenses increased \$101,023,755 for the 2022-23 fiscal year. This can be attributed to several things including, an increase in Florida Retirement System and the Health Insurance Subsidy pension expense by approximately \$27 million and salary and benefit increases of approximately \$35 million.

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 \$1,356,244 to \$24,443,137, while the total fund balance decreased \$3,675,137 to \$37,594,346. The decrease is the result of expenditure increases for salaries and benefits as a result of raises that were provided to staff. Also impacting the fund balance are increased ad valorem tax revenue and State funding allocations, offset by increases in salary expenditures and a payment to the St. Lucie County Sherriff's department for 25 percent of the 1.0 mil ad valorem tax levy in accordance with a referendum passed in 2019 and renewed in November 2022.

The Other Federal Programs Fund has total revenues and expenditures of \$36.5 million each. This funding represents program revenues and expenditures targeted for specified grant purposes. These funds do not accumulate a fund balance because grant revenues are not recognized until expenditures are incurred.

The Federal Education Stabilization Fund has total revenues and expenditures of \$47.7 million each. This funding represents program revenues and expenditures targeted for specified grant purposes. These funds do not accumulate a fund balance because grant revenues are not recognized until expenditures are incurred. This funding is a result of the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act which established the Education Stabilization Fund (ESF).

The Other Capital Projects Fund has a total restricted fund balance of \$176.3 million, of which \$27.5 million has been encumbered for specific projects. The fund balance increased in the current fiscal year primarily due to an increase in local and federal revenues, as well as reducing major capital project expenditures.

The Nonvoted Capital Improvement Section 1011.71(2), F.S. Fund has a total restricted fund balance of \$32.3 million, of which \$17.8 million has been encumbered for specific projects. The fund balance increased in the current fiscal year primarily due to an increase in ad valorem tax revenue.

**DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2022-23 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of \$9.3 million, or 2.2%. At the same time, final budget appropriations are less than the original budgeted amounts by \$1.3 million. Budget revisions occurred primarily from changes in estimated funding levels and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$552.3 million (net of accumulated depreciation). This investment in capital assets includes land and land improvements; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; right-of-use assets, construction in progress; audio-visual materials; and computer software. The total decrease in capital assets for the current year was 2.0%.

Additional information on the District's capital assets can be found in *Note II.C., Changes in Capital Assets*.

Debt Administration

At June 30, 2023, the District had total long-term debt outstanding of \$167.6 million, composed of Certificates of Participation Payable, Bonds Payable, Lease Liability, and SBITA Liability. During the current fiscal year, retirement of debt was \$19.5 million.

Additional information on the District's long-term debt can be found in *Note II.J., Long-Term Liabilities*.

OTHER MATTERS OF SIGNIFICANCE

As previously noted, nearly 47.7% of the District's revenues came from grants and contributions not restricted to specific programs primarily from the State of Florida, and 38.9% 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.

REQUEST FOR INFORMATION

The Annual Financial Report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, 9461 Brandywine Lane, Port St. Lucie, Florida 34986.

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BASIC FINANCIAL STATEMENTS

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
STATEMENT OF NET POSITION

JUNE 30, 2023

	Primary Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 247,636,333	\$ 6,249,448
Restricted cash and cash equivalents with fiscal service agents	11,910,005	-
Investments	15,059,708	4,405,663
Accounts receivable, net	1,990,373	308,471
Due from other agencies	33,493,220	852,903
Deposits receivable	-	43,118
Inventory	3,036,960	-
Prepaid items and other assets	102,814	1,079,429
Capital Assets:		
Nondepreciable capital assets	60,203,832	-
Depreciable/amortizable capital assets, net	492,047,412	108,622,959
Total Assets	\$ 865,480,657	\$ 121,561,991
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	\$ 102,972,557	\$ -
Other postemployment benefits	1,249,062	-
Deferred loss on refunding debt	4,097,582	-
Deferred outflows of resources	\$ 108,319,201	\$ -
LIABILITIES		
Salaries, benefits, and payroll taxes payable	\$ 16,065,186	\$ 2,027,015
Accrued interest	2,679,745	27,519
Accounts payable and deposits payable	4,401,793	1,874,374
Notes payable	3,190,000	-
Due to other agencies	5,591	-
Construction contracts payable - retainage percentage	16,503	-
Unearned revenue	-	336,250
Noncurrent Liabilities:		
Portion Due Within One Year:		
Notes payable	-	479,614
Lease and subscription liabilities	627,312	2,649,937
Bonds payable	8,959,288	-
Liability for compensated absences	4,157,745	106,767
Certificates of participation payable	11,287,366	-
Total other postemployment benefits liability	468,233	-
Portion Due After One Year:		
Notes payable	-	392,443
Lease and subscription liabilities	844,622	88,817,228
Bonds payable	29,199,910	29,896,526
Liability for compensated absences	11,991,813	35,587
Certificates of participation payable	116,640,177	-
Total other postemployment benefits liability	6,137,264	-
Net pension liability	267,037,135	-
Other long-term liabilities	-	75,000
Total Liabilities	\$ 483,709,683	\$ 126,718,260
DEFERRED INFLOWS OF RESOURCES		
Pensions	\$ 13,408,111	\$ -
Other postemployment benefits	4,431,707	-
Deferred Inflows of Resources	\$ 17,839,818	\$ -
NET POSITION		
Net investment in capital assets (deficit)	\$ 389,117,812	\$ (12,088,601)
Restricted For:		
Categorical carryover programs	1,757,233	-
Food service	6,747,209	-
Debt service	25,952,260	-
Capital projects	213,204,566	-
Other purposes	3,759,859	3,393,344
Unrestricted (deficit)	(168,288,582)	3,538,988
Total Net Position (Deficit)	\$ 472,250,357	\$ (5,156,269)

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

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units
Primary Government:						
Governmental Activities:						
Instruction	\$ 356,714,672	\$ 256,780	\$ -	\$ 66,202	\$ (356,391,690)	\$ (22,432,231)
Student support services	26,472,873	-	-	-	(26,472,873)	(2,666,247)
Instructional media services	4,529,157	-	-	-	(4,529,157)	(37,564)
Instruction and curriculum development services	11,032,434	-	-	-	(11,032,434)	(7,159)
Instructional staff training services	12,093,313	-	-	-	(12,093,313)	(95,626)
Instruction related technology	725,854	-	-	-	(725,854)	(613,812)
Board	875,445	-	-	-	(875,445)	(309,330)
General administration	6,475,873	-	-	-	(6,475,873)	(888,648)
School administration	29,616,011	-	-	-	(29,616,011)	(4,593,331)
Facilities acquisition and construction	27,861,574	-	-	1,595,906	(26,265,668)	-
Fiscal services	2,713,561	-	-	-	(2,713,561)	(2,579,352)
Food services	30,135,230	3,653,070	25,856,974	-	(625,186)	(13,979)
Central services	7,224,019	842,985	-	-	(6,381,034)	(768,126)
Student transportation services	30,644,293	581,690	-	-	(30,062,603)	(1,278,993)
Operation of plant	43,289,349	-	-	-	(43,289,349)	(7,992,295)
Maintenance of plant	7,375,654	-	-	-	(7,375,654)	(1,483,538)
Administrative technology services	4,038,028	-	-	-	(4,038,028)	(110,383)
Community services	913,249	-	-	-	(913,249)	3,272,790
Interest and fees on long-term debt	1,291,317	-	-	-	(1,291,317)	(4,712,331)
Total Primary Government	\$ 604,021,906	\$ 5,334,525	\$ 25,856,974	\$ 1,662,108	(571,168,299)	(47,310,155)
Component Units:						
Charter schools/Foundation	\$ 62,408,196	\$ 1,878,177	\$ 9,675,391	\$ 3,544,473		(47,310,155)
General Revenues:						
Property taxes, levied for operational purpose					172,669,063	-
Property taxes, levied for capital purpose					52,235,694	-
Local sales taxes					31,301,616	-
Impact fees					22,274,570	-
Grants and contributions not restricted to specific programs					314,490,868	46,736,177
Investment earnings					10,645,814	164,180
Miscellaneous					22,572,569	1,021,623
Total General Revenues					626,190,194	47,921,980
Change in net position					55,021,895	611,825
Net Position, Beginning					417,228,462	(5,768,094)
Net Position, Ending					\$ 472,250,357	\$ (5,156,269)

