

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2025-165
March 2025

**BAKER COUNTY
DISTRICT SCHOOL BOARD**

For the Fiscal Year Ended
June 30, 2024



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2023-24 fiscal year, Sherrie Raulerson served as Superintendent of the Baker County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Tiffany McInarnay, Chair from 11-6-23, Vice Chair through 11-5-23	1
Jack Baker Jr., Vice Chair from 11-6-23	2
Paula T. Barton, Chair through 11-5-23	3
Mandi Canaday	4
Amanda Hodges	5

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

The team leader was Sue Granger, and the audit was supervised by Glenda K. Hart, CPA.

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

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BAKER COUNTY DISTRICT SCHOOL BOARD
TABLE OF CONTENTS

	Page No.
SUMMARY	i
INDEPENDENT AUDITOR'S REPORT	
Report on the Audit of the Financial Statements.....	1
Other Reporting Required by <i>Government Auditing Standards</i>	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	13
Statement of Activities.....	14
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	22
Statement of Net Position – Proprietary Fund.....	23
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund.....	24
Statement of Cash Flows – Proprietary Fund	25
Notes to Financial Statements	26
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General and Major Special Revenue Fund	52
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	54
Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan	55
Schedule of District Contributions – Florida Retirement System Pension Plan	55
Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan	56
Schedule of District Contributions – Health Insurance Subsidy Pension Plan	56
Notes to Required Supplementary Information	57
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	58

BAKER COUNTY DISTRICT SCHOOL BOARD
TABLE OF CONTENTS (CONTINUED)

	Page No.
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	60
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	62
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	65
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS.....	66

SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

SUMMARY OF REPORT ON FEDERAL AWARDS

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

AUDIT OBJECTIVES AND SCOPE

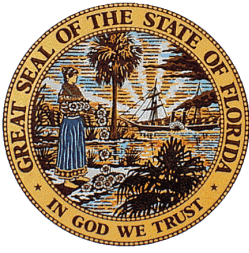
Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. Our audit objectives were also to obtain reasonable assurance about whether material noncompliance with applicable Federal awards requirements occurred, whether due to fraud or error, and to express an opinion on the District's compliance based on our audit. In doing so, we:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements and material noncompliance with Federal awards requirements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks.
- Obtained 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.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements and accompanying Schedule of Expenditures of Federal Awards.
- Concluded 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.

- Examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA
Auditor General

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baker County District School Board, as of and for the fiscal year ended June 30, 2024, 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 report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Baker County District School Board, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the school internal funds, which represent 19 percent, 0 percent, 0 percent, 22 percent, 17 percent, and 17 percent, respectively, of the assets, liabilities, deferred inflows of resources, net position and fund balance, revenues, and expenses and expenditures of the aggregate remaining fund information as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the school internal funds, is based solely on the report of the other auditors.

Basis for Opinions

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

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

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 12 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 GAAS 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 GAAS 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 **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Budgetary Comparison Schedule – General and Major Special Revenue Funds**, **Schedule of Changes in the District's Total OPEB Liability and Related Ratios**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information** 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL**

CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 26, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Baker County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2024. 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 2023-24 fiscal year are as follows:

- As of June 30, 2024, the assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by \$46,014,335.
- In total, net position decreased by \$6,532,814, which represents a 12 percent decrease from the 2022-23 fiscal year.
- General revenues total \$58,483,291, or 93 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$4,388,100, or 7 percent of all revenues.
- Expenses total \$69,404,205. Expenses were offset by charges for services, operating grants and contributions, and capital grants and contributions totaling \$4,388,100.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$6,287,595, which is \$1,188,862 less than the prior fiscal year balance. The General Fund assigned and unassigned fund balances total \$4,210,918, or 9 percent of total General Fund revenues.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

All of the District's activities and services are reported in the government-wide financial statements as governmental activities. The District's governmental activities include instruction, student support services, instructional support services, administrative support services, facility maintenance,

transportation, and food services. Property taxes and State revenues finance most of these activities. Additionally, all capital and debt financing activities are reported as governmental activities.

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

Fund Financial Statements

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

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

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

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

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

Proprietary Fund: Proprietary funds may be established to account for activities in which a fee is charged for services. The District uses an internal service fund to account for its employee supplemental insurance program. Since these services predominantly benefit governmental rather than business-type

functions, the internal service fund has been included within the governmental activities in the government-wide financial statements.

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government’s financial health. The following is a summary of the District’s net position as of June 30, 2024, compared to net position as of June 30, 2023:

Net Position, End of Year

	Governmental Activities	
	6-30-24	6-30-23
Current and Other Assets	\$ 21,766,021	\$ 23,939,207
Capital Assets	68,990,463	69,062,331
Total Assets	90,756,484	93,001,538
Deferred Outflows of Resources	11,271,609	11,214,014
Long-Term Liabilities	51,415,645	45,513,774
Other Liabilities	999,437	3,049,565
Total Liabilities	52,415,082	48,563,339
Deferred Inflows of Resources	3,598,676	3,105,064
Net Position:		
Net Investment in Capital Assets	62,775,067	62,088,321
Restricted	9,510,331	12,107,193
Unrestricted (Deficit)	(26,271,063)	(21,648,365)
Total Net Position	\$ 46,014,335	\$ 52,547,149

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 the result, in part, of accruing \$4,763,174 in compensated absences payable, \$5,487,820 in total OPEB liability, and \$34,949,255 in net pension liability.

Current and other assets decreased due to a decrease in cash as a result of increased expenses.

Long-term liabilities increased primarily due to the District recognizing its proportionate share of the Florida Retirement System's net pension liability.

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

Operating Results for the Fiscal Year Ended

	Governmental	
	Activities	
	<u>6-30-24</u>	<u>6-30-23</u>
Program Revenues:		
Charges for Services	\$ 1,046,336	\$ 577,728
Operating Grants and Contributions	3,172,584	3,172,359
Capital Grants and Contributions	169,180	7,607,262
General Revenues:		
Property Taxes, Levied for Operational Purposes	6,258,620	5,727,735
Property Taxes, Levied for Capital Projects	2,391,995	2,159,076
Grants and Contributions Not Restricted to Specific Programs	46,926,238	45,294,285
Unrestricted Investment Earnings	203,167	175,382
Miscellaneous	2,703,271	1,843,256
Total Revenues	<u>62,871,391</u>	<u>66,557,083</u>
Functions/Program Expenses:		
Instruction	36,954,407	30,355,158
Student Support Services	4,077,698	3,037,693
Instructional Media Services	635,204	554,847
Instruction and Curriculum Development Services	1,400,466	1,228,314
Instructional Staff Training Services	721,886	515,073
Instruction-Related Technology	372,711	313,400
Board	471,032	471,494
General Administration	591,431	544,168
School Administration	2,727,244	2,312,906
Facilities Acquisition and Construction	1,691,051	4,991,702
Fiscal Services	1,027,206	869,633
Food Services	3,714,027	3,564,727
Central Services	1,016,253	520,979
Student Transportation Services	3,632,657	3,425,426
Operation of Plant	5,792,048	5,000,378
Maintenance of Plant	1,302,864	1,118,391
Administrative Technology Services	830,938	866,954
Community Services	407,467	262,086
Unallocated Interest on Long-Term Debt	199	203
Unallocated Depreciation Expense	2,037,416	1,305,077
Total Functions/Program Expenses	<u>69,404,205</u>	<u>61,258,609</u>
Change in Net Position	<u>(6,532,814)</u>	<u>5,298,474</u>
Net Position - Beginning	52,547,149	47,248,675
Net Position - Ending	<u>\$ 46,014,335</u>	<u>\$ 52,547,149</u>

The largest revenue source is the State of Florida (59 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP funding formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Capital grants and contributions revenues decreased by \$7,438,082, or 98 percent. These revenues are received from the State for the acquisition, construction and maintenance for educational facilities. The decrease in funding is primarily due to a decrease in State capital outlay funding related to the completion of a new elementary school in the 2022-23 fiscal year.

