

2022

Leon County District School Board

Financial Statements and
Independent Auditor's Report

June 30, 2022

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

**LEON COUNTY
DISTRICT SCHOOL BOARD
TALLAHASSEE, FLORIDA**

JUNE 30, 2022

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**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

**LEON COUNTY
DISTRICT SCHOOL BOARD
TALLAHASSEE, FLORIDA**

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Leon County District School Board and
Superintendent
Tallahassee, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying basic financial statements of the governmental activities, business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the Leon County District School Board (the District) as of and for the fiscal year ended June 30, 2022, 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 other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the District as of and for the fiscal year ended June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component units, which represent 100% of the transactions and account balances of the discretely presented component unit's columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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INDEPENDENT AUDITOR'S REPORT

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Leon County District School Board and
Superintendent
Tallahassee, Florida

INDEPENDENT AUDITOR'S REPORT

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.

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

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 February 3, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other

Leon County District School Board and
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INDEPENDENT AUDITOR'S REPORT

matters. The purpose of that report is 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 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.



February 3, 2023
Tallahassee, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Leon County District School Board (the District) has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2022. The intent of information contained in the Management's Discussion and Analysis (MD&A) is to highlight significant transactions, events, and conditions. This discussion is within the context of the District's financial statements and notes to financial statements found immediately following the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2021-2022 fiscal year are as follows:

- Total Net Position is \$223,430,749, which represents a 25 percent increase from the 2020-2021 fiscal year. This increase resulted from additional grant revenues coming out of a COVID year and a reduction in expenses related to the impact of changes in the net pension liability and pension related deferred inflows and outflows.
- General revenues total \$393,695,332, or 94 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$25,839,689 or 6 percent of all revenues.
- Expenses total \$374,435,116. Only \$25,839,689 of these expenses was offset by program specific revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$57,116,049, which is \$5,773,883 less than the prior fiscal year balance. The General Fund assigned and unassigned fund balances total \$51,759,505, or 20 percent of total General Fund revenues which total \$265,213,373. The unassigned fund balance totals \$29,668,116, which represents 11 percent of total General Fund revenues.
- The District's capital assets \$415,127,693 (net of depreciation) decreased by \$16,119,043 as depreciation expense exceeded capital asset additions in the current year and the District increased its capitalization threshold from \$1,000 to \$5,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

Government-Wide Financial Statements
Fund Financial Statements
Notes to Financial Statements

This report also includes supplementary information intended to furnish additional details to support the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 designed to provide consolidated financial information about the governmental activities of the primary government presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets, its liabilities, and its deferred outflows of resources using an economic resources measurement focus. Assets plus deferred outflows of resources, less liabilities, equal 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, which is the result of operations during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is increasing or decreasing.

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

Governmental Activities—This category represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the state's education finance program provide most of the resources supporting these activities.

Business-Type Activities—The District charges fees to cover the cost of certain services provided by the District's Permitting Office.

Component Units—The District presents eight (8) separate legal entities in this report including the Foundation for Leon County Schools, Inc.; The School of Arts and Sciences on Thomasville Road; the School of Arts and Sciences at the Centre; Tallahassee School of Math and Science; Governors Charter Academy; and Tallahassee Classical School. These entities are legally separate organizations and component units included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Complete financial statements for each component unit are available from the District's Chief Financial Officer upon request.

The Leon County District School Board Voluntary Employee Benefits Trust (VEBT) and the Leon County School Board Leasing Corporation (Leasing Corporation), although also legally separate entities, were formed to administer the District's group health, life, and dental insurance program and facilitate financing for the acquisition of facilities and equipment, respectively. Due to the substantive economic relationships between the District and the VEBT and Leasing Corporation, their financial activities have 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 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. Law establishes certain funds while others are created by legal agreements, such as bond covenants. Fund financial statements provide detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the District's funds may be classified within one of three broad categories discussed below.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds—Governmental funds 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 for assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than 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. Readers may obtain a better understanding of the long-term impact of the government's near-term financing decisions by doing so. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances each 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, the Other Debt Service Fund, the Special Revenue – Federal Education Stabilization Fund, and two Capital Projects Funds – the Local Capital Improvement Fund and the Other Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule is included for the General Fund and the Federal Education Stabilization Fund, to demonstrate compliance with the budget.

Proprietary Fund—Proprietary funds may be established to account for activities where a fee is charged for services. The District's only proprietary fund is classified as an enterprise fund. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for the activities of the District Permitting Office.

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

The District uses a private-purpose trust fund to account for scholarship funds established by private donors.