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

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	Other Federal Programs Fund	Federal Education Stabilization Fund	Nonvoted Capital Improvement Section 1011.71(2), F.S. Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 31,805,148	\$ -	\$ -	\$ 32,748,315	\$ 171,041,278	\$ 12,041,592	\$ 247,636,333
Restricted cash and cash equivalents with fiscal service agents	-	-	-	-	-	11,910,005	11,910,005
Investments	-	-	-	-	-	15,059,708	15,059,708
Accounts receivables, net	1,985,477	-	-	-	-	4,896	1,990,373
Due from other agencies	1,540,466	6,300,069	14,795,488	49,787	5,779,027	5,028,383	33,493,220
Due from other funds	14,412,429	-	-	-	-	-	14,412,429
Prepaid items and other assets	1,658	46,156	-	-	-	55,000	102,814
Inventories	1,067,847	-	-	-	-	1,969,113	3,036,960
Total Assets	\$ 50,813,025	\$ 6,346,225	\$ 14,795,488	\$ 32,798,102	\$ 176,820,305	\$ 46,068,697	\$ 327,641,842
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accrued salaries and benefits	\$ 8,062,767	\$ 894,958	\$ 2,535,955	\$ -	\$ -	\$ 373,819	\$ 11,867,499
Payroll deductions and withholdings	3,064,772	226,406	802,298	-	-	104,212	4,197,688
Accounts payable	1,423,357	535,556	1,727,042	434,545	140,455	140,838	4,401,793
Construction contracts and retainage payable	-	-	-	16,503	-	-	16,503
Due to other funds	-	4,682,236	9,730,193	-	-	-	14,412,429
Due to other agencies	5,584	7	-	-	-	-	5,591
Notes payable	-	-	-	-	-	3,190,000	3,190,000
Total Liabilities	12,556,480	6,339,163	14,795,488	451,048	140,455	3,808,869	38,091,503
Deferred Inflows of Resources:							
Unavailable revenues	662,199	7,062	-	-	361,118	-	1,030,379
Fund Balances:							
Nonspendable	1,067,847	46,156	-	-	-	1,969,113	3,083,116
Restricted	5,517,092	-	-	32,347,054	176,318,732	42,995,419	257,178,297
Assigned	6,566,270	-	-	-	-	-	6,566,270
Unassigned	24,443,137	(46,156)	-	-	-	(2,704,704)	21,692,277
Total Fund Balances	37,594,346	-	-	32,347,054	176,318,732	42,259,828	288,519,960
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 50,813,025	\$ 6,346,225	\$ 14,795,488	\$ 32,798,102	\$ 176,820,305	\$ 46,068,697	\$ 327,641,842

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

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

JUNE 30, 2023

Total Fund Balances - Governmental Funds \$ 288,519,960

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

Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 552,251,244

Assets not available to liquidate liabilities in the governmental funds are recorded in the government-wide statements when earned. 1,030,380

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. 4,097,582

Interest on long-term debt is accrued as a liability in the government-wide statements but is not recognized in the governmental funds until due. (2,679,745)

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

Certificates of Participation Payable	\$ (127,927,543)	
Bonds Payable	(38,159,198)	
Lease Liabilities	(690,044)	
Subscription Liabilities	(781,890)	
Total Other Postemployment Benefits Liability	(6,605,497)	
Compensated Absences Payable	(16,149,558)	
Net Pension Liability	<u>(267,037,135)</u>	(457,350,865)

The deferred outflows of resources and deferred inflows of resources related to pensions are applied to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows of Resources Related to Pensions	102,972,557	
Deferred Inflows of Resources Related to Pensions	<u>(13,408,111)</u>	89,564,446

The deferred outflows of resources and deferred inflows of resources related to OPEB are applied to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows of Resources Related to OPEB	1,249,062	
Deferred Inflows of Resources Related to OPEB	<u>(4,431,707)</u>	<u>(3,182,645)</u>

Net Position - Governmental Activities **\$ 472,250,357**

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

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	General Fund	Other Federal Programs Fund	Federal Education Stabilization Fund	Nonvoted Capital Improvement Section 1011.71(2), F.S. Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Federal direct	\$ 367,273	\$ 2,050,667	\$ -	\$ -	\$ -	\$ 667,074	\$ 3,085,014
Federal through state	1,216,417	33,455,466	47,719,839	-	1,393,362	25,605,091	109,390,175
State sources	222,345,698	1,010,224	-	-	289,956	5,520,704	229,166,582
Local sources	199,303,192	-	-	54,871,358	58,228,950	5,806,079	318,209,579
Total Revenues	423,232,580	36,516,357	47,719,839	54,871,358	59,912,268	37,598,948	659,851,350
Expenditures:							
Current:							
Instruction	273,602,007	17,854,475	34,962,619	-	-	-	326,419,101
Pupil personnel services	22,349,380	1,790,075	1,898,126	-	-	-	26,037,581
Instructional media services	4,452,512	-	-	-	-	-	4,452,512
Instruction and curriculum development services	5,170,293	4,767,668	892,395	-	-	-	10,830,356
Instructional staff training services	2,251,365	8,389,289	1,300,725	-	-	-	11,941,379
Instructional related technologies	493,173	-	223,800	-	-	-	716,973
Board	852,900	-	-	-	-	-	852,900
General administration	3,753,725	1,252,077	1,361,223	-	-	-	6,367,025
School administration	27,756,635	549,393	780,863	-	-	-	29,086,891
Facilities acquisition and construction	4,741,500	-	3,850,474	14,513,135	6,558,943	566,921	30,230,973
Fiscal services	2,288,776	25,892	348,018	-	-	-	2,662,686
Food services	177,113	-	-	-	-	29,673,153	29,850,266
Central services	7,104,671	20,357	3,676	-	-	-	7,128,704
Pupil transportation services	29,228,076	715,459	265,508	-	-	-	30,209,043
Operation of plant	42,618,392	-	361,958	-	-	-	42,980,350
Maintenance of plant	7,273,850	-	-	-	-	-	7,273,850
Administrative technology services	3,685,610	-	284,875	-	-	-	3,970,485
Community services	813,307	86,578	-	-	-	-	899,885
Capital Outlay:							
Facilities acquisition and construction	-	-	-	-	3,820,662	-	3,820,662
Other capital outlay	714,807	1,065,094	1,185,579	4,301,121	538,967	404,983	8,210,551
Debt Service:							
Principal	-	-	-	337,116	1,317,904	17,835,001	19,490,021
Interest	990,930	-	-	23,625	47,802	7,598,498	8,660,855
Fees and charges	-	-	-	-	-	28,178	28,178
Total Expenditures	440,319,022	36,516,357	47,719,839	19,174,997	12,284,278	56,106,734	612,121,227
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,086,442)	-	-	35,696,361	47,627,990	(18,507,786)	47,730,123
OTHER FINANCING SOURCES (USES)							
Proceeds from notes payable	484,900	-	-	-	-	1	484,901
Proceeds from sale of capital assets	102,391	-	-	-	5,199,750	-	5,302,141
Proceeds from lease and subscription liabilities	-	-	-	582,872	1,096,674	-	1,679,546
Loss recoveries	1,078,250	-	-	106,632	-	1	1,184,883
Transfers in	13,169,702	-	-	-	-	25,011,684	38,181,386
Transfers out	(1,423,938)	-	-	(24,277,401)	(9,766,065)	(2,713,982)	(38,181,386)
Total Other Financing Sources (Uses)	13,411,305	-	-	(23,587,897)	(3,469,641)	22,297,704	8,651,471
Net Change in Fund Balances	(3,675,137)	-	-	12,108,464	44,158,349	3,789,918	56,381,594
Fund Balance, beginning	41,269,483	-	-	20,238,590	132,160,383	38,469,910	232,138,366
Fund Balance, Ending	\$ 37,594,346	\$ -	\$ -	\$ 32,347,054	\$ 176,318,732	\$ 42,259,828	\$ 288,519,960