Grants and contributions not restricted to specific programs revenues increased by \$1,631,953 or 4 percent, primarily due to an increase in FEFP funding.

Property tax revenues increased by \$763,804, or 10 percent, as a result of an increase in taxable assessed values.

Instruction expenses represent 53 percent of total governmental expenses in the 2023-24 fiscal year. Instruction expenses increased by \$6,599,249, or 22 percent, primarily due to salary increases and increase in the pension expense.

Facilities acquisition and construction expenses decreased by \$3,300,651, or 66 percent, primarily due to remodeling and renovation projects being completed.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

The total fund balances of governmental funds decreased by \$240,454 during the fiscal year to \$13,850,491 at June 30, 2024. Of the total fund balance, \$3,363,418, or 24 percent, is unassigned fund balance, which is available for spending at the District's discretion; \$214,793 is nonspendable; \$9,424,780 is restricted; and \$847,500 is assigned.

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is \$3,363,418 while the total fund balance is \$6,287,595. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is approximately 9 percent of the total General Fund revenues, while total fund balance represents approximately 14 percent of total General Fund revenues. Total fund balance decreased by \$1,188,862, or 16 percent, during the fiscal year, primarily due to an increase in teacher salaries.

The Special Revenue – Federal Education Stabilization Fund has total revenues and expenditures of \$5,007,238 each and the funding was mainly used for salaries and benefits and HVAC and chiller upgrades. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Public Education Capital Outlay Fund has a total fund balance of \$614,174, a decrease of \$2,438,344 from the prior fiscal year. No proceeds were received from the Special Facilities Construction Account this year. These funds are restricted for the payback of pledged revenues in connection with the special PECO advance payable.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of \$3,267,999, which is an increase of \$2,857,056 over the prior fiscal year. Revenues generated in this fund are from local property taxes and are used for the acquisition, construction, and maintenance of capital assets. Of the total fund balance, \$58,673 has been encumbered for various projects.

Proprietary Fund

The District’s proprietary fund provides the same type of information reported in the government-wide financial statements, but in more detail. Unrestricted net position of the Internal Service Fund increased by \$2,402 during the 2023-24 fiscal year to \$1,157,344 at June 30, 2024.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2023-24 fiscal year, the District amended its General Fund budget primarily to adjust planned expenditures between functional categories. There were no significant variances between the original and final budgeted amounts.

Actual revenues were more than final budgeted amounts by \$2,664,945, or 6 percent, due to an increase in State FEFP funding and an increase in Federal through State Child Care and Development Block Grant funding for the PreK program, while expenditures were in line with final budget amounts. The actual ending fund balance was more than the estimated fund balance contained in the final amended budget by \$2,752,094.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District’s investment in capital assets for its governmental activities as of June 30, 2024, is \$68,990,463 (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

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

Long-Term Debt

At June 30, 2024, the District had total long-term debt outstanding of \$6,215,395 composed of the Special PECO Advance Payable.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Executive Director for Support Services, Baker County District School Board, 392 South Boulevard East, Macclenny, Florida 32063.

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BASIC FINANCIAL STATEMENTS

**Baker County District School Board
Statement of Net Position
June 30, 2024**

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 15,122,592.16
Due from Other Agencies	6,428,636.68
Prepaid Items	7,080.11
Inventories	207,712.73
Capital Assets:	
Nondepreciable Capital Assets	1,694,643.17
Depreciable Capital Assets, Net	<u>67,295,819.47</u>
TOTAL ASSETS	<u>90,756,484.32</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	9,695,004.00
OPEB	<u>1,576,605.00</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>11,271,609.00</u>
LIABILITIES	
Accrued Salaries and Benefits	7,703.63
Payroll Deductions and Withholdings	738,331.46
Accounts Payable	217,937.22
Due to Other Agencies	29.11
Unearned Revenue	429.06
Estimated Insurance Claims Payable	35,007.00
Long-Term Liabilities:	
Portion Due Within 1 Year	6,811,184.46
Portion Due After 1 Year	<u>44,604,460.18</u>
TOTAL LIABILITIES	<u>52,415,082.12</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	2,158,345.00
OPEB	<u>1,440,331.00</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,598,676.00</u>
NET POSITION	
Net Investment in Capital Assets	62,775,067.18
Restricted for:	
State Required Carryover Programs	1,947,434.68
Capital Projects	4,776,762.15
Food Service	1,745,241.89
Student Organizations	1,040,892.22
Unrestricted	<u>(26,271,062.92)</u>
TOTAL NET POSITION	<u>\$ 46,014,335.20</u>

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

**Baker County District School Board
Statement of Activities
For the Fiscal Year Ended June 30, 2024**

Functions/Programs	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Governmental Activities:			
Instruction	\$ 36,954,406.62	\$ 327,445.24	\$ -
Student Support Services	4,077,698.51	-	-
Instructional Media Services	635,203.59	-	-
Instruction and Curriculum Development Services	1,400,465.57	-	-
Instructional Staff Training Services	721,885.75	-	-
Instruction-Related Technology	372,711.12	-	-
Board	471,032.23	-	-
General Administration	591,431.54	-	-
School Administration	2,727,243.94	-	-
Facilities Acquisition and Construction	1,691,050.78	-	-
Fiscal Services	1,027,206.08	-	-
Food Services	3,714,026.83	18,814.35	3,172,584.09
Central Services	1,016,252.52	366,159.84	-
Student Transportation Services	3,632,657.37	-	-
Operation of Plant	5,792,047.99	-	-
Maintenance of Plant	1,302,863.96	-	-
Administrative Technology Services	830,938.29	-	-
Community Services	407,466.90	333,916.61	-
Unallocated Interest on Long-Term Debt	199.18	-	-
Unallocated Depreciation Expense*	2,037,415.78	-	-
Total Governmental Activities	\$ 69,404,204.55	\$ 1,046,336.04	\$ 3,172,584.09

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

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

		Net (Expense) Revenue and Changes in Net Position
Capital Grants and Contributions		Governmental Activities
\$	-	\$ (36,626,961.38)
	-	(4,077,698.51)
	-	(635,203.59)
	-	(1,400,465.57)
	-	(721,885.75)
	-	(372,711.12)
	-	(471,032.23)
	-	(591,431.54)
	-	(2,727,243.94)
	169,180.19	(1,521,870.59)
	-	(1,027,206.08)
	-	(522,628.39)
	-	(650,092.68)
	-	(3,632,657.37)
	-	(5,792,047.99)
	-	(1,302,863.96)
	-	(830,938.29)
	-	(73,550.29)
	-	(199.18)
	-	(2,037,415.78)
\$	169,180.19	(65,016,104.23)