The District uses an employee benefits trust fund to account for the financial resources of the Leon County District School Board VEBT.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time 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, 2022, compared to net position as of June 30, 2021:

	Net Position, End of Year					
	Governmental Activities		Business-Type Activities		Total	
	6-30-22	6-30-21	6-30-22	6-30-21	6-30-22	6-30-21
Current Assets	\$ 167,889,346	\$ 153,552,972	\$ 101,526	\$ 1,805	\$ 167,990,872	\$ 153,554,777
Capital Assets, Net of Depreciation	415,127,693	431,246,736	-	-	415,127,693	431,246,736
Total Assets	583,017,039	584,799,708	101,526	1,805	583,118,565	584,801,513
Deferred Outflow of Resources	68,482,500	85,642,661	-	-	68,482,500	85,642,661
Long-Term Liabilities	289,360,751	447,176,134	-	-	289,360,751	447,176,134
Other Liabilities	16,070,625	17,632,751	-	-	16,070,625	17,632,751
Total Liabilities	305,431,376	464,808,885	-	-	305,431,376	464,808,885
Deferred Inflow of Resources	122,738,940	20,156,113	-	-	122,738,940	20,156,113
Net Position:						
Net Investment in Capital Assets	292,158,612	288,140,046	-	-	292,158,612	288,140,046
Restricted	98,200,889	82,821,977	-	-	98,200,889	82,821,977
Unrestricted (Deficit)	(167,030,278)	(185,484,652)	101,526	1,805	(166,928,752)	(185,482,847)
Total Net Position	\$ 223,329,223	\$ 185,477,371	\$ 101,526	\$ 1,805	\$ 223,430,749	\$ 185,479,176

The largest portion of the District's net position reflects its investment in capital assets (e.g., land; buildings and fixed equipment; furniture, fixtures, and equipment), less any related debt still outstanding net of unspent debt proceeds. 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 subject to external restrictions on expenditures.

The deficit unrestricted net position was the result, in part, of accruing \$31,348,528 in compensated absences payable, \$36,961,715 in other postemployment benefits payable, and \$94,703,145 in net pension liability.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2022 and June 30, 2021, are as follows:

- The decrease in the District's long-term liabilities primarily resulted from a \$136 million decrease in the District's proportionate share of the Net Pension Liability for the Florida Retirement System.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The District's net position increased by \$45,099,905 during the 2021-2022 fiscal year, detailed as follows:

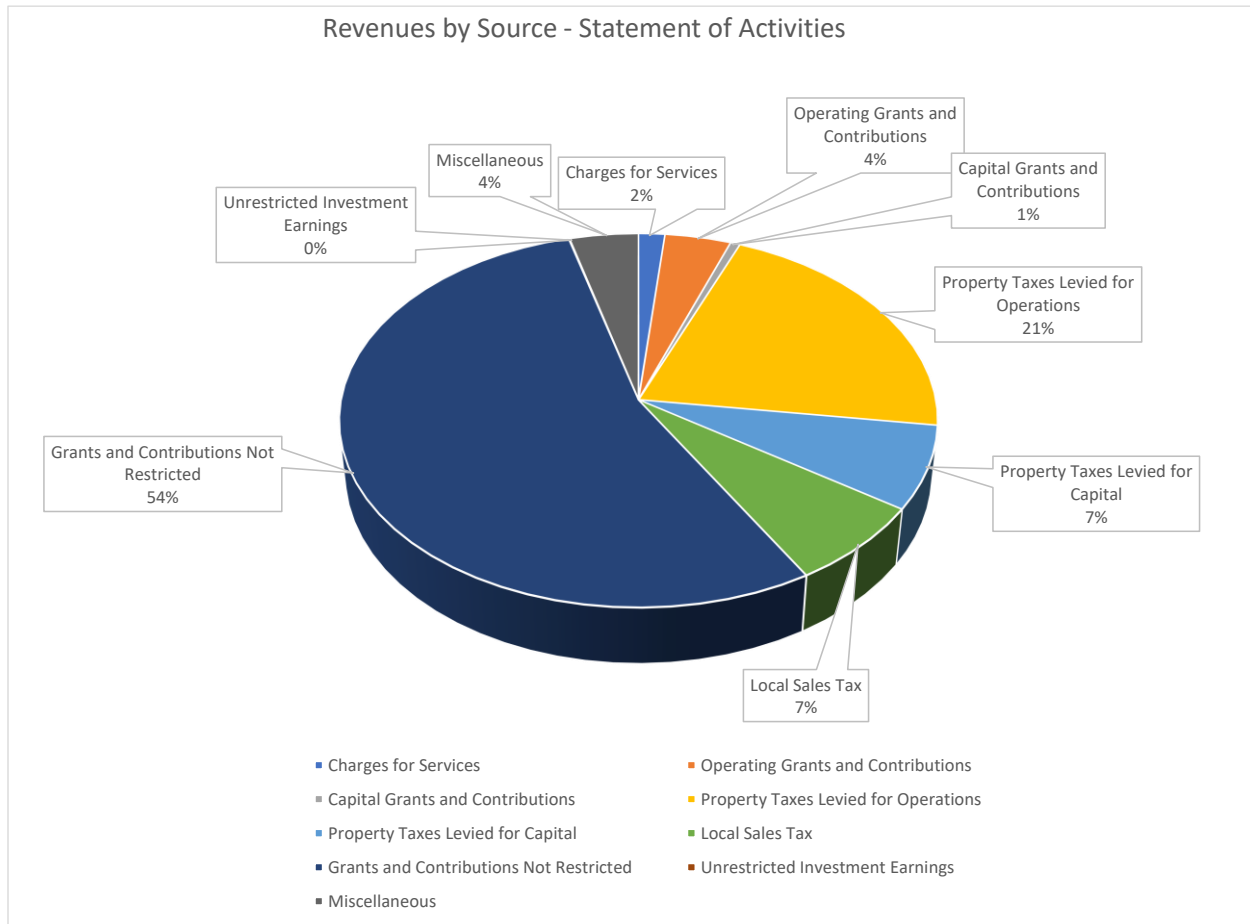
	Operating Results for the Fiscal Year Ended					
	Governmental Activities		Business-Type Activities		Total	
	6-30-22	6-30-21*	6-30-22	6-30-21	6-30-22	6-30-21*
Program Revenues:						
Charges for Services	\$ 6,631,435	\$ 5,299,229	\$ 100,945	\$ 8,069	\$ 6,732,380	\$ 5,307,298
Operating Grants and Contributions	16,674,393	9,442,472	-	-	16,674,393	9,442,472
Capital Grants and Contributions	2,432,916	2,952,807	-	-	2,432,916	2,952,807
General Revenues:						
Property Taxes Levied for Operational Purposes	88,269,476	86,282,930	-	-	88,269,476	86,282,930
Property Taxes Levied for Capital Projects	30,255,374	28,995,733	-	-	30,255,374	28,995,733
Local Sales Tax	29,699,108	23,964,899	-	-	29,699,108	23,964,899
Grants and Contributions Not Restricted to Specific Programs	227,895,949	228,084,293	-	-	227,895,949	228,084,293
Unrestricted Investment Earnings	232,814	131,677	-	-	232,814	131,677
Miscellaneous	17,342,611	12,549,771	-	-	17,342,611	12,549,771
Total Revenues	419,434,076	397,703,811	100,945	8,069	419,535,021	397,711,880
Functions/Program Expenses:						
Instruction	189,133,740	204,364,031	-	-	189,133,740	204,364,031
Student Personnel Services	10,574,722	12,289,532	-	-	10,574,722	12,289,532
Instructional Media Services	3,527,088	4,053,290	-	-	3,527,088	4,053,290
Instruction and Curriculum Development	13,018,528	14,139,687	-	-	13,018,528	14,139,687
Instructional Staff Training Services	1,114,843	932,380	-	-	1,114,843	932,380
Instruction-Related Technology	2,646,632	13,955,792	-	-	2,646,632	13,955,792
Board	1,401,952	1,060,353	-	-	1,401,952	1,060,353
General Administration	3,276,433	3,232,255	-	-	3,276,433	3,232,255
School Administration	22,465,614	25,825,200	-	-	22,465,614	25,825,200
Facility Acquisition and Construction	12,640,891	11,876,842	-	-	12,640,891	11,876,842
Fiscal Services	2,453,969	2,600,148	-	-	2,453,969	2,600,148
Food Services	13,940,113	12,796,679	-	-	13,940,113	12,796,679
Central Services	18,398,174	9,336,898	-	-	18,398,174	9,336,898
Student Transportation Services	11,451,051	12,889,057	-	-	11,451,051	12,889,057
Operation of Plant	20,368,413	22,367,675	-	-	20,368,413	22,367,675
Maintenance of Plant	9,348,977	10,394,100	-	-	9,348,977	10,394,100
Administrative Technology Services	6,539,334	5,231,927	-	-	6,539,334	5,231,927
Community Services	7,949,064	5,038,169	-	-	7,949,064	5,038,169
Unallocated Interest on Long-Term Debt	4,762,755	5,158,035	-	-	4,762,755	5,158,035
Unallocated Depreciation Expenses	19,421,599	20,634,907	-	-	19,421,599	20,634,907
Loss on Disposal of Capital Assets	-	909,458	-	-	-	909,458
District Permitting Office	-	-	1,224	6,342	1,224	6,342
Total Functions/Program Expenses	374,433,892	399,086,415	1,224	6,342	374,435,116	399,092,757
Increase (Decrease) in Net Position	45,000,184	(1,382,604)	99,721	1,727	45,099,905	(1,380,877)
Net Position - Beginning	185,477,371	182,438,186	1,805	78	185,479,176	182,438,264
Adjustment to Restate Beginning Net Position (See Note 1)	(7,148,332)	4,421,789	-	-	(7,148,332)	4,421,789
Net Position - Beginning - Restated	178,329,039	186,859,975	1,805	78	178,330,844	186,860,053
Net Position - Ending	\$ 223,329,223	\$ 185,477,371	\$ 101,526	\$ 1,805	\$ 223,430,749	\$ 185,479,176