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

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds		\$ 56,381,594
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount of depreciation expense in excess of capital outlays in the current period.		
Capital Outlay net of amount not capitalized	\$ 21,346,462	
Less depreciation and amortization expense	<u>(26,131,520)</u>	(4,785,058)
The statement of activities reflects only the gain/loss on the disposal of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net position differs from the change in fund balances by the carrying value of assets sold or otherwise disposed of.		
		(12,375,456)
Capital assets acquired in exchange for impact fee credits. Revenue is recognized at the time the land was transferred to the district.		
		5,752,477
Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized until funds are measurable and available to finance current expenditures. In the statement of activities, however, which is presented on the accrual basis, revenues are reported regardless of when financial resources are available. This is the net adjustment to current year revenue in converting to the full accrual basis.		
		(1,117,041)
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.		
		19,490,021
Debt proceeds provide current financial resources to governmental funds, but increase long-term liabilities in the statement of net position. These are the amounts attributable to new leases and subscriptions in the current period.		
		(1,679,546)
Premiums, discounts and deferred losses on debt refundings are reported in the governmental funds in the year debt is issued, but are deferred and amortized over the life of the debt in the government wide statements. This is the net amount attributable to the amortization of premiums and discounts and deferred refunding in the current fiscal year.		
Premium/discount amortization	1,692,270	
Change in deferred loss on refunding debt	<u>(1,582,159)</u>	110,111
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.		
		315,681
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the government 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 period.		
		(1,359,645)
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	468,233	
OPEB expense	<u>(281,169)</u>	187,064
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	24,979,675	
HIS pension contributions	4,653,816	
FRS pension expense	(30,859,031)	
HIS pension expense	<u>(4,672,767)</u>	<u>(5,898,307)</u>
Change in Net Position - Governmental Activities		\$ 55,021,895

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

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND

JUNE 30, 2023

	Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 3,276,504
Inventory	89,571
Total Assets	\$ 3,366,075
 LIABILITIES AND NET POSITION	
Liabilities:	
Accounts payable	\$ 16,092
Net Position:	
Restricted for student organizations	3,349,983
Total Liabilities and Net Position	\$ 3,366,075

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

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

YEAR ENDED JUNE 30, 2023

	<u>Custodial Fund</u>
ADDITIONS	
Student organization activities	\$ 7,084,886
DEDUCTIONS	
Student organization activities	<u>6,829,644</u>
Change in Net Position	255,242
Net Position - Beginning	<u>3,094,741</u>
Net Position - Ending	<u><u>\$ 3,349,983</u></u>

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

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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 District School Board of St. Lucie County's (the "District") governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation and amortization expense associated with the District's transportation department is allocated to the student transportation services function, while remaining depreciation and amortization 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 ("County").

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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.

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 II.J. 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 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.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

The Renaissance Charter School of St. Lucie; Renaissance Charter School at Tradition; Somerset College Preparatory Academy; Somerset Academy St. Lucie; Somerset Academy Bethany; Tradition Preparatory High School; and Independence Classical Academy, Inc. 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 District. The charter schools are considered to be component units of the District, due to the District's legal authority to unilaterally dissolve the charter schools, 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, 2023. The statements 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 the fiduciary fund, 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 fund 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.
- Other Federal Programs Fund – To account for program revenues and expenditures for federal awards that are not federal economic stimulus programs administered through the Florida Department of Education.
- 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.
- Nonvoted Capital Improvement Section 1011.71(2), F.S. Fund – To account for the financial resource generated by Section 1011.71(2), Florida Statutes local capital improvement taxes (property taxes) and other local sources to be used for educational capital outlay needs, including new construction, renovation and remodeling projects and debt service payments.
- Other Capital Projects 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, remodeling and renovation projects, and repair and remediation of damage caused by hurricanes and tropical storms, along with associated insurance loss recoveries.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Additionally, the District reports the following fiduciary fund type:

- Custodial Fund – 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 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 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 fund is 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.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of three months or less from the date of acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration ("SBA") in Florida PRIME, 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. Right-of-use assets are assets for leased vehicles and equipment and subscription-based information technology arrangements ("SBITA"). They are capitalized at an amount equal to the initial measurement of the liability, adjusted for any payments made prior to the term, plus certain initial direct costs. Right-of-use assets are subsequently amortized over the life of the related lease or arrangement.

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

Description	Estimated Useful Lives
Improvements other than buildings	8 - 40 years
Buildings and fixed equipment	10 - 50 years
Furniture, fixtures, and equipment	3 - 15 years
Right-of-use asset - furniture, fixtures, and equipment	3 - 15 years
Motor vehicles	5 - 10 years
Right-of-use asset - motor vehicles	5 - 10 years
Right-of-use asset - software (based on agreement term)	3 - 11 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 FRS and HIS fiduciary net position have been determined on the same basis as they are reported by FRS and 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 assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. 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.

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In addition to liabilities, the statement of net position and the governmental funds balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. 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 unavailable revenue from 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, 2023.

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 a 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.

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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 is scheduled to adopt the 2023 tax levy on September 12, 2023. 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% for early payment.

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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 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 it is probable 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.

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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 two 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 five 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 20 days at June 30, 2023. Florida PRIME had a WAM of 37 days on average. 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, 2023, the District's investments in Florida PRIME are rated AAAM by Standard & Poor's.

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Custodial Credit Risk

Custodial credit risk for investments is the risk, 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% depending on investment type.

C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

Government Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 43,377,244	\$ 5,762,278	\$ 5,209,549	\$ 43,929,973
Land improvements	7,469,694	2,392,922	-	9,862,616
Construction in progress	10,847,645	2,486,268	6,922,670	6,411,243
Total Capital Assets Not Being Depreciated	<u>61,694,583</u>	<u>10,641,468</u>	<u>12,132,219</u>	<u>60,203,832</u>
Capital Assets Being Depreciated/Amortized:				
Improvements other than buildings	16,863,429	-	-	16,863,429
Buildings and fixed equipment	1,022,517,552	7,047,701	178,132	1,029,387,121
Furniture, fixtures, and equipment	55,368,304	3,930,616	1,283,203	58,015,717
Right-of-use asset - furniture, fixtures, and equipment	1,963,500	-	1,963,500	-
Motor vehicles	40,520,690	3,331,962	514,483	43,338,169
Right-of-use asset - SBITA	-	1,334,394	-	1,334,394
Right-of-use asset - motor vehicles	609,708	659,862	-	1,269,570
Audio visual material and computer software	16,831,760	152,936	1,119,730	15,864,966
Total Capital Assets Being Depreciated/Amortized	<u>1,154,674,943</u>	<u>16,457,471</u>	<u>5,059,048</u>	<u>1,166,073,366</u>
Less Accumulated Depreciation/Amortization:				
Improvements other than buildings	12,057,509	373,416	-	12,430,925
Buildings and fixed equipment	547,917,770	17,909,112	-	565,826,882
Furniture, fixtures, and equipment	47,696,323	3,765,575	1,232,097	50,229,801
Right-of-use asset - furniture, fixtures, and equipment	981,750	981,750	1,963,500	-
Motor vehicles	28,695,070	2,249,180	500,484	30,443,766
Right-of-use asset - SBITA	-	384,145	-	384,145
Right-of-use asset - motor vehicles	200,638	332,610	-	533,248
Audio visual material and computer software	15,161,185	135,732	1,119,730	14,177,187
Total Accumulated Depreciation/Amortization	<u>652,710,245</u>	<u>26,131,520</u>	<u>4,815,811</u>	<u>674,025,954</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>501,964,698</u>	<u>(9,674,049)</u>	<u>243,237</u>	<u>492,047,412</u>
Governmental Activities Capital Assets, Net	<u>\$ 563,659,281</u>	<u>\$ 967,419</u>	<u>\$ 12,375,456</u>	<u>\$ 552,251,244</u>

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Depreciation and amortization expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
Governmental activities:	
Instruction	\$ 26,112,584
Student transportation services	18,936
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 26,131,520</u>

D. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about 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 FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The District's FRS and HIS pension expense totaled \$35,531,798 for the fiscal year ended June 30, 2023.

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 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.

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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 accrues 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement 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:

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

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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% 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% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. 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 2022-23 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer⁽¹⁾
FRS, regular	3	11.91
FRS, elected county officers	3	57.00
FRS, senior management service	3	31.57
FRS, special risk regular	3	27.83
DROP, applicable to members from all of the above classes	0.00	18.60
FRS, reemployed retiree	(2)	(2)

(1) Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06% 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 \$24,979,675 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the District reported a liability of \$193,716,421 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on the District's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the District's proportionate share was 0.520630600%, which was an increase of 0.017730685 from its proportionate share measured as of June 30, 2021.