6,258,620.37
2,391,994.69
46,926,237.93
203,167.12
<u>2,703,270.79</u>
<u>58,483,290.90</u>
(6,532,813.33)
<u>52,547,148.53</u>
\$ 46,014,335.20

**Baker County District School Board
Balance Sheet – Governmental Funds
June 30, 2024**

	<u>General Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>	<u>Capital Projects - Public Education Capital Outlay Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,530,043.60	\$ -	\$ 614,404.64
Due from Other Funds	413,985.90	2.93	-
Due from Other Agencies	170,735.82	289,217.52	5,643,755.00
Prepaid Items	7,080.11	-	-
Inventories	122,162.69	-	-
TOTAL ASSETS	<u>\$ 7,244,008.12</u>	<u>\$ 289,220.45</u>	<u>\$ 6,258,159.64</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	\$ 7,703.63	\$ -	\$ -
Payroll Deductions and Withholdings	665,459.87	5,263.07	-
Accounts Payable	109,904.38	56,067.71	-
Due to Other Funds	173,345.24	227,889.67	230.96
Due to Other Agencies	-	-	-
Unearned Revenue	-	-	-
Total Liabilities	<u>956,413.12</u>	<u>289,220.45</u>	<u>230.96</u>
Deferred Inflows of Resources:			
Unavailable Revenue - State Capital Outlay	-	-	5,643,755.00
Fund Balances:			
Nonspendable:			
Prepaid Items	7,080.11	-	-
Inventories	122,162.69	-	-
Total Nonspendable Fund Balance	<u>129,242.80</u>	<u>-</u>	<u>-</u>
Restricted for:			
State Required Carryover Programs	1,947,434.68	-	-
Capital Projects	-	-	614,173.68
Food Service	-	-	-
Student Organizations	-	-	-
Total Restricted Fund Balance	<u>1,947,434.68</u>	<u>-</u>	<u>614,173.68</u>
Assigned for:			
Board Approved Budget Items	847,499.60	-	-
Unassigned Fund Balance	<u>3,363,417.92</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>6,287,595.00</u>	<u>-</u>	<u>614,173.68</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,244,008.12</u>	<u>\$ 289,220.45</u>	<u>\$ 6,258,159.64</u>

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

Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,289,159.39	\$ 3,496,633.59	\$ 13,930,241.22
-	285,052.84	699,041.67
-	324,928.34	6,428,636.68
-	-	7,080.11
-	85,550.04	207,712.73
<u>\$ 3,289,159.39</u>	<u>\$ 4,192,164.81</u>	<u>\$ 21,272,712.41</u>
\$ -	\$ -	\$ 7,703.63
-	67,608.52	738,331.46
21,160.86	30,804.27	217,937.22
-	297,575.80	699,041.67
-	29.11	29.11
-	429.06	429.06
<u>21,160.86</u>	<u>396,446.76</u>	<u>1,663,472.15</u>
-	114,994.00	5,758,749.00
-	-	7,080.11
-	85,550.04	207,712.73
-	85,550.04	214,792.84
-	-	1,947,434.68
3,267,998.53	894,589.94	4,776,762.15
-	1,659,691.85	1,659,691.85
-	1,040,892.22	1,040,892.22
<u>3,267,998.53</u>	<u>3,595,174.01</u>	<u>9,424,780.90</u>
-	-	847,499.60
-	-	3,363,417.92
<u>3,267,998.53</u>	<u>3,680,724.05</u>	<u>13,850,491.26</u>
<u>\$ 3,289,159.39</u>	<u>\$ 4,192,164.81</u>	<u>\$ 21,272,712.41</u>

**Baker County District School Board
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2024**

Total Fund Balances - Governmental Funds \$ 13,850,491.26

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 68,990,462.64

A portion of State capital outlay funds are not available to pay for current period expenditures and, therefore, is reported as unavailable revenue on the governmental fund statements. 5,758,749.00

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 1,157,343.94

The deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions	\$	9,695,004.00	
Deferred Outflows Related to OPEB		1,576,605.00	
Deferred Inflows Related to Pensions		(2,158,345.00)	
Deferred Inflows Related to OPEB		<u>(1,440,331.00)</u>	7,672,933.00

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

Special PECO Advance Payable	\$	(6,215,395.46)	
Compensated Absences Payable		(4,763,174.18)	
Net Pension Liability		(34,949,255.00)	
Total OPEB Liability		<u>(5,487,820.00)</u>	(51,415,644.64)

Net Position - Governmental Activities \$ 46,014,335.20

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

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Baker County District School Board
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General Fund	Special Revenue - Federal Education Stabilization Fund	Capital Projects - Public Education Capital Outlay Fund
Revenues			
Intergovernmental:			
Federal Direct	\$ 26,607.07	\$ -	\$ -
Federal Through State and Local	1,408,216.52	5,007,238.28	-
State	36,885,956.51	-	-
Local:			
Property Taxes	6,258,620.37	-	-
Impact Fees	-	-	-
Charges for Services	327,445.24	-	-
Miscellaneous	1,275,952.36	-	24,522.22
Total Local Revenues	<u>7,862,017.97</u>	<u>-</u>	<u>24,522.22</u>
Total Revenues	<u>46,182,798.07</u>	<u>5,007,238.28</u>	<u>24,522.22</u>
Expenditures			
Current - Education:			
Instruction	27,427,707.12	1,924,435.73	-
Student Support Services	3,018,344.05	276,144.74	-
Instructional Media Services	552,523.87	8,612.00	-
Instruction and Curriculum Development Services	753,405.74	35,455.23	-
Instructional Staff Training Services	251,585.68	66,361.25	-
Instruction-Related Technology	324,751.05	3,229.50	-
Board	438,582.89	-	-
General Administration	351,730.45	43,722.90	-
School Administration	2,326,044.27	37,248.75	-
Facilities Acquisition and Construction	69,203.16	1,191,667.58	260,630.45
Fiscal Services	830,013.86	76,073.10	-
Food Services	34,117.67	40,695.86	-
Central Services	566,169.35	3,767.76	-
Student Transportation Services	2,608,102.72	205,019.94	-
Operation of Plant	5,384,794.38	63,329.50	-
Maintenance of Plant	1,200,188.24	8,612.00	-
Administrative Technology Services	792,917.38	2,153.00	-
Community Services	377,162.26	1,119.88	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	184,840.30	362,696.56	712,403.35
Other Capital Outlay	-	656,893.00	135,039.40
Debt Service:			
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>47,492,184.44</u>	<u>5,007,238.28</u>	<u>1,108,073.20</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,309,386.37)</u>	<u>-</u>	<u>(1,083,550.98)</u>
Other Financing Sources (Uses)			
Transfers In	-	-	-
Loss Recoveries	120,524.75	-	-
Transfers Out	-	-	(1,354,793.38)
Total Other Financing Sources (Uses)	<u>120,524.75</u>	<u>-</u>	<u>(1,354,793.38)</u>
Net Change in Fund Balances	<u>(1,188,861.62)</u>	<u>-</u>	<u>(2,438,344.36)</u>
Fund Balances, Beginning	7,476,456.62	-	3,052,518.04
Adjustment to Beginning Fund Balance	-	-	-
Fund Balances, Beginning, as Restated	<u>7,476,456.62</u>	<u>-</u>	<u>3,052,518.04</u>
Fund Balances, Ending	<u>\$ 6,287,595.00</u>	<u>\$ 0.00</u>	<u>\$ 614,173.68</u>