*The June 30, 2021, balances have not been restated above for the impact of the change in the fixed asset capitalization threshold.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest revenue source is the State of Florida (34 percent). Revenues from the 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.

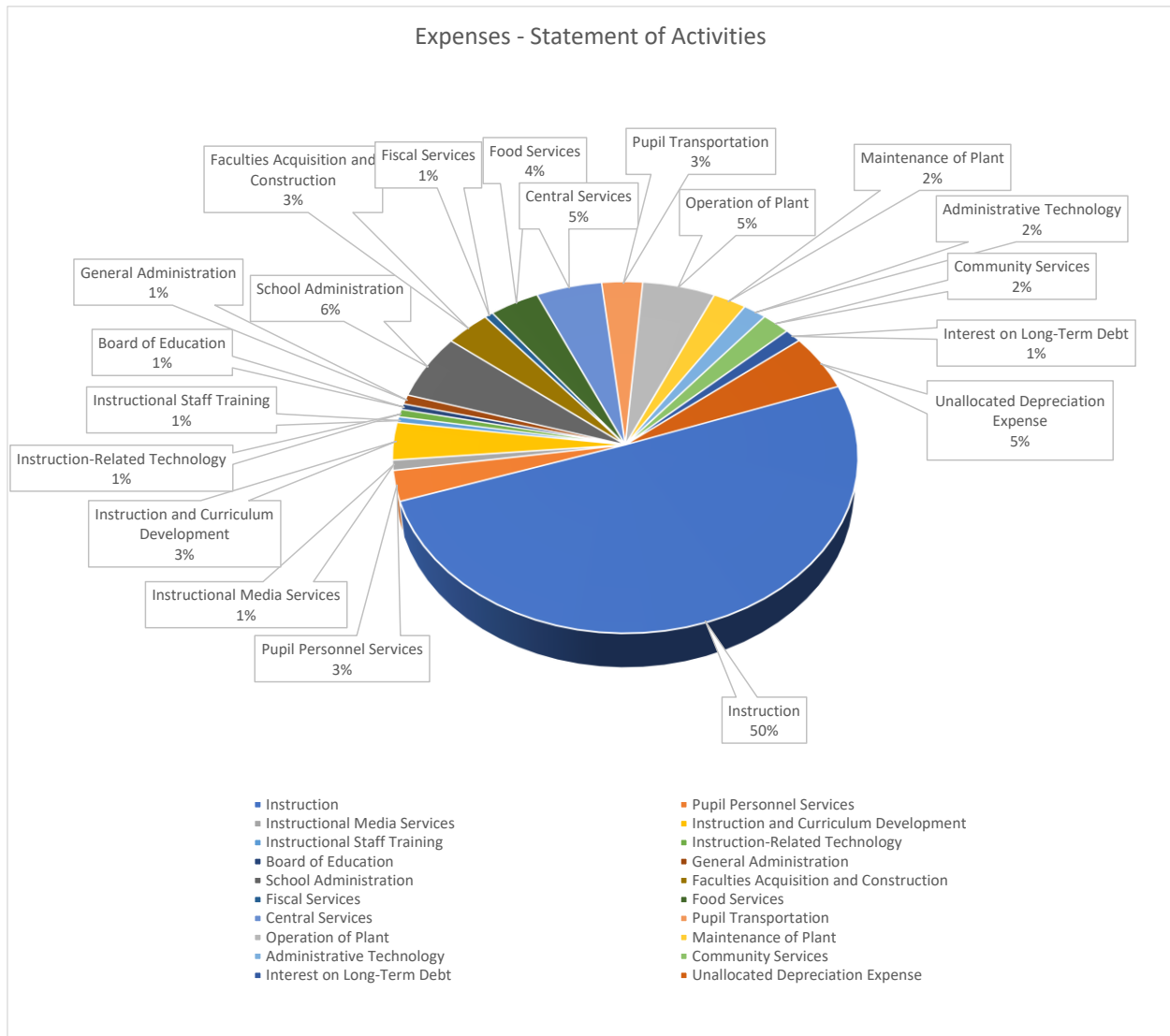
The following chart depicts the distribution of revenues of the District as a whole for the 2021-2022 fiscal year.