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For the fiscal year ended June 30, 2023, the District recognized the Plan pension expense of \$30,859,031. 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	\$ 9,619,015	\$ -
Change of assumptions	23,856,988	-
Net difference between projected and actual earnings on FRS pension plan investments	12,791,070	-
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	15,384,154	700,089
District FRS contributions subsequent to the measurement date	24,979,675	-
	<u>\$ 86,630,902</u>	<u>\$ 700,089</u>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$24,979,675, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. 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>
2024	\$ 15,455,992
2025	8,166,706
2026	250,180
2027	34,893,765
2028	2,184,495
	<u>\$ 60,951,138</u>

Actuarial Assumptions. The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation
Mortality	PUB-2010 base table varied by member category and sex, projected generationally with Scale MP-2018

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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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%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
	<u>100.0%</u>			
Assumed inflation - means			2.4%	1.3%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.7 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 2022 valuation changed from 6.8% to 6.7%.

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 6.7%, 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 one percentage point lower (5.7%) or one percentage point higher (7.7%) than the current rate:

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
District's proportionate share of the net pension liability	\$ 335,019,232	\$ 193,716,421	\$ 75,570,459

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

Payables to the Pension Plan. At June 30, 2023, the District reported a payable of \$3,438,445 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2023.

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, 2023, 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, 2023, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100% of its statutorily required contributions for the current and preceding three 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 \$4,653,816 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the District reported a net pension liability of \$73,320,714 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on the District's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the District's proportionate share was 0.692253605%, which was an increase of 0.023713375 from its proportionate share measured as of June 30, 2021.

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For the fiscal year ended June 30, 2023, the District recognized the HIS Plan pension expense of \$4,672,767. 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	\$ 2,225,457	\$ 322,617
Change of assumptions	4,202,790	11,342,667
Net difference between projected and actual earnings on HIS pension plan investments	106,153	-
Changes in proportion and differences between District HIS contributions and proportionate share of contributions	5,153,439	1,042,738
District HIS contributions subsequent to the measurement date	4,653,816	-
	<u>\$ 16,341,655</u>	<u>\$ 12,708,022</u>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$4,653,816, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. 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>
2024	\$ (509,126)
2025	193,576
2026	602,748
2027	284,636
2028	(1,051,449)
Thereafter	(540,568)
	<u>\$ (1,020,183)</u>

Actuarial Assumptions. The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.54%
Mortality	PUB-2010 base table varied by member category and sex, projected generationally with Scale MP-2018.

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.

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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 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 2.16% to 3.54%.

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 3.54% 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 one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
District's proportionate share of the net pension liability	\$ 83,884,916	\$ 73,320,714	\$ 64,579,054

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

Payables to the Pension Plan. At June 30, 2023, the District reported a payable of \$781,672 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2023.

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2. FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2022-23 fiscal year were as follows:

<u>Class</u>	<u>Percentage 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 one 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 five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes 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 \$8,985,899 for the fiscal year ended June 30, 2023.

Payables to the Investment Plan. At June 30, 2023, the District reported a payable of \$1,359,892 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2023.

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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 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.

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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	341
Active employees	3,918
	<hr/>
	4,259
	<hr/> <hr/>

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
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Actuarial Assumptions

Inflation	2.25%
Salary Increases	Salary increase rates used in the July 1, 2022 actuarial valuation of the FRS for Regular Class members; 3.4% - 7.8%, including inflation.
Discount Rate	3.69%
Retirement Age	Retirement rates used in the July 1, 2022 actuarial valuation of the FRS for Regular K-12 Instructional Regular Class members. They 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, 2022, actuarial valuation of the FRS for Regular K-12 Instructional Regular Class members. These rates were taken from adjusted Pub-2010 mortality tables published by SOA with generational mortality improvements using scale MP-2018. Adjustments to reference tables are based on the results of a statewide experience study covering the period 2013 - 2018.
Healthcare Cost Trend Rates	Starting at 11.47% for 2023 (to reflect actual premiums), followed by 6.50% for 2024, and gradually decreasing to an ultimate trend rate of 4.00% in 2050.
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 3.69% was based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date. The discount rate was 1.92% as of the beginning of the measurement year.

Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2022, actuarial valuation of FRS. 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, 2022 FRS actuarial valuation. Assumptions used in valuation of benefits for participants of FRS Investment Plan are the same as for similarly situated participants of FRS Defined Benefit Pension Plan.

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Changes in the Total OPEB Liability.

	Total OPEB Liability
Balance at June 30, 2022	<u>\$ 8,734,978</u>
Changes for the Year:	
Service cost	551,001
Interest on the total OPEB liability	174,117
Difference between expected and actual experience	(481,625)
Changes in assumptions and other inputs	(1,938,209)
Benefit payments	<u>(434,765)</u>
	<u>(2,129,481)</u>
Balance at June 30, 2023	<u>\$ 6,605,497</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 1.92% in 2021 to 3.69% in 2022, 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, 2022, 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 one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

	1% Decrease 2.69%	Current Discount Rate 3.69%	1% Increase 4.69%
Total OPEB Liability	\$ 7,227,806	\$ 6,605,497	\$ 6,059,712

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	\$ 6,013,750	\$ 6,605,497	\$ 7,316,261

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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$281,169. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 333,374	\$ 890,662
Changes in assumptions and other inputs	447,455	3,541,045
Benefits paid after the measurement date	468,233	-
	<u>\$ 1,249,062</u>	<u>\$ 4,431,707</u>

The amount reported as deferred outflows of resources related to OPEB, totaling \$468,233, 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, 2024. 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 Years Ending June 30</u>	<u>Amount</u>
2024	\$ (443,949)
2025	(443,949)
2026	(443,949)
2027	(443,949)
2028	(428,067)
Thereafter	(1,447,015)
	<u>\$ (3,650,878)</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, 2023:

Major Funds							
General Fund	Other Federal Programs	Federal Education Stabilization Fund	Nonvoted Capital Improvement Section 1011.71(2), F.S. Fund	Other Capital Projects Fund	Nonmajor Funds	Total Governmental Funds	
\$ 2,294,259	\$ 193,298	\$ 15,533,014	\$ 17,768,343	\$ 27,468,387	\$ 473,518	\$ 63,730,819	

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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 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% 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 2022-2023 fiscal year was \$100 million.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2022-2023 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 three fiscal years.

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H. Lease Liabilities

The District entered into various length lease as a lessee for the use of motor vehicles. An initial lease liability was recorded in the amount of \$656,450. During 2022-2023, the District added more vehicles, thus adding \$582,872 to the lease liability. As of June 30, 2023, the lease liability balance is \$690,044. The District is required to make monthly fixed principal and interest payments of \$33,816. The lease has an interest rate of an average of 4.73%.

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

<u>Fiscal Years Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 405,802	\$ 337,116	\$ 68,686
2025	405,802	337,116	68,686
2026	19,031	15,812	3,221
	<u>\$ 830,635</u>	<u>\$ 690,044</u>	<u>\$ 140,593</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	\$ -	\$ 29,000,000	\$ 29,000,000	\$ -
Revenue anticipation note	6,295,000	-	3,105,000	3,190,000
Total Governmental Activities	<u>\$ 6,295,000</u>	<u>\$ 29,000,000</u>	<u>\$ 32,105,000</u>	<u>\$ 3,190,000</u>

The Tax Anticipation Note, Series 2022, with an interest rate of 5%, was issued on October 11, 2022, for \$29,000,000, and matured on June 1, 2023. Proceeds from the tax anticipation note were used as working capital reserves in the General Fund as permitted under State and Federal tax laws.

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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 one 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 four years, for a total of five 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 Years Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 3,235,776	\$ 3,190,000	\$ 45,776
	<u>\$ 3,235,776</u>	<u>\$ 3,190,000</u>	<u>\$ 45,776</u>

J. Long-Term Liabilities Certificates of Participation

1. Certificates of Participation at June 30, 2023 are as Follows:

<u>Series</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percentage)</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	<u>8,000,000</u>	0.39 ⁽¹⁾	2028	8,000,000
Total COPs from Direct Borrowings	<u>20,232,000</u>			
Other COP Issuances:				
2011B, Refunding	3,410,000	3.60 - 5.00	2024	12,725,000
2013A, Refunding	73,270,000	3.00 - 3.25	2031	77,255,000
2015A, Refunding	16,145,000	3.00 - 5.00	2031	26,080,000
2017A, Refunding	<u>11,730,000</u>	3.00 - 5.00	2033	16,660,000
Total Other COP Issuances	<u>104,555,000</u>			
Total Certificates of Participation	<u>\$ 124,787,000</u>			

⁽¹⁾ Series 2010B and Series 2010C are designated as “qualified school construction bonds” as defined in Section 54F of the Internal Revenue Code (“IRC”), and pursuant to Section 6431 of the IRC, 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 IRC. The interest rate for Series 2010B Certificates is 5.87%, with an allowed Federal subsidy of 5.4%. The interest rate for Series 2010C Certificates is 5.24%, with allowed Federal subsidy of 4.85%. 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.