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

Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 26,607.07
-	6,732,401.37	13,147,856.17
-	210,090.19	37,096,046.70
2,391,994.69	-	8,650,615.06
-	118,779.92	118,779.92
-	18,814.35	346,259.59
16,374.39	1,555,100.31	2,871,949.28
<u>2,408,369.08</u>	<u>1,692,694.58</u>	<u>11,987,603.85</u>
<u>2,408,369.08</u>	<u>8,635,186.14</u>	<u>62,258,113.79</u>
-	3,712,942.85	33,065,085.70
-	293,123.07	3,587,611.86
-	-	561,135.87
-	442,899.99	1,231,760.96
-	324,387.60	642,334.53
-	963.63	328,944.18
-	-	438,582.89
-	150,594.58	546,047.93
-	8,829.92	2,372,122.94
169,549.59	-	1,691,050.78
-	-	906,086.96
-	3,448,800.48	3,523,614.01
-	17,131.87	587,068.98
-	55,217.87	2,868,340.53
-	-	5,448,123.88
-	-	1,208,800.24
-	-	795,070.38
-	-	378,282.14
305,955.62	-	1,565,895.83
81,000.07	-	872,932.47
-	199.18	199.18
<u>556,505.28</u>	<u>8,455,091.04</u>	<u>62,619,092.24</u>
<u>1,851,863.80</u>	<u>180,095.10</u>	<u>(360,978.45)</u>
1,005,192.12	349,601.26	1,354,793.38
-	-	120,524.75
-	-	(1,354,793.38)
<u>1,005,192.12</u>	<u>349,601.26</u>	<u>120,524.75</u>
<u>2,857,055.92</u>	<u>529,696.36</u>	<u>(240,453.70)</u>
-	3,561,970.30	14,090,944.96
410,942.61	(410,942.61)	-
<u>410,942.61</u>	<u>3,151,027.69</u>	<u>14,090,944.96</u>
<u>\$ 3,267,998.53</u>	<u>\$ 3,680,724.05</u>	<u>\$ 13,850,491.26</u>

Baker County District School Board
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Net Change in Fund Balances - Governmental Funds \$ (240,453.70)

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current fiscal year. (71,868.36)

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current fiscal year. (715,041.16)

Governmental funds report District OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions, as determined through an actuarial valuation, is reported as an OPEB expense.

Increase in Total OPEB Liability	\$ (1,183,812.00)	
Increase in Deferred Outflows of Resources - OPEB	890,878.00	
Decrease in Deferred Inflows of Resources - OPEB	144,792.00	(148,142.00)

Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.

FRS Pension Contribution	\$ 3,208,663.00	
HIS Pension Contribution	619,102.00	
FRS Pension Expense	(4,949,995.00)	
HIS Pension Expense	(4,352,474.00)	(5,474,704.00)

Governmental funds recognize revenues when they are measurable and available to pay liabilities in the current period. However, in the statement of activities, revenue is recognized as soon as it is earned regardless of availability. This is the effect of the timing difference between the two methods of revenue recognition. 114,994.00

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of the internal service fund is reported with governmental activities. 2,401.89

Change in Net Position - Governmental Activities **\$ (6,532,813.33)**

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

**Baker County District School Board
Statement of Net Position – Proprietary Fund
June 30, 2024**

	<u>Internal Service Fund</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,192,350.94
LIABILITIES	
Current Liabilities:	
Estimated Insurance Claims Payable	<u>35,007.00</u>
NET POSITION	
Unrestricted	<u>\$ 1,157,343.94</u>

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

**Baker County District School Board
Statement of Revenues, Expenses, and Changes in Fund
Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2024**

	Internal Service Fund
OPERATING REVENUES	
Premiums	\$ 366,159.84
OPERATING EXPENSES	
Insurance Claims	375,356.79
Operating Loss	(9,196.95)
NONOPERATING REVENUES	
Interest	11,598.84
Change in Net Position	2,401.89
Total Net Position - Beginning	1,154,942.05
Total Net Position - Ending	\$ 1,157,343.94

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

**Baker County District School Board
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2024**

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Premiums	\$ 366,159.84
Cash Payments for Insurance Claims	<u>(366,008.79)</u>
Net Cash Provided by Operating Activities	<u>151.05</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	<u>11,598.84</u>
Net Increase in Cash and Cash Equivalents	11,749.89
Cash and Cash Equivalents, Beginning	<u>1,180,601.05</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,192,350.94</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	<u>\$ (9,196.95)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Estimated Insurance Claims Payable	<u>9,348.00</u>
Net Cash Provided by Operating Activities	<u>\$ 151.05</u>

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Baker County School District (District) and its component unit. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

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

B. Reporting Entity

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

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

C. Basis of Presentation: Government-Wide Financial Statements

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

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 blended component unit. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Federal Education Stabilization Fund – to account for certain Federal grant program resources provided as emergency relief to address the impact of COVID-19 on elementary and secondary schools.
- Capital Projects – Public Education Capital Outlay Fund – to account for the proceeds of Special Facilities Construction Account appropriations to be used to construct a new elementary school.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, motor vehicle purchases.

Additionally, the District reports the following proprietary fund type:

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

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 30 days of year end). Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

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

1. Cash and Cash Equivalents

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

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

2. Investments

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

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

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. Inventories are stated at average invoice price, except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when purchased during the fiscal year and then adjusted at fiscal year-end to reflect year-end physical inventories.

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 \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	10 - 20 years
Buildings and Fixed Equipment	20 - 50 years
Furniture, Fixtures, and Equipment	5 - 15 years
Motor Vehicles	5 - 10 years
Audio Visual Materials and Computer Software	5 years

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

5. Pensions

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

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

6. Long-Term Liabilities

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

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

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 then. The District has two items that qualify for reporting in this category. The deferred outflows of resources related to pensions and OPEB are discussed in subsequent notes.

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

balance sheet as unavailable revenue related to State capital outlay funding and will be recognized as an inflow of resources in the period that it becomes available.

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

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

10. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances at June 30, 2024.

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

In addition, the District has adopted Board Policy 7.010, *School Budget System*, which provides that, if feasible, at least 5 percent of the recurring expenditure budget be reserved for unforeseen events including, but not limited to, revenue and student enrollment projection shortfalls.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. State Revenue Sources

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

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

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

Pursuant to Section 1013.64, Florida Statutes, the District received special allocations in the 2020-21, 2021-22, and 2022-23 fiscal years for specific construction needs through the Public Education Capital Outlay and Debt Service Trust Fund – Special Facility Construction Account. As a condition for receiving these funds, other construction funding must be pledged for the

project, including the capital outlay millage levied pursuant to Section 1011.71(2), Florida Statutes, for the total amount of 3 fiscal years' maximum millage. Collections of the pledged revenues that are subsequently paid to the State will be reported as expenditures in the governmental funds statement of revenues, expenditures, and changes in fund balance and reduce the liability in the statement of net position.

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 Baker County Property Appraiser, and property taxes are collected by the Baker County Tax Collector.

The Board adopted the 2023 tax levy on September 5, 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 percent for early payment.