Key elements of the change in net position are as follows:

- Overall revenues increased by \$21,823,141, or 5 percent. This is primarily due to additional grant funding for COVID Relief, additional grant funding from the food services program, additional revenues from the after-school program, and additional sales tax revenues.
- Overall expenses decreased by \$24,657,641, or 7 percent. This was primarily due to the impact to expense from the reduction in the net pension liability and pension related deferred inflows and outflows.

MANAGEMENT'S DISCUSSION AND ANALYSIS



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 of 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 of individual delegated authority by the Board to assign resources for particular purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The total fund balances of governmental funds increased by \$15,898,500 during the fiscal year to \$151,818,721 at June 30, 2022. Approximately 20 percent of this amount is unassigned fund balance (\$29,668,116), which is available for spending at the District's discretion. The remainder of the fund balance is non-spendable, restricted, or assigned to indicate that it is: (1) not in spendable form (\$1,176,606), (2) restricted for particular purposes (\$98,200,889), or (3) assigned for particular purposes (\$22,091,389).

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 \$29,668,116, while the total fund balance is \$57,116,049. 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 20 percent of the total General Fund revenues, while total fund balance represents 22 percent of the total General Fund revenues. Expenditures exceeded Revenues and transfers by \$5,773,883 in the current fiscal year, compared to \$11,779,150 of excess revenues and transfers over expenditures in the prior fiscal year.

The Special Revenue – Federal Education Stabilization Fund has total revenues and expenditures and transfers out of \$31,927,977 each. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate fund balance.

Debt Service Fund – Other Fund has revenues totaling \$1,793,144, of which \$1,778,761 is receipts for payments from the Internal Revenue Service on Federal Stimulus bonds. The total fund balance is \$21,147,975.

Capital Outlay Funds – The Local Capital Improvement Fund and Other Capital Outlay qualified as major funds this year and had combined revenues totaling \$60,506,424. These revenues are restricted for the acquisition, construction, and maintenance of capital assets. At the end of the fiscal year combined fund balance totaled \$41,091,328, which was an increase from the prior year of \$16,947,461.

General Fund Budgetary Highlights

During the 2021-2022 fiscal year, the District amended its General Fund budget several times, which resulted in a slight increase in final budgeted revenues and transfers in of \$1,728,397 and an increase in final appropriations of \$10,638,445.

Actual revenues are in line with the final budgeted amounts while actual expenditures are \$36,568,933, or 13 percent, less than final budget amounts. The decrease in expenditures was primarily due to continued cost containment measures implemented by the District. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$35,955,877.

Business-Type Activities

Revenues in the District Permitting Office increased by \$92,876 compared to the prior year. This resulted from additional contractual revenues from the District administering the permitting function for FAMU effective July 1, 2021. The District intends to move this function to the General Fund in the subsequent fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$415,127,693 (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.

Major capital asset events included the following:

- Several renovations and additions to schools and other projects were ongoing during the year totaling \$10,450,888.
- As described in Note 1 of the financial statements, the District increased its threshold for capitalizing capital assets from \$1,000 to \$5,000. This change resulted in a net decrease of capital assets of \$7,148,332.
- Depreciation expense totaled \$19,421,599.

Capital Assets (Net of Depreciation)

	Governmental Activities	
	6/30/2022	6/30/2021
Land	\$ 18,474,309	\$ 17,534,559
Construction in Progress	33,063,305	31,250,506
Improvements Other Than Buildings	18,059,088	18,575,404
Buildings and Fixed Equipment	336,968,185	346,568,468
Furniture, Fixtures, and Equipment	4,029,103	9,888,909
Motor Vehicles	4,074,206	5,713,362
Audio-Visual and Computer Software	459,497	1,715,528
Total Capital Assets	\$ 415,127,693	\$ 431,246,736

Additional information on the District's capital assets can be found in Note 3 to the financial statements.

Long-Term Debt

At June 30, 2022, the District has \$122,969,081 total capital asset-related debt outstanding. This was a decrease from the previous year of \$19,449,820. This amount is comprised of the following:

Schedule of Outstanding Capital Asset Related Debt

	Governmental Activities	
	6/30/2022	6/30/2021
Lease Purchase Agreement	\$ 1,923,928	\$ 8,095,355
State Schools/Sales Tax Bonds	42,839,913	49,126,306
Certificates of Participation	78,205,240	85,197,240
Total Long-Term Debt	\$ 122,969,081	\$ 142,418,901

Additional information on the District's long-term liabilities can be found in Note 9 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OTHER MATTERS OF SIGNIFICANCE

As a part of the State-wide educational funding formula, the District is given operational revenues through State appropriations. The District then aligns expenses to fall within those parameters.