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Series 2010B-QSCB Certificates – The District entered into a financing arrangement with the Leasing Corporation on June 29, 2010, which was characterized as a finance-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 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.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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

Certificates	Description of Properties
Series 2010B-QSCB	Lincoln Park Academy Additions and Renovations
Series 2010C-QSCB	Lincoln Park Academy Additions and Renovations
2011B	District Administration Building Farlawn 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 payments under the agreement together with the present value of minimum payments as of June 30:

Fiscal Years Ending June 30	Total	Other Certificates of Participation		Certificates of Participation from Direct Borrowings	
		Principal	Interest	Principal	Interest
2024	\$ 15,879,308	\$ 10,820,000	\$ 3,925,318	\$ -	\$ 1,133,990
2025	16,099,928	11,510,000	3,455,938	-	1,133,990
2026	16,083,671	11,985,000	2,964,681	-	1,133,990
2027	28,316,459	12,490,000	2,460,469	12,232,000	1,133,990
2028	23,122,538	12,985,000	1,927,938	8,000,000	209,600
2029-2033	47,671,356	44,765,000	2,906,356	-	-
Total Minimum Payments	147,173,260	104,555,000	17,640,700	20,232,000	4,745,560
Plus net unamortized premium	3,140,543	3,140,543	-	-	-
Total Minimum Payments, Net	<u>\$ 150,313,803</u>	<u>\$ 107,695,543</u>	<u>\$ 17,640,700</u>	<u>\$ 20,232,000</u>	<u>\$ 4,745,560</u>

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

2. Bonds Payable

Bonds payable at June 30, 2023 are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
District Revenue Bonds:			
Sales Tax Revenue Bonds, Series 2001	\$ 1,425,000	5	2031
Sales Tax Revenue Bonds, Series 2015, Refunding	<u>33,050,000</u>	5	2027
Total Bonds Payable	<u>\$ 34,475,000</u>		

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

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 Chapters 1001 and 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 \$36,455,500 as of June 30, 2023, are committed until final maturity of the debt, or October 1, 2026. During the 2021-22 fiscal year, the District recognized sales tax revenues totaling \$31,404,574 and expended \$9,140,125 (29%) 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% of this revenue stream has been pledged in connection with debt service on the revenue bonds.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Annual requirements to amortize all bonded debt outstanding as of June 30, 2023 are as follows:

Fiscal Years Ending June 30	Total	Principal	Interest
Sales Tax Revenue Bonds:			
2024	\$ 9,352,000	\$ 7,820,000	\$ 1,532,000
2025	9,336,500	8,205,000	1,131,500
2026	9,331,125	8,620,000	711,125
2027	9,319,625	9,050,000	269,625
2028	219,000	180,000	39,000
2029-2031	661,000	600,000	61,000
Total District Revenue Bonds	38,219,250	34,475,000	3,744,250
Plus net unamortized premium	3,684,198	3,684,198	-
Total Bonds Payable, Net	<u>\$ 41,903,448</u>	<u>\$ 38,159,198</u>	<u>\$ 3,744,250</u>

3. SBITAs

The District has entered into SBITAs for finance, reporting, and learning software for a period of 1 to 11 years and an incremental borrowing rate of 4.70 percent. The SBITAs have been recorded at the present value of the future contract payments as of the date of their inception or, for SBITAs existing prior to the implementation year at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2022. The value of the right-of-use assets as of June 30, 2023 was \$1,334,394 with accumulated amortization of \$384,145.

SBITA debt service requirements to maturity are as follows:

Fiscal Years Ending June 30	Total	Principal	Interest
2024	\$ 327,747	\$ 290,196	\$ 37,551
2025	340,215	316,601	23,614
2026	26,875	18,466	8,409
2027	26,875	19,353	7,522
2028	26,875	20,282	6,593
2029-2033	134,375	116,992	17,383
Total Subscription Liability Payments	<u>\$ 882,962</u>	<u>\$ 781,890</u>	<u>\$ 101,072</u>

For the year ended June 30, 2023, the District had SBITAs with variable payments that were based on user seats which were expensed as incurred in the amount of \$66,543.

For the year ended June 30, 2023, the District had no other payments, such as termination penalties, not previously included in the measurement of the subscription liability.

For the year ended June 30, 2023, the District had no commitments under SBITAs before the commencement of the subscription term or any losses associated with an impairment.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

4. 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>
Governmental Activities:					
Certificates of participation payable	\$ 135,112,000	\$ -	\$ 10,325,000	124,787,000	\$ 10,820,000
Unamortized premiums/discounts	3,689,168	-	548,625	3,140,543	467,366
Certificates of Participation Payable, Net	138,801,168	-	10,873,625	127,927,543	11,287,366
Bonds payable	41,985,000	-	7,510,000	34,475,000	7,820,000
Unamortized premium	4,827,843	-	1,143,645	3,684,198	1,139,288
Bonds Payable, Net	46,812,843	-	8,653,645	38,159,198	8,959,288
Lease liability	1,447,407	582,872	1,340,235	690,044	337,116
Subscription liability	-	1,096,674	314,784	781,890	290,196
Total OPEB liability	8,734,978	725,118	2,854,599	6,605,497	468,233
Compensated absences payable	14,789,913	4,157,745	2,798,100	16,149,558	4,157,745
Net pension liability	119,994,884	244,397,368	97,355,117	267,037,135	-
	144,967,182	250,959,777	104,662,835	291,264,124	5,253,290
Total Governmental Activities	\$ 330,581,193	\$ 250,959,777	\$ 124,190,105	\$ 457,350,865	\$ 25,499,945

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 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 have not been restricted, committed, or assigned for specific purposes.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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 Fund	\$ 14,412,429	\$ -
Other Federal Programs Fund	-	4,682,236
Florida Education Stabilization Fund	-	9,730,193
	<u>\$ 14,412,429</u>	<u>\$ 14,412,429</u>

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 2022-23 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 173,307,686
Categorical Educational Program - Class Size Reduction	45,581,274
Sales Tax Distribution (Section 212.20(6)(d)6.a.,F.S.)	223,250
CO&DS Distribution	1,675,676
Interest on Undistributed CO&DS	30,290
CO&DS Withheld for SBE/COBI Bonds	65,997
CO&DS Withheld for Administrative	26,523
SBE/COBI Bond Interest	205
Voluntary Prekindergarten Program	1,063,025
Florida School Recognition	1,822,887
Charter School Capital Outlay	3,273,403
Food Service Supplement	251,883
State License Tax	226,303
Miscellaneous	1,618,180
	<u>\$ 229,166,582</u>

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

2. Schedule of State Revenue Sources

The following is a summary of millages and taxes levied on the 2022 tax roll for the 2022-23 fiscal year:

General Fund	Millages	Taxes Levied
Nonvoted School Tax:		
Required Local Effort	3.231	\$ 117,400,059
Basic Discretionary Local Effort	0.748	27,178,967
Voted School Tax:		
Additional Operating Millage not to exceed four years	1.000	36,335,518
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	1.500	54,503,277
	6.479	\$ 235,417,821

N. Interfund Transfers

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General Fund	\$ 13,169,702	\$ 1,423,938
Other Capital Projects Fund	-	9,766,065
Nonvoted Capital Improvement Section 1011.71(2), F.S. Fund	-	24,277,401
Nonmajor Governmental Funds	25,011,684	2,713,982
	\$ 38,181,386	\$ 38,181,386

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.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

O. Fund Balance

The following is a schedule of fund balances by category at June 30, 2023:

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General Fund	Other Federal Programs Fund	Federal Education Stabilization Fund	Nonvoted Capital Improvement Section 1011.71(2), F.S. Fund	Other Capital Projects Fund		
Fund Balances							
Nonspendable:							
Inventories	\$ 1,067,847	\$ -	\$ -	\$ -	\$ -	\$ 1,969,113	\$ 3,036,960
Prepaid expenses	-	46,156	-	-	-	-	46,156
Restricted:							
State required carryover	1,757,233	-	-	-	-	-	1,757,233
Debt service	-	-	-	-	-	28,632,005	28,632,005
Capital projects	-	-	-	32,347,054	176,318,732	7,616,205	216,281,991
FAU lab charter school	3,010,562	-	-	-	-	-	3,010,562
Food service	-	-	-	-	-	6,747,209	6,747,209
Grants	749,297	-	-	-	-	-	749,297
Assigned:							
Outstanding purchase orders	2,259,033	-	-	-	-	-	2,259,033
Local carryforward	4,307,237	-	-	-	-	-	4,307,237
Unassigned	<u>24,443,137</u>	<u>(46,156)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,704,704)</u>	<u>21,692,277</u>
Total Fund Balances	<u>\$ 37,594,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,347,054</u>	<u>\$ 176,318,732</u>	<u>\$ 42,259,828</u>	<u>\$ 288,519,960</u>

III. 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.

IV. SUBSEQUENT EVENTS

On August 3, 2023, the District closed on the issuance of Certificates of Participation 2023A in the amount of \$153,275,000 and Refunding 2023B in the amount of \$63,610,000. The COP proceeds from the 2023A will be used to fund a New High School with an estimated completion date of August 2025, and will also partially fund the rebuild of Fort Pierce Westwood Academy-The West Prep with an estimated completion date of January 2026. The Refunding 2023B will partially refund the 2013A and 2004A Certificates.

REQUIRED SUPPLEMENTARY INFORMATION

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND

YEAR ENDED JUNE 30, 2023

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
Federal direct	\$ 328,291	\$ 367,273	\$ 367,273	\$ -
Federal through state and local	1,689,768	1,216,417	1,216,417	-
State sources	216,219,561	222,345,698	222,345,698	-
Local Sources:				
Property taxes	173,677,965	172,669,063	172,669,063	-
Miscellaneous	22,014,917	26,634,129	26,634,129	-
Total Local Revenues	195,692,882	199,303,192	199,303,192	-
Total Revenues	413,930,502	423,232,580	423,232,580	-
Expenditures				
Current - Education:				
Instruction	288,438,607	273,602,007	273,602,007	-
Student support services	18,181,222	22,349,380	22,349,380	-
Instructional media services	4,247,634	4,452,512	4,452,512	-
Instruction and curriculum development services	3,905,287	5,170,293	5,170,293	-
Instructional staff training services	855,019	2,251,365	2,251,365	-
Instructional - related technologies	398,156	493,173	493,173	-
Board	762,364	852,900	852,900	-
General administration	3,550,688	3,753,725	3,753,725	-
School administration	24,732,118	27,756,635	27,756,635	-
Facilities acquisition and construction	4,441,159	4,741,500	4,741,500	-
Fiscal services	4,759,091	2,288,776	2,288,776	-
Food services	3,230	177,113	177,113	-
Central services	6,818,798	7,104,671	7,104,671	-
Student transportation services	25,590,525	29,228,076	29,228,076	-
Operation of plant	43,584,403	42,618,392	42,618,392	-
Maintenance of plant	6,597,081	7,273,850	7,273,850	-
Administrative technology services	3,770,410	3,685,610	3,685,610	-
Community services	598,193	813,307	813,307	-
Fixed Capital Outlay:				
Other capital outlay	-	714,807	714,807	-
Debt Service:				
Interest	342,500	990,930	990,930	-
Total Expenditures	441,576,485	440,319,022	440,319,022	-
Deficiency of Revenues Under Expenditures	(27,645,983)	(17,086,442)	(17,086,442)	-
Other Financing Sources (Uses):				
Transfers in	12,543,561	13,169,702	13,169,702	-
Loans issued	-	484,900	484,900	-
Proceeds from sale of capital assets	-	102,391	102,391	-
Loss recoveries	-	1,078,250	1,078,250	-
Transfer out	(1,427,438)	(1,423,938)	(1,423,938)	-
Total Other Financing Sources	11,116,123	13,411,305	13,411,305	-
Net Change in Fund Balances	(16,529,860)	(3,675,137)	(3,675,137)	-
Fund Balances, Beginning	41,269,484	41,269,483	41,269,483	-
Fund Balances, Ending	\$ 24,739,624	\$ 37,594,346	\$ 37,594,346	\$ -

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – OTHER FEDERAL PROGRAMS FUND

YEAR ENDED JUNE 30, 2023

	Other Federal Programs Fund			Variance with Final Budget - Positive - (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
Federal direct	\$ 4,614,921	\$ 2,050,667	\$ 2,050,667	\$ -
Federal through state and local	44,923,275	33,455,466	33,455,466	-
State sources	238,156	1,010,224	1,010,224	-
Total Revenues	49,776,352	36,516,357	36,516,357	-
Expenditures:				
Current - Education:				
Instruction	26,613,906	17,854,475	17,854,475	-
Student support services	2,699,170	1,790,075	1,790,075	-
Instruction and curriculum development services	6,663,849	4,767,668	4,767,668	-
Instructional staff training services	10,823,441	8,389,289	8,389,289	-
General administration	1,119,070	1,252,077	1,252,077	-
School administration	381,421	549,393	549,393	-
Facilities acquisition and construction	37	-	-	-
Fiscal services	362	25,892	25,892	-
Central services	42,385	20,357	20,357	-
Student transportation services	654,686	715,459	715,459	-
Operation of plant	663,821	-	-	-
Community services	114,204	86,578	86,578	-
Fixed Capital Outlay:				
Other capital outlay	-	1,065,094	1,065,094	-
Total Expenditures	49,776,352	36,516,357	36,516,357	-
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	\$ -	\$ -	\$ -	\$ -

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL –FEDERAL EDUCATION STABILIZATION FUND

YEAR ENDED JUNE 30, 2023

	Federal Education Stabilization Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
Federal through state and local	\$ 103,103,057	\$ 47,719,839	\$ 47,719,839	\$ -
Total Revenues	103,103,057	47,719,839	47,719,839	-
Expenditures				
Current - Education:				
Instruction	63,879,937	34,962,619	34,962,619	-
Student support services	6,386,300	1,898,126	1,898,126	-
Instructional media services	-	-	-	-
Instruction and curriculum development services	2,152,218	892,395	892,395	-
Instructional staff training services	3,524,840	1,300,725	1,300,725	-
Instructional - related technologies	474,000	223,800	223,800	-
General administration	3,039,295	1,361,223	1,361,223	-
School administration	773,197	780,863	780,863	-
Facilities acquisition and construction	17,768,005	3,850,474	3,850,474	-
Fiscal services	575,624	348,018	348,018	-
Food services	-	-	-	-
Central services	39,044	3,676	3,676	-
Student transportation services	1,036,456	265,508	265,508	-
Operation of plant	2,657,188	361,958	361,958	-
Maintenance of plant	-	-	-	-
Administrative technology services	606,953	284,875	284,875	-
Community services	190,000	-	-	-
Fixed Capital Outlay:				
Other capital outlay	-	1,185,579	1,185,579	-
Total Expenditures	103,103,057	47,719,839	47,719,839	-
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	\$ -	\$ -	\$ -	\$ -

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

YEAR ENDED JUNE 30, 2023

Schedule of Changes in the District's Total OPEB Liability and Related Ratios ⁽¹⁾

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Year Ended June 30,						
Total OPEB Liability:						
Service cost	\$ 551,001	\$ 481,462	\$ 478,086	\$ 436,389	\$ 617,119	\$ 596,250
Interest	174,117	204,211	292,236	325,443	359,791	300,912
Difference between expected and actual experience of the total OPEB liability	(481,625)	-	(609,097)	-	625,804	-
Changes of assumptions and other inputs	(1,938,209)	444,366	(635,071)	126,245	(1,971,463)	(566,590)
Benefit payments	(434,765)	(497,481)	(564,535)	(602,066)	(531,685)	(568,605)
Net Change in Total OPEB Liability	(2,129,481)	632,558	(1,038,381)	286,011	(900,434)	(238,033)
Total OPEB Liability - Beginning	<u>8,734,978</u>	<u>8,102,420</u>	<u>9,140,801</u>	<u>8,854,790</u>	<u>9,755,224</u>	<u>9,993,257</u>
Total OPEB Liability - Ending	<u>\$ 6,605,497</u>	<u>\$ 8,734,978</u>	<u>\$ 8,102,420</u>	<u>\$ 9,140,801</u>	<u>\$ 8,854,790</u>	<u>\$ 9,755,224</u>
 Covered Employee Payroll	 \$ 163,746,022	 \$ 175,045,285	 \$ 169,946,879	 \$ 165,950,822	 \$ 160,338,958	 \$ 154,322,202
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 4.03%	 4.99%	 4.77%	 5.51%	 5.52%	 6.32%