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

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Baker 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. Educational Impact Fees

Baker County (County) imposes an educational impact fee based on an ordinance adopted by the County Commission in 2006. 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.

5. Federal Revenue Sources

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

6. Compensated Absences

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

7. Proprietary Fund Operating and Nonoperating Revenues and Expenses

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

II. ACCOUNTING CHANGES

Change From Nonmajor to Major Fund. The Capital Projects – Local Capital Improvement Fund meets the quantitative requirements for reporting as a major fund in the current fiscal year whereas it did not meet those requirements in the previous fiscal year. The effect of this change to or within the financial reporting entity is shown in the table below.

	Reporting Units Affected by Restatements of Beginning Balance Funds	
	Capital Projects - Local Capital Improvement	Nonmajor Governmental
Beginning Balances, as previously reported	\$ -	\$ 3,561,970.30
Change from nonmajor to major fund	410,942.61	(410,942.61)
Beginning Balances, as restated	<u>\$ 410,942.61</u>	<u>\$ 3,151,027.69</u>

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

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

B. Investments

The District's investments at June 30, 2024, are reported as follows:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA:		
Florida PRIME (1)	45 Day Average	<u>\$ 428,018.02</u>

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

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

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

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2024, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the Local Government Surplus Funds Trust Fund [Florida PRIME], or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District does not have a formal investment policy that further limits its investment choices.

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

C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 1,690,446.41	\$ -	\$ -	\$ 1,690,446.41
Construction in Progress	-	4,196.76	-	4,196.76
Total Capital Assets Not Being Depreciated	<u>1,690,446.41</u>	<u>4,196.76</u>	<u>-</u>	<u>1,694,643.17</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	3,907,043.96	705,271.53	-	4,612,315.49
Buildings and Fixed Equipment	100,632,014.71	856,427.54	-	101,488,442.25
Furniture, Fixtures, and Equipment	1,761,951.56	166,130.47	40,002.87	1,888,079.16
Motor Vehicles	8,345,376.71	706,802.00	6,617.95	9,045,560.76
Audio Visual Materials and Computer Software	<u>324,890.93</u>	<u>-</u>	<u>44,881.00</u>	<u>280,009.93</u>
Total Capital Assets Being Depreciated	<u>114,971,277.87</u>	<u>2,434,631.54</u>	<u>91,501.82</u>	<u>117,314,407.59</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	3,023,982.27	44,125.41	-	3,068,107.68
Buildings and Fixed Equipment	36,849,331.18	1,941,773.25	-	38,791,104.43
Furniture, Fixtures, and Equipment	1,431,852.38	51,517.12	40,002.87	1,443,366.63
Motor Vehicles	5,969,336.52	473,280.88	6,617.95	6,435,999.45
Audio Visual Materials and Computer Software	<u>324,890.93</u>	<u>-</u>	<u>44,881.00</u>	<u>280,009.93</u>
Total Accumulated Depreciation	<u>47,599,393.28</u>	<u>2,510,696.66</u>	<u>91,501.82</u>	<u>50,018,588.12</u>
Total Capital Assets Being Depreciated, Net	<u>67,371,884.59</u>	<u>(76,065.12)</u>	<u>-</u>	<u>67,295,819.47</u>
Governmental Activities Capital Assets, Net	<u>\$ 69,062,331.00</u>	<u>\$ (71,868.36)</u>	<u>\$ 0.00</u>	<u>\$ 68,990,462.64</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	\$ 473,280.88
Unallocated	<u>2,037,415.78</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 2,510,696.66</u>

D. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

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

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

The District's FRS and HIS pension expense totaled \$9,302,469 for the fiscal year ended June 30, 2024.

FRS Pension Plan

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

- *Regular* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers* – Members who hold specified elective offices in local government.
- *Senior Management Service* – Members in senior management level positions.

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

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 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2023-24 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	13.57
FRS, Elected County Officers	3.00	58.68
FRS, Senior Management Service	3.00	34.52
DROP – Applicable to Members from All of the Above Classes	0.00	21.13
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 2 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

The District’s contributions to the Plan totaled \$3,208,663 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the District reported a liability of \$23,118,332 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The District’s proportionate share of the net pension liability was based on the District’s 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the District’s proportionate share was 0.058017989 percent, which was a decrease of 0.002973446 from its proportionate share measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the District recognized a Plan pension expense of \$4,949,995. 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	\$ 2,170,612	\$ -
Change of Assumptions	1,507,045	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	965,484	-
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	679,087	733,077
District FRS Contributions Subsequent to the Measurement Date	3,208,663	-
Total	\$ 8,530,891	\$ 733,077

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$3,208,663, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2025	\$ 704,505
2026	(161,912)
2027	3,790,339
2028	200,754
2029	55,465
Total	\$ 4,589,151

Actuarial Assumptions. The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	6.70 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Total	100%			
Assumed inflation - Mean			2.4%	1.4%

(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 2023 valuation was unchanged from the previous valuation.

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 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.7 percent) or 1 percentage point higher (7.7 percent) than the current rate:

	<u>1% Decrease (5.7%)</u>	<u>Current Discount Rate (6.7%)</u>	<u>1% Increase (7.7%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 39,490,819	\$ 23,118,332	\$ 9,420,788

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.

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, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 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, 2024, the contribution rate was 2 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$619,102 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the District reported a net pension liability of \$11,830,923 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, and update procedures were used to determine the net pension liability as of June 30, 2023. The District's proportionate share of the net pension liability was based on the District's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the District's proportionate share was 0.074495776 percent, which was a decrease of 0.003419977 from its proportionate share measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the District recognized the HIS Plan pension expense of \$4,352,474. 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	\$ 173,197	\$ 27,769
Change of Assumptions	311,031	1,025,188
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	6,110	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	54,673	372,311
District HIS Contributions Subsequent to the Measurement Date	619,102	-
Total	\$ 1,164,113	\$ 1,425,268

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$619,102, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2025	\$ (168,028)
2026	(110,181)
2027	(151,847)
2028	(257,415)
2029	(166,323)
Thereafter	(26,463)
Total	\$ (880,257)

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 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.65 percent

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

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 3.65 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal

to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.54 percent to 3.65 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.65 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
District's Proportionate Share of the Net Pension Liability	\$ 13,497,237	\$ 11,830,923	\$ 10,449,661

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.

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 the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2023-24 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	11.30
FRS, Elected County Officers	16.34
FRS, Senior Management Service	12.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2024, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$1,060,770 for the fiscal year ended June 30, 2024.

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, dental, and life insurance coverage. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides healthcare, prescription drug, dental, and life insurance benefits for retirees and their dependents. In addition to the implicit subsidy described above, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees pursuant to Board approval on July 16, 2007. Under this incentive, retirees receive contributions based on their years of service ranging from \$169.81 per month for 10 to 19 years of

service to \$212.56 per month for 30 years or more of service. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

Employees Covered by Benefit Terms. At June 30, 2024, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	315
Active Employees	<u>617</u>
Total	<u>932</u>

Total OPEB Liability. The District's total OPEB liability of \$5,487,820 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023.