Capital revenues are levied up to capacity based on the needs identified in the District Facilities Work Program to adequately house growth of the student population.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Leon County District School Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Leon County School District, 2757 West Pensacola Street Tallahassee, Florida, 32304.

FINANCIAL STATEMENTS

LEON COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 102,029,618	\$ 101,526	\$ 102,131,144	\$ 6,212,883
Investments	419,181	-	419,181	-
Accounts Receivable	211,807	-	211,807	133,673
Due from Other Agencies	21,150,041	-	21,150,041	743,291
Prepaid Items	-	-	-	77,769
Inventories	1,858,327	-	1,858,327	-
Other Assets	-	-	-	66,263
Restricted Assets:				
Cash Equivalents with Fiscal Agents	42,208,217	-	42,208,217	223,149
Investments with Fiscal Agents	12,155	-	12,155	-
Capital Assets:				
Non-Depreciable Capital Assets	51,537,614	-	51,537,614	1,755,366
Depreciable Capital Assets, Net	363,590,079	-	363,590,079	36,288,739
Total Assets	583,017,039	101,526	583,118,565	45,501,133
Deferred Outflows of Resources				
Pensions	63,416,094	-	63,416,094	2,812,370
Other Postemployment Benefits	5,066,406	-	5,066,406	-
Unamortized Loss on Debt Refunding	-	-	-	663,890
Total Deferred Outflows of Resources	68,482,500	-	68,482,500	3,476,260
Liabilities				
Accrued Salaries and Benefits	11,393,897	-	11,393,897	221,878
Payroll Deductions and Withholdings	1,847,671	-	1,847,671	-
Accounts Payable	2,492,850	-	2,492,850	386,788
Due to Other Agencies	-	-	-	72,362
Matured Interest Payable	3,000	-	3,000	319,625
Deposits Payable	333,207	-	333,207	-
Unearned Revenues	-	-	-	2,878
Long-Term Liabilities:				
Portion Due Within One Year	20,388,360	-	20,388,360	1,027,740
Portion Due After One Year	268,972,391	-	268,972,391	43,751,853
Total Liabilities	305,431,376	-	305,431,376	45,783,124
Deferred Inflows of Resources				
Pensions	119,673,186	-	119,673,186	3,017,176
Other Postemployment Benefits	3,065,754	-	3,065,754	-
Total Deferred Inflows of Resources	122,738,940	-	122,738,940	3,017,176
Net Position				
Net Investment in Capital Assets	292,158,612	-	292,158,612	(3,010,906)
Restricted for:				
State Required Carryover Programs	4,179,938	-	4,179,938	-
Debt Service	41,984,149	-	41,984,149	1,173,388
Capital Projects	44,782,289	-	44,782,289	57,743
Food Service	2,626,764	-	2,626,764	-
Student Activities	4,627,749	-	4,627,749	96,138
Unrestricted	(167,030,278)	101,526	(166,928,752)	1,860,730
Total Net Position	\$ 223,329,223	\$ 101,526	\$ 223,430,749	\$ 177,093

See accompanying notes.