⁽¹⁾ The amounts presented for each year were determined as of June 30. Information prior to June 30, 2018 is not available.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY AND DISTRICT CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM

YEAR ENDED JUNE 30, 2023

Schedule of the District's Proportionate Share of the Net Pension Liability ⁽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 Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2022	0.520630600%	\$ 193,716,421	\$ 280,444,933	69.07%	82.89%
2021	0.502899915%	37,988,373	252,315,138	16.04%	96.40%
2020	0.465645629%	201,817,678	236,782,474	85.98%	78.85%
2019	0.435444406%	149,960,991	211,113,431	71.03%	82.61%
2018	0.443917904%	133,710,374	207,335,443	64.49%	84.26%
2017	0.442315535%	130,833,967	202,544,149	64.60%	83.89%
2016	0.448501208%	113,246,907	167,888,452	67.45%	84.88%
2015	0.471616682%	60,915,620	161,886,142	37.63%	92.00%
2014	0.474089874%	28,926,454	158,429,655	18.26%	96.09%
2013	0.466124380%	80,240,752	153,725,992	52.20%	88.54%

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

Schedule of the District Contributions ⁽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
2023	\$ 24,979,675	\$ (24,979,675)	\$ -	\$ 280,444,933	8.91%
2022	22,635,145	(22,635,145)	-	252,315,138	8.79%
2021	19,158,314	(19,158,314)	-	236,782,474	8.09%
2020	15,471,341	(15,471,341)	-	234,720,782	6.59%
2019	13,501,919	(13,501,919)	-	211,113,431	6.40%
2018	12,651,304	(12,651,304)	-	207,355,443	6.10%
2017	11,514,562	(11,514,562)	-	202,544,149	5.68%
2016	10,937,417	(10,937,417)	-	201,141,768	5.44%
2015	11,498,415	(11,498,415)	-	193,145,356	5.95%
2014	10,384,580	(10,384,580)	-	188,719,016	5.50%

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

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY AND DISTRICT CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY

YEAR ENDED JUNE 30, 2023

Schedule of the District's Proportionate Share of the Net Pension Liability ⁽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 Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2022	0.692253605%	\$ 73,320,714	\$ 252,315,138	29.06%	4.81%
2021	0.668540230%	82,006,511	236,782,474	34.63%	3.56%
2020	0.676018072%	82,540,706	234,720,782	35.17%	3.00%
2019	0.630503560%	70,547,039	211,113,431	33.42%	2.63%
2018	0.634679891%	67,175,232	207,355,443	32.40%	2.15%
2017	0.635172458%	67,915,570	202,544,149	33.53%	1.64%
2016	0.651252749%	75,900,810	201,141,768	37.73%	0.97%
2015	0.636159430%	64,878,255	193,145,356	33.59%	0.50%
2014	0.635162690%	59,389,261	188,719,016	31.47%	0.99%
2013	0.629493939%	54,805,724	182,872,212	29.97%	1.78%

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

Schedule of the District Contributions ⁽¹⁾

Fiscal Year Ending June 30,	Contractually Required HIS Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	District's Covered Payroll	HIS Contributions as a Percentage of Covered Payroll
2023	\$ 4,653,816	\$ (4,653,816)	\$ -	\$ 280,444,933	1.66%
2022	4,188,431	(4,188,431)	-	252,315,138	1.66%
2021	3,929,685	(3,929,685)	-	236,782,474	1.66%
2020	3,895,575	(3,895,575)	-	234,720,782	1.66%
2019	3,501,125	(3,501,125)	-	211,113,431	1.66%
2018	3,441,885	(3,441,885)	-	207,355,443	1.66%
2017	3,361,516	(3,361,516)	-	202,544,149	1.66%
2016	3,338,085	(3,338,085)	-	201,141,768	1.66%
2015	2,431,797	(2,431,797)	-	193,145,356	1.26%
2014	2,175,854	(2,175,854)	-	188,719,016	1.15%

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

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

Note 1—Budgetary Basis of Accounting

The District follows procedures established by State statutes 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 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 subsequent year’s appropriations.

Note 2—Schedule of Changes in the District’s Total Other Postemployment Benefits Liability and Related Ratios

Changes of Assumptions:

Changes of assumptions or other inputs reflect a change in the discount rate from 1.92% in 2021 to 3.69% in 2022, 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, 2022 valuation.

Note 3—Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System

Changes of Assumptions:

The municipal bond rate used to determine the total pension liability decreased from 6.80% to 6.70%.

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

Changes of Assumptions:

The municipal bond rate used to determine the total pension liability increased from 2.16% to 3.54%.

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COMPLIANCE AND SINGLE AUDIT

**Report of Independent Auditor on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Honorable Members of the School Board
District School Board of St. Lucie County
Port St. Lucie, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of St. Lucie County, Florida (the “District”) as of and for the year ended June 30, 2023, 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 27, 2024. Our report includes reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the District’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

District's Response to Findings

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

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.

Cherry Bekaert LLP

Orlando, Florida
March 27, 2024

Report of Independent Auditor on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Members of the School Board
District School Board of St. Lucie County
Port St. Lucie, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the District School Board of St. Lucie County, Florida's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibility of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Cherry Bekaert LLP

Orlando, Florida
March 27, 2024

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor Number	Amount of Expenditures	Amount Provided to Subrecipients
U.S. Department of Agriculture:				
<i>Child Nutrition Cluster:</i>				
Florida Department of Agriculture and Consumer Services: National School Lunch Program	10.555	19001, 19003, 20001, 20003	\$ 19,565,769	\$ -
School Breakfast Program	10.553	19002, 20002, 19001, 19003	4,235,523	-
Summer Food Service Program for Children	10.559	19006, 19007, 20006, 20007	437,778	-
Fresh Fruit and Vegetable Program	10.582	19004, 20004	347,800	-
<i>Total Child Nutrition Cluster</i>			<u>24,586,870</u>	<u>-</u>
<i>Not clustered:</i>				
Florida Department of Health: Child and Adult Care Food Program	10.558	N/A	983,131	-
Total U.S. Department of Agriculture			<u>25,570,001</u>	<u>-</u>
U.S. Department of Education				
<i>Special Education Cluster:</i>				
U.S. Department of Education: COVID-19 - Special Education - Grants to States	84.027X	N/A	492,032	-
Florida Department of Education: Special Education - Grants to States	84.027A	262, 263	10,397,171	-
Special Education - Grants to States	84.027		10,889,203	-
U.S. Department of Education: COVID-19- Special Education - Preschool Grants	84.173X	N/A	51,294	-
Florida Department of Education: Special Education - Preschool Grants	84.173A	266, 267	227,706	-
Special Education - Preschool Grants	84.173		279,000	-
<i>Total Special Education Cluster</i>			<u>11,168,203</u>	<u>-</u>
<i>Not clustered:</i>				
U.S. Department of Education: St. Lucie Public Schools Magnet School Grant Application	84.165A	N/A	1,617,416	2,370
Social Wellness and Emotional Learning Leaders (SWELL)	84.184X	N/A	356,891	-
Charter Schools, Public Charter School Programs	84.282A	N/A	268,745	-
COVID-19- Elementary and Secondary School Emergency Re	84.425U	N/A	35,742,616	-
COVID-19- Elementary and Secondary School Emergency Relief- Homeless Children & Youth	84.425W	N/A	40,425	-
Florida Department of Education: COVID-19 - Governor's Emergency Education Relief Fund	84.425C	123	81,112	-
COVID-19- Elementary and Secondary School Emergency Reli	84.425D	124	11,038,524	-
Total COVID-19 Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425		<u>46,902,677</u>	<u>-</u>