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

Inflation	2.4 percent
Salary Increases	3 percent, average, including inflation
Discount Rate	3.97 percent, 20-Year AA Municipal Bonds
Municipal Bond Rate Basis	Fidelity's 20-Year Municipal General Obligation AA Index
Mortality Rates	PubG.H-2010 (for noninstructional employees) and PubT.H-2010 (for instructional/teachers) mortality tables with Projection Scale MP-2021
Healthcare Cost Trend Rates	10.19 percent for fiscal year 2024, ultimately decreasing to a rate of 5 percent in 2030
Plan Participation of Future Retirees	35 percent of future eligible healthy retirees are assumed to choose to participate in the plan at retirement

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2023	<u>\$ 4,304,008</u>
Changes for the year:	
Service Cost	285,282
Interest	173,368
Differences Between Expected and Actual Experience	(197,214)
Changes of Assumptions or Other Inputs	1,118,165
Benefit Payments	<u>(195,789)</u>
Net Changes	<u>1,183,812</u>
Balance at June 30, 2024	<u>\$ 5,487,820</u>

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

- The discount rate increased from 3.86 percent to 3.97 percent.
- Premiums and retiree contributions were updated to reflect the current rates.
- Medical trend was updated to reflect updated expectations.

- Retirement tables were updated to those used in the FRS pension valuation as of July 1, 2023.
- Retirement participation was decreased from 40 percent to 35 percent of employees electing coverage at retirement and the expected plan selection at retirement was updated.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.97 percent) or 1 percentage point higher (4.97 percent) than the current rate:

	<u>1% Decrease (2.97%)</u>	<u>Current Discount Rate (3.97%)</u>	<u>1% Increase (4.97%)</u>
Total OPEB Liability	\$ 5,953,361	\$ 5,487,820	\$ 4,982,467

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (9.19 percent decreasing to 4 percent) or 1 percentage point higher (11.19 percent decreasing to 6 percent) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 4,872,684	\$ 5,487,820	\$ 6,139,187

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2024, the District recognized OPEB expense of \$343,930. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 341,317	\$ 636,984
Changes of Assumptions or Other Inputs	1,235,288	803,347
Total	<u>\$ 1,576,605</u>	<u>\$ 1,440,331</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2025	\$ (114,674)
2026	(114,447)
2027	(114,447)
2028	65,089
2029	108,053
Thereafter	306,700
Total	<u>\$ 136,274</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, 2024:

Major Funds				
General	Special Revenue - Federal Education Stabilization	Capital Projects - Local Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$ 22,605.00	\$ 612,239.25	\$ 58,673.00	\$ 34,454.46	\$ 727,971.71

G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Baker County District School Board is a member of the North East Florida Educational Consortium (Consortium) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members of the Consortium. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for the Consortium is composed of superintendents of all participating districts. The Putnam County District School Board serves as fiscal agent for the Consortium.

The Board contracted with a commercial insurance company to provide employee group health insurance. In addition, the Board has established a self-insurance plan to provide District employees with supplemental dental coverage. The dental plan is for District employees and retirees, and their dependents. The plan is administered through an internal service fund. Under the dental plan, the Board contributes employee premiums as a fringe benefit. Employee dependent coverage and other coverage for retirees and their dependents are by prepaid premium.

The claims liability of \$35,007 is reported in the internal service fund at June 30, 2024, to cover estimated incurred, but not reported, insurance claims payable of the employee supplemental insurance plan. The following schedule represents the changes in claims liability for the past two fiscal years for the District's self-insurance program:

Fiscal Year	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2022-23	\$ 28,997	\$ 341,729	\$ (345,067)	\$ 25,659
2023-24	25,659	375,357	(366,009)	35,007

H. Long-Term Liabilities

1. Special Public Education Capital Outlay Advance Payable

The liability at June 30, 2024, of \$6,215,395.46 represents the amount of the Public Education Capital Outlay Special Facilities allocation expected to be replaced by other District capital outlay sources that are committed under Section 1013.64, Florida Statutes, for funding specific construction needs. The liability is expected to be retired by the close of the 2024-25 fiscal year.

2. Changes in Long-Term Liabilities

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

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Special PECO Advance Payable	\$ 6,215,395.46	\$ -	\$ -	\$ 6,215,395.46	\$ 6,215,395.46
Compensated Absences Payable	4,048,133.02	1,046,940.04	331,898.88	4,763,174.18	400,000.00
Net Pension Liability	30,946,238.00	16,689,649.00	12,686,632.00	34,949,255.00	-
Total OPEB Liability	<u>4,304,008.00</u>	<u>1,576,815.00</u>	<u>393,003.00</u>	<u>5,487,820.00</u>	<u>195,789.00</u>
Total Governmental Activities	<u>\$ 45,513,774.48</u>	<u>\$ 19,313,404.04</u>	<u>\$ 13,411,533.88</u>	<u>\$ 51,415,644.64</u>	<u>\$ 6,811,184.46</u>

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

I. Fund Balance Reporting

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

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

J. Interfund Receivables and Payables

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major:		
General	\$ 413,985.90	\$ 173,345.24
Special Revenue:		
Federal Education Stabilization	2.93	227,889.67
Capital Projects:		
Public Education Capital Outlay	-	230.96
Nonmajor Governmental	<u>285,052.84</u>	<u>297,575.80</u>
Total	<u>\$ 699,041.67</u>	<u>\$ 699,041.67</u>

The interfund receivables and payables represent temporary loans between funds to cover expenditures incurred prior to reimbursement from outside parties. All balances are expected to be repaid within 1 fiscal year.

K. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2023-24 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 30,437,522.00
Categorical Educational Program - Class Size Reduction	4,544,212.00
Voluntary Prekindergarten Program	465,408.05
School Recognition	427,060.00
Workforce Development Program	269,665.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	169,180.19
Miscellaneous	<u>782,999.46</u>
Total	<u>\$ 37,096,046.70</u>

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

2. Property Taxes

The following is a summary of millages and taxes levied on the 2023 tax roll for the 2023-24 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<u>General Fund</u>		
Nonvoted School Tax:		
Required Local Effort	3.173	\$ 5,185,274.90
Basic Discretionary Local Effort	0.748	1,222,371.77
<u>Capital Projects - Local Capital Improvement Fund</u>		
Nonvoted Tax:		
Local Capital Improvements	<u>1.500</u>	<u>2,451,280.29</u>
Total	<u>5.421</u>	<u>\$ 8,858,926.96</u>

L. Interfund Transfers

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
Capital Projects:		
Public Education Capital Outlay	\$ -	\$ 1,354,793.38
Local Capital Improvement	1,005,192.12	-
Nonmajor Governmental	349,601.26	-
Total	\$ 1,354,793.38	\$ 1,354,793.38

The transfers from the Capital Projects – PECO Fund to the Capital Projects – Local Capital Improvement Fund and the nonmajor governmental funds are related to funds due back to these funds for a reduction in the actual project costs associated with the PECO special facilities project for the new Legacy Elementary School.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule General and Major Special Revenue Funds For the Fiscal Year Ended June 30, 2024