**LEON COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
Government Activities								
Instruction	\$ 189,133,740	\$ 6,523,785	\$ -	\$ -	\$ (182,609,955)	\$ -	\$ (182,609,955)	\$ -
Student Support Services	10,574,722	-	-	-	(10,574,722)	-	(10,574,722)	-
Instructional Media Services	3,527,088	-	-	-	(3,527,088)	-	(3,527,088)	-
Instruction and Curriculum Development Services	13,018,528	-	-	-	(13,018,528)	-	(13,018,528)	-
Instructional Staff Training Services	1,114,843	-	-	-	(1,114,843)	-	(1,114,843)	-
Instruction-Related Technology	2,646,632	-	-	-	(2,646,632)	-	(2,646,632)	-
Board	1,401,952	-	-	-	(1,401,952)	-	(1,401,952)	-
General Administration	3,276,433	-	-	-	(3,276,433)	-	(3,276,433)	-
School Administration	22,465,614	-	-	-	(22,465,614)	-	(22,465,614)	-
Facilities Acquisition and Construction	12,640,891	-	-	2,297,078	(10,343,813)	-	(10,343,813)	-
Fiscal Services	2,453,969	-	-	-	(2,453,969)	-	(2,453,969)	-
Food Services	13,940,113	107,650	16,674,393	-	2,841,930	-	2,841,930	-
Central Services	18,398,174	-	-	-	(18,398,174)	-	(18,398,174)	-
Student Transportation Services	11,451,051	-	-	-	(11,451,051)	-	(11,451,051)	-
Operation of Plant	20,368,413	-	-	-	(20,368,413)	-	(20,368,413)	-
Maintenance of Plant	9,348,977	-	-	-	(9,348,977)	-	(9,348,977)	-
Administrative Technology Services	6,539,334	-	-	-	(6,539,334)	-	(6,539,334)	-
Community Services	7,949,064	-	-	-	(7,949,064)	-	(7,949,064)	-
Unallocated Interest on Long-Term Debt	4,762,755	-	-	135,838	(4,626,917)	-	(4,626,917)	-
Unallocated Depreciation/Amortization Expense	19,421,599	-	-	-	(19,421,599)	-	(19,421,599)	-
Total Governmental Activities	374,433,892	6,631,435	16,674,393	2,432,916	(348,695,148)	-	(348,695,148)	-
Business-Type Activities								
District Permitting Office	1,224	100,945	-	-	-	99,721	99,721	-
Total Primary Government	374,435,116	6,732,380	16,674,393	2,432,916	(348,695,148)	99,721	(348,595,427)	-
Component Units								
Charter Schools/Education Foundation	\$ 26,126,724	\$ 643,297	\$ 4,158,071	\$ 1,068,142	\$ -	\$ -	\$ -	\$ (20,257,214)
General Revenues								
Taxes:								
Property Taxes, Levied for Operational Purposes					88,269,476	-	88,269,476	-
Property Taxes, Levied for Capital Projects					30,255,374	-	30,255,374	-
Local Sales Taxes					29,699,108	-	29,699,108	-
Grants and Contributions Not Restricted to Specific Programs					227,895,949	-	227,895,949	18,927,456
Unrestricted Investment Earnings					232,814	-	232,814	40,807
Miscellaneous					17,342,611	-	17,342,611	-
Total General Revenues					393,695,332	-	393,695,332	18,968,263
Change in Net Position					45,000,184	99,721	45,099,905	(1,288,951)
Net Position - Beginning					185,477,371	1,805	185,479,176	1,466,044
Adjustment to Beginning Net Position					(7,148,332)	-	(7,148,332)	-
Net Position - Beginning, as Restated					178,329,039	1,805	178,330,844	1,466,044
Net Position - Ending					\$ 223,329,223	\$ 101,526	\$ 223,430,749	\$ 177,093

See accompanying notes.

LEON COUNTY DISTRICT SCHOOL BOARD
BALANCE SHEET
ALL GOVERNMENTAL FUNDS
JUNE 30, 2022

		Debt Service	Special Revenue	Capital Projects		Non-Major	Total
	General	Other	Federal Education	Local Capital	Other	Other	Total
	Fund	Debt	Stabilization	Improvement	Capital Projects	Governmental	Governmental
	Fund	Service	Fund	Fund	Fund	Funds	Funds
Assets							
Cash and Cash Equivalents	\$ 58,421,362	\$ -	\$ -	\$ 17,882,612	\$ 19,009,674	\$ 6,715,970	\$ 102,029,618
Investments	-	-	-	-	-	419,181	419,181
Accounts Receivable	191,498	-	-	-	-	20,309	211,807
Due from Other Funds	9,241,829	-	-	-	268	-	9,242,097
Due from Other Agencies	81,563	-	10,030,531	-	5,499,676	5,538,271	21,150,041
Other Assets	-	-	-	-	-	-	-
Inventories	1,176,606	-	-	-	-	681,721	1,858,327
Restricted Assets:							
Cash Equivalent with Fiscal Agents	-	21,147,975	-	-	252	21,059,990	42,208,217
Investments with Fiscal Agents	-	-	-	-	-	12,155	12,155
Total Assets	69,112,858	21,147,975	10,030,531	17,882,612	24,509,870	34,447,597	177,131,443
Liabilities and Fund Balances							
Liabilities							
Accrued Salaries and Benefits	9,503,345	-	931,866	-	-	958,686	11,393,897
Payroll Deductions and Withholdings	1,505,686	-	163,823	-	-	178,162	1,847,671
Accounts Payable	987,778	-	19,969	491,417	809,737	183,949	2,492,850
Due to Other Funds	-	-	8,914,873	-	-	327,224	9,242,097
Matured Interest Payable	-	-	-	-	-	3,000	3,000
Deposits Payable	-	-	-	-	-	333,207	333,207
Total Liabilities	11,996,809	-	10,030,531	491,417	809,737	1,984,228	25,312,722
Fund Balances							
Non-Spendable for Inventories	1,176,606	-	-	-	-	681,721	1,858,327
Restricted for:							
State Required Carryover Programs	4,179,938	-	-	-	-	-	4,179,938
Debt Service	-	21,147,975	-	-	-	20,836,174	41,984,149
Capital Projects	-	-	-	17,391,195	23,700,133	3,690,961	44,782,289
Food Service	-	-	-	-	-	2,626,764	2,626,764
Student Activities	-	-	-	-	-	4,627,749	4,627,749
Total Restricted Fund Balance	4,179,938	21,147,975	-	17,391,195	23,700,133	31,781,648	98,200,889
Assigned to:							
Purchases on Order	5,387,330	-	-	-	-	-	5,387,330
Specific Projects	16,704,059	-	-	-	-	-	16,704,059
Total Assigned Fund Balance	22,091,389	-	-	-	-	-	22,091,389
Unassigned Fund Balance	29,668,116	-	-	-	-	-	29,668,116
Total Fund Balances	57,116,049	21,147,975	-	17,391,195	23,700,133	32,463,369	151,818,721
Total Liabilities and Fund Balances	\$ 69,112,858	\$ 21,147,975	\$ 10,030,531	\$ 17,882,612	\$ 24,509,870	\$ 34,447,597	\$ 177,131,443