The accompanying notes are an integral part of this Schedule.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor Number	Amount of Expenditures	Amount Provided to Subrecipients
<i>Florida Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010A	212,223,226	17,043,531	13,200
Migrant Education - State Grant Program	84.011A	217	164,379	-
Career and Technical Education Basic Grants to States	84.048A	161	666,768	-
Education for Homeless Children and Youth	84.196A	127	75,244	-
Twenty-First Century Community Learning Centers	84.287A	244	653,444	-
English Language Acquisition Grants	84.365A	102	1,129,264	-
Improving Teacher Quality State Grants	84.367A	224	1,898,961	-
Title IV Student Support & Academic Enrichment	84.424A	241	896,438	-
Total U.S. Department of Education			82,841,961	15,570
U.S. Federal Communications Commission				
COVID-19 - Emergency Connectivity Fund	32.009	N/A	434,004	-
Total U.S. Communications Commission			434,004	-
U.S. Department of Justice				
STOP School Violence	16.839	N/A	76,360	-
Total U.S. Department of Justice			76,360	-
U.S. Department of Health and Human Resources				
COVID-19 - Provider Relief Fund and ARP Rural Distribution	93.498	N/A	5,090	-
Total U.S. Department of Justice			5,090	-
U.S. Department of Defense				
Army Junior Reserve Officers Training Corps	12.U01	N/A	367,273	-
Total U.S. Department of Defense			367,273	-
Total Expenditures of Federal Awards			\$ 109,294,689	\$ 15,570

The accompanying notes are an integral part of this Schedule.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Note 1—Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal award activity of the District School Board of St. Lucie County under programs of the Federal Government for the fiscal year ended June 30, 2023. 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 (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 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. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

Note 3—Noncash Assistance

National School Lunch Program – Includes \$2,680,848 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution.

Note 4—Indirect Costs

The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS

YEAR ENDED JUNE 30, 2023

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> yes	<u> x </u> no	
Significant deficiency(ies) identified?	<u> x </u> yes	<u> </u> none reported	
Noncompliance material to financial statements noted?	<u> </u> yes	<u> x </u> no	

Federal Awards Section

Internal control over major programs:			
Material weakness(es) identified?	<u> </u> yes	<u> x </u> no	
Significant deficiency(ies) identified?	<u> </u> yes	<u> x </u> none reported	
Type of auditor's report on compliance for major federal programs:	<u>Unmodified</u>		
An audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	<u> </u> yes	<u> x </u> no	

Identification of major federal programs:

<u>Name of Program or Cluster</u>	<u>CFDA Numbers</u>
Title I Grants to Local Educational Agencies	84.010
Education Stabilization Fund	84.425

Dollar threshold used to determine Type A programs:

Federal	<u> \$ 3,000,000</u>
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Auditee qualified as low-risk auditee for federal purposes?	<u> x </u> yes	<u> </u> no
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DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FEDERAL AWARDS PROGRAMS

YEAR ENDED JUNE 30, 2023

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

Finding 2023-001 is considered to be a significant deficiency required to be reported in accordance with Government Auditing Standards.

Year-End Closeout Procedures

Statement of Condition: During our audit, we noted that the District's financial close process operates with insufficient detail review procedures over reconciliations. Some general ledger account reconciliations, including cash; accounts receivable; due from other agencies; capital assets; salaries, benefits and payroll taxes payable; deferred outflows of resources; and unavailable revenues, contained errors and were not effectively reviewed as part of the year-end close process, which resulted in the adjustments to the financial statements. Similarly, the Schedule was not sufficiently reviewed, which resulted in an adjustment to properly present the Schedule in relation to the financial statements.

Criteria: Year-end closeout procedures should ensure that each applicable account should have a detail review of the reconciliation, in which amounts are verified with supporting documentation and the general ledger. Without appropriate detail review of respective reconciliations in place, the ending balances being reported may not be appropriate.

Cause of Condition: The District revised year-end closeout procedures to ensure adequate detail reviews of reconciliations are being performed, but such procedures are not consistently being applied.

Effect of Condition: Errors are reported and were undetected without adequate detail review of reconciliations.

Repeating Finding: Yes, 2022-001.

Recommendation: We recommend the District consistently and more thoroughly apply the implemented closeout procedures to ensure, among other things, that adequate detail review of prepared reconciliations are in place for all balance sheet items at year-end.

Views of Responsible Officials: Management concurs with this statement and the recommendation. The corrective action plan has been updated to include additional steps and processes and is attached.

Part III – Federal

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported by 2 CFR 200.516(a).

DISTRICT SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2023

Financial Statements

2022-001: Some general ledger account reconciliations, including cash; due from other agencies; salaries, benefits and payroll taxes payable; liability for compensated absences; and unavailable revenues, contained errors and were not effectively reviewed as part of the year-end close process, which resulted in the adjustments to the financial statements.

Status: Management revised closeout procedures as recommended. Additionally, compensated absences issue identified in the prior year was resolved. However, certain adjustments were required to the financial statements like those noted above, which are included in finding 2023-001.

Federal Award Programs

There were no findings reported in the prior year.

BOARD MEMBERS

Debbie Hawley, *Chairman*
DISTRICT #1
Jack Kelly, *Vice Chairman*
DISTRICT #2
Dr. Donna Mills
DISTRICT #3
Jennifer Richardson
DISTRICT #4
Troy Ingersoll
DISTRICT #5



SUPERINTENDENT

Dr. Jon R. Prince
9461 Brandywine Lane
Port St. Lucie, FL 34986
772.429.3600
www.stlucieschools.org



3/18/24

**St. Lucie County District School Board
Management’s Corrective Action Plan
For the Fiscal Year Ended June 30, 2023**

Finding Number: 2023-001

Planned Corrective Action: The District has already implemented quarterly review meetings with all Accounting Staff, our first meeting was held on January 31, 2024 to review Balance Sheet Accounts and address any outstanding issues and verify that accounts are being monitored and any issues are being addressed. These meetings consist of each Accountant presenting their fund specific balance sheet accounts and verifying that ending balances can be justified and validated. The District is also exploring appropriate Accounts Receivable software to assist with the management of invoices as well as tracking payments appropriately. We believe that these additional actions will further allow us to manage the balance sheet accounts. This will further help us to ensuring that at year end the accounts will be current and reconciled.

Anticipated Completion Date: The District has already begun implementing the quarterly meetings and is in the process of scheduling a training session with Skyward to look into the Accounts Receivable module. This will be ongoing; however, we expect to have made significant improvements by year end 6/30/2024.

Contact Person: Chief Financial Officer, Michelle Thomas

Sincerely,

A handwritten signature in blue ink that reads "Michelle Thomas".

Michelle Thomas

OTHER INFORMATION

Independent Auditor's Management Letter

To the Honorable Members of the School Board
District School Board of St. Lucie County
Port St. Lucie, Florida

Report of the Financial Statements

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of St. Lucie County, Florida (the "District") as of and for the year ended June 30, 2023, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 27, 2024. We did not audit the financial statements of the discretely presented component units; those financial statements were audited by other auditors.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Report of Independent Auditor 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*, Report of Independent Auditor on Compliance for Each Major Federal Awards Program and on Internal Control Over Compliance Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and Report of Independent Accountant on Compliance with Local Government Investment Policies. Disclosures in the schedule and those reports, which are dated March 27, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.804(1)(f)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. See Summary Schedule of Prior Year Findings for conclusion on preceding annual financial report findings.

Financial Condition and Management

Section 10.804(1)(f)2., Rules of the Auditor General, requires us to communicate whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, the results of our tests did not indicate the District met any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Transparency

Section 10.804(1)(f)6., Rules of the Auditor General, requires that we communicate the results of our determination as to whether the District maintains on its website the information specified in Section 1011.035, Florida Statutes. In connection with our audit, we determined the District maintained on its website the information specified in Section 1011.035, Florida Statutes.

Additional Matters

Section 10.804(1)(f)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we had no such findings.

Purpose of this Letter

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.800, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

Cherry Bekaert LLP

Orlando, Florida
March 27, 2024

**Report of Independent Accountant on Compliance
with Local Government Investment Policies**

To the Honorable Members of the School Board
District School Board of St. Lucie County
Port St. Lucie, Florida

We have examined the District School Board of St. Lucie County, Florida's (the "District") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended June 30, 2023. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

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

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

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

In our opinion, the District complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, during the year ended June 30, 2023.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and Rules of the Auditor General.

Cherry Bekaert LLP

Orlando, Florida
March 27, 2024