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 60,000.00	\$ 60,000.00	\$ 26,607.07	\$ (33,392.93)
Federal Through State and Local State	195,000.00	195,000.00	1,408,216.52	1,213,216.52
State	36,460,768.00	36,521,088.00	36,885,956.51	364,868.51
Local:				
Property Taxes	6,019,015.00	6,019,015.00	6,258,620.37	239,605.37
Charges for Services	-	-	327,445.24	327,445.24
Miscellaneous	722,750.00	722,750.00	1,275,952.36	553,202.36
Total Local Revenues	6,741,765.00	6,741,765.00	7,862,017.97	1,120,252.97
Total Revenues	43,457,533.00	43,517,853.00	46,182,798.07	2,664,945.07
Expenditures				
Current - Education:				
Instruction	26,212,064.00	27,427,764.00	27,427,707.12	56.88
Student Support Services	3,135,342.00	3,018,842.00	3,018,344.05	497.95
Instructional Media Services	693,071.00	553,571.00	552,523.87	1,047.13
Instruction and Curriculum Development Services	741,788.00	753,408.00	753,405.74	2.26
Instructional Staff Training Services	85,469.00	251,769.00	251,585.68	183.32
Instruction-Related Technology	366,900.00	324,900.00	324,751.05	148.95
Board	585,250.00	439,250.00	438,582.89	667.11
General Administration	377,125.00	352,125.00	351,730.45	394.55
School Administration	2,626,410.00	2,326,910.00	2,326,044.27	865.73
Facilities Acquisition and Construction	74,050.00	69,409.70	69,203.16	206.54
Fiscal Services	862,194.00	830,194.00	830,013.86	180.14
Food Services	-	35,000.00	34,117.67	882.33
Central Services	621,561.00	566,561.00	566,169.35	391.65
Student Transportation Services	3,052,840.00	2,608,640.00	2,608,102.72	537.28
Operation of Plant	5,505,175.00	5,385,675.00	5,384,794.38	880.62
Maintenance of Plant	1,285,050.00	1,201,250.00	1,200,188.24	1,061.76
Administrative Technology Services	944,450.00	793,450.00	792,917.38	532.62
Community Services	271,750.00	377,250.00	377,162.26	87.74
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	184,840.30	184,840.30	-
Other Capital Outlay	-	-	-	-
Total Expenditures	47,440,489.00	47,500,809.00	47,492,184.44	8,624.56
Excess (Deficiency) of Revenues Over Expenditures	(3,982,956.00)	(3,982,956.00)	(1,309,386.37)	2,673,569.63
Other Financing Sources				
Transfers In	42,000.00	42,000.00	-	(42,000.00)
Loss Recoveries	-	-	120,524.75	120,524.75
Total Other Financing Sources	42,000.00	42,000.00	120,524.75	78,524.75
Net Change in Fund Balances	(3,940,956.00)	(3,940,956.00)	(1,188,861.62)	2,752,094.38
Fund Balances, Beginning	7,476,456.62	7,476,456.62	7,476,456.62	-
Fund Balances, Ending	\$ 3,535,500.62	\$ 3,535,500.62	\$ 6,287,595.00	\$ 2,752,094.38

Special Revenue - Federal Education Stabilization Fund

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -
6,993,923.00	6,993,923.00	5,007,238.28	(1,986,684.72)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>6,993,923.00</u>	<u>6,993,923.00</u>	<u>5,007,238.28</u>	<u>(1,986,684.72)</u>
2,383,640.00	2,363,640.00	1,924,435.73	439,204.27
455,749.00	455,749.00	276,144.74	179,604.26
-	10,000.00	8,612.00	1,388.00
9,198.00	39,198.00	35,455.23	3,742.77
195,821.00	95,821.00	66,361.25	29,459.75
-	3,500.00	3,229.50	270.50
-	-	-	-
92,814.00	92,814.00	43,722.90	49,091.10
9,842.00	38,842.00	37,248.75	1,593.25
2,307,222.00	1,287,632.44	1,191,667.58	95,964.86
66,144.00	77,144.00	76,073.10	1,070.90
17,847.00	41,847.00	40,695.86	1,151.14
1,197.00	5,097.00	3,767.76	1,329.24
1,402,553.00	1,375,353.00	205,019.94	1,170,333.06
46,791.00	70,591.00	63,329.50	7,261.50
-	9,000.00	8,612.00	388.00
-	3,000.00	2,153.00	847.00
5,105.00	5,105.00	1,119.88	3,985.12
-	-	-	-
-	362,696.56	362,696.56	-
-	656,893.00	656,893.00	-
<u>6,993,923.00</u>	<u>6,993,923.00</u>	<u>5,007,238.28</u>	<u>1,986,684.72</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB Liability					
Service Cost	\$ 285,282	\$ 269,927	\$ 318,130	\$ 205,992	\$ 199,992
Interest	173,368	149,671	76,085	89,919	158,937
Differences Between Expected and Actual Experience	(197,214)	(9,102)	502,824	(205,657)	(896,342)
Changes of Assumptions or Other Inputs	1,118,165	165,687	(640,828)	225,069	(943,902)
Benefit Payments	<u>(195,789)</u>	<u>(116,751)</u>	<u>(112,595)</u>	<u>(157,081)</u>	<u>(147,771)</u>
Net Change in Total OPEB Liability	<u>1,183,812</u>	<u>459,432</u>	<u>143,616</u>	<u>158,242</u>	<u>(1,629,086)</u>
Total OPEB Liability - Beginning	<u>4,304,008</u>	<u>3,844,576</u>	<u>3,700,960</u>	<u>3,542,718</u>	<u>5,171,804</u>
Total OPEB Liability - Ending	<u>\$ 5,487,820</u>	<u>\$ 4,304,008</u>	<u>\$ 3,844,576</u>	<u>\$ 3,700,960</u>	<u>\$ 3,542,718</u>
Covered-Employee Payroll	\$ 25,172,500	\$ 24,523,270	\$ 23,948,506	\$ 25,470,686	\$ 24,873,717
Total OPEB Liability as a Percentage of Covered-Employee Payroll	21.8%	17.6%	16.1%	14.5%	14.2%
	<u>2019</u>	<u>2018</u>			
Total OPEB Liability					
Service Cost	\$ 194,167	\$ 183,021			
Interest	152,903	147,204			
Differences Between Expected and Actual Experience	-	(2,143)			
Changes of Assumptions or Other Inputs	-	-			
Benefit Payments	<u>(155,701)</u>	<u>(142,845)</u>			
Net Change in Total OPEB Liability	<u>191,369</u>	<u>185,237</u>			
Total OPEB Liability - Beginning	<u>4,980,435</u>	<u>4,795,198</u>			
Total OPEB Liability - Ending	<u>\$ 5,171,804</u>	<u>\$ 4,980,435</u>			
Covered-Employee Payroll	\$ 21,414,004	\$ 21,309,863			
Total OPEB Liability as a Percentage of Covered-Employee Payroll	24.2%	23.4%			

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

Fiscal Year Ending June 30	District's Proportion of the FRS Net Pension Liability	District's Proportionate of the FRS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.068752689%	\$ 4,194,925	\$ 24,643,809	17.02%	96.09%
2015	0.066298006%	8,563,277	24,583,936	34.83%	92.00%
2016	0.059877767%	15,119,183	24,639,158	61.36%	84.88%
2017	0.057291468%	16,946,433	24,942,106	67.94%	83.89%
2018	0.056839648%	17,120,397	25,113,507	68.17%	84.26%
2019	0.055961584%	19,272,390	25,889,354	74.44%	82.61%
2020	0.057009052%	24,708,563	27,073,591	91.26%	78.85%
2021	0.061015349%	4,609,016	27,681,145	16.65%	96.40%
2022	0.060991435%	22,693,715	28,394,838	79.92%	82.89%
2023	0.058017989%	23,118,332	29,517,034	78.32%	82.38%

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

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

Fiscal Year Ending June 30	Contractually Required FRS Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	District's Covered Payroll	FRS Contributions as a Percentage of Covered Payroll
2015	\$ 1,616,402	\$ (1,616,402)	\$ -	\$ 24,583,936	6.58%
2016	1,460,215	(1,460,215)	-	24,639,158	5.93%
2017	1,491,438	(1,491,438)	-	24,942,106	5.98%
2018	1,627,608	(1,627,608)	-	25,113,507	6.48%
2019	1,760,907	(1,760,907)	-	25,889,354	6.80%
2020	1,924,579	(1,924,579)	-	27,073,591	7.11%
2021	2,433,516	(2,433,516)	-	27,681,145	8.79%
2022	2,625,277	(2,625,277)	-	28,394,838	9.25%
2023	2,913,863	(2,913,863)	-	29,517,034	9.87%
2024	3,208,663	(3,208,663)	-	30,955,080	10.37%

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

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

Fiscal Year Ending June 30	District's Proportion of the HIS Net Pension Liability	District's Proportionate Share of the HIS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.082922229%	\$ 7,753,431	\$ 24,643,809	31.46%	0.99%
2015	0.080976849%	8,258,365	24,583,936	33.59%	0.50%
2016	0.079665030%	9,284,629	24,639,158	37.68%	0.97%
2017	0.078245795%	8,366,402	24,942,106	33.54%	1.64%
2018	0.076889837%	8,138,107	25,113,507	32.41%	2.15%
2019	0.077403197%	8,660,643	25,889,354	33.45%	2.63%
2020	0.077968099%	9,519,778	27,073,591	35.16%	3.00%
2021	0.078164483%	9,588,049	27,681,145	34.64%	3.56%
2022	0.077915753%	8,252,523	28,394,838	29.06%	4.81%
2023	0.074495776%	11,830,923	29,517,034	40.08%	4.12%

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

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

Fiscal Year Ending June 30	Contractually Required HIS Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	District's Covered Payroll	HIS Contributions as a Percentage of Covered Payroll
2015	\$ 309,544	\$ (309,544)	\$ -	\$ 24,583,936	1.26%
2016	408,334	(408,334)	-	24,639,158	1.66%
2017	414,099	(414,099)	-	24,942,106	1.66%
2018	416,884	(416,884)	-	25,113,507	1.66%
2019	429,812	(429,812)	-	25,889,354	1.66%
2020	449,422	(449,422)	-	27,073,591	1.66%
2021	459,507	(459,507)	-	27,681,145	1.66%
2022	471,372	(471,372)	-	28,394,838	1.66%
2023	489,983	(489,983)	-	29,517,034	1.66%
2024	619,102	(619,102)	-	30,955,080	2.00%

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

1. Budgetary Basis of Accounting

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

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

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The June 30, 2024, total OPEB liability increased from the prior fiscal year as a result of changes to assumptions as discussed below:

- The discount rate was increased from 3.86 percent to 3.97 percent.
- Premiums and retiree contributions were updated to reflect the current rates.
- Medical trend was updated to reflect expectations.
- Retirement tables were updated to those used in the FRS pension valuation as of July 1, 2023.
- The assumed percentage of employees electing coverage at retirement was updated from 40 percent to 35 percent and the expected plan selection at retirement was updated.

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

Changes of Assumptions. In 2023, the municipal bond rate used to determine total pension liability was increased from 3.54 percent to 3.65 percent and the level of monthly benefits increased from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225.

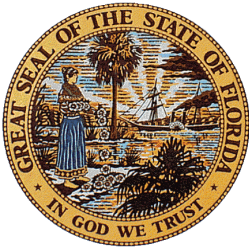
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Total Expenditures
Clustered			
Child Nutrition Cluster			
United States Department of Agriculture:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	24002	\$ 676,335.51
National School Lunch Program	10.555	24001, 24003	2,387,224.60
COVID-19 National School Lunch Program	COVID-19, 10.555	23020	129,340.55
Total National School Lunch Program	10.555		2,516,565.15
Summer Food Service Program for Children	10.559	23006, 23007, 24006, 24007	68,113.98
Total Child Nutrition Cluster			3,261,014.64
Forest Service Schools and Roads Cluster			
United States Department of Agriculture:			
Florida Department of Financial Services:			
Schools and Roads - Grants to States	10.665	None	86,126.73
Special Education Cluster			
United States Department of Education:			
Florida Department of Education:			
Special Education - Grants to States	84.027	263	1,167,126.53
COVID-19 Special Education - Grants to States	COVID-19, 84.027	263	94,969.08
Total Special Education - Grants to States	84.027		1,262,095.61
Special Education - Preschool Grants	84.173	267	54,422.22
COVID-19 Special Education - Preschool Grants	COVID-19, 84.173	267	8,030.02
Total Special Education - Preschool Grants			62,452.24
Total Special Education Cluster			1,324,547.85
Child Care and Development Fund Cluster			
United States Department of Health and Human Services:			
Early Learning Coalition of North Florida:			
Child Care and Development Block Grant	COVID-19, 93.575	None	953,803.38
Not Clustered			
United States Department of Defense			
Army Junior Reserve Officers Training Corps	12.UNK	N/A	26,607.07
United States Department of Education			
Florida Department of Education:			
Adult Education - Basic Grants to States	84.002	191	189,933.29
Title I Grants to Local Educational Agencies	84.010	212, 226	1,520,519.02
Career and Technical Education - Basic Grants to States	84.048	161	104,325.18
Rural Education	84.358	110	146,774.00
Supporting Effective Instruction State Grants	84.367	224	244,764.40
Student Support and Academic Enrichment Program	84.424	241	43,522.09
Education Stabilization Fund:	84.425		
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124, 128	490,724.84
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425U	121	4,393,627.41
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund - Homeless Children & Youth Fund	COVID-19, 84.425W	122	19,886.93
Total Education Stabilization Fund	84.425		4,904,239.18
Total United States Department of Education			7,154,077.16
Total Expenditures of Federal Awards			\$ 12,806,176.83

The accompanying notes are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Baker County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
- (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance – National School Lunch Program. Includes \$267,893.82 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baker County District School Board as of and for the fiscal year ended June 30, 2024, 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 26, 2025, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds as described in our report on the District's financial statements. This report does not include the results of the other 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a

timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

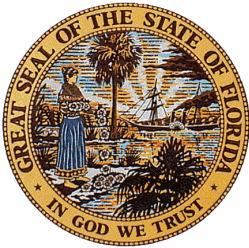
Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 26, 2025



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the
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Legislative Auditing Committee

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Baker County District School Board's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2024. The District's major Federal programs are identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

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

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each

major Federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

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.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large, sweeping initial "S".

Sherrill F. Norman, CPA
Tallahassee, Florida
March 26, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major Federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major Federal programs:	
Assistance Listing Numbers: 10.553, 10.555, and 10.559 93.575	Name of Federal Program or Cluster: Child Nutrition Cluster Child Care and Development Fund Cluster
Dollar threshold used to distinguish between type A and type B programs:	750,000
Auditee qualified as low risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The District did not have prior audit findings required to be reported under Title 2, Section 200.511, Code of Federal Regulations.