See accompanying notes.

**LEON COUNTY DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total Fund Balances - Governmental Funds	\$	151,818,721
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**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.		415,127,693
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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 are year-end consists of:

Estimated Insurance Claims Payable	\$	(5,378,282)	
Installed-Purchase Payable		(1,923,928)	
Bonds Payable, Net of Bond Premium		(42,839,913)	
Certificates of Participation Payable		(78,205,240)	
Compensated Absences Payable		(31,348,528)	
Net Pension Liability		(94,703,145)	
Other Postemployment Benefits (OPEB) Payable		(34,961,715)	(289,360,751)

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

Deferred Outflows Related to Pensions		63,416,094	
Deferred Inflows Related to Pensions		(119,673,186)	
Deferred Outflows Related to OPEB		5,066,406	
Deferred Inflows Related to OPEB		(3,065,754)	(54,256,440)

Net Position - Governmental Activities	\$	223,329,223
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See accompanying notes.

**LEON COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Debt Service - Other Fund	Special Revenue Federal Education Stabilization Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Intergovernmental:							
Federal Direct	\$ 267,648	\$ 1,778,761	\$ 6,803	\$ -	\$ -	\$ 2,914,907	\$ 4,968,119
Federal Through State and Local	99,417	-	31,921,174	-	-	42,185,454	74,206,045
State	165,016,120	-	-	-	-	2,812,970	167,829,090
Local:							
Property Taxes	88,269,477	-	-	30,246,288	-	-	118,515,765
Local Sales Taxes	-	-	-	-	29,699,108	-	29,699,108
Charges for Services - Food Services	-	-	-	-	-	107,649	107,649
Miscellaneous	11,560,711	14,383	-	55,754	508,274	11,969,178	24,108,300
Total Local Revenues	99,830,188	14,383	-	30,302,042	30,207,382	12,076,827	172,430,822
Total Revenues	265,213,373	1,793,144	31,927,977	30,302,042	30,207,382	59,990,158	419,434,076
Expenditures							
Current - Education:							
Instruction	161,036,399	-	14,293,570	-	-	24,461,862	199,791,831
Student Support Services	10,597,797	-	25,912	-	-	670,140	11,293,849
Instructional Media Services	3,771,957	-	-	-	-	-	3,771,957
Instruction and Curriculum Development Services	7,282,321	-	195,774	-	-	6,453,744	13,931,839
Instructional Staff Training Services	289,825	-	298,095	-	-	572,900	1,160,820
Instruction-Related Technology	2,730,314	-	-	-	-	84,500	2,814,814
Board	1,455,558	-	-	-	-	-	1,455,558
General Administration	959,763	-	941,984	-	-	1,448,152	3,349,899
School Administration	23,937,656	-	129,706	-	-	58,529	24,125,891
Facilities Acquisition and Construction	764,487	-	611,667	10,295,550	8,445,577	384,503	20,501,784
Fiscal Services	2,614,224	-	-	-	-	14,508	2,628,732
Food Services	-	-	-	-	-	14,415,533	14,415,533
Central Services	12,278,833	-	7,099,587	-	-	317,297	19,695,717
Student Transportation Services	11,157,365	-	-	-	-	961,063	12,118,428
Operation of Plant	20,838,873	-	28,273	-	-	2,097	20,869,243
Maintenance of Plant	9,861,854	-	34,304	-	-	-	9,896,158
Administrative Technology Services	5,832,878	-	970,254	-	-	-	6,803,132
Community Services	4,202,803	-	1,564,137	-	-	2,306,382	8,073,322

See accompanying notes.

**LEON COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Debt Service - Other Fund	Special Revenue Federal Education Stabilization Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Expenditures							
Fixed Capital Outlay:							
Facilities Acquisition and Construction	\$ 69,146	\$ -	\$ -	\$ -	\$ -	\$ 1,307,158	\$ 1,376,304
Other Capital Outlay	626,373	-	450,906	-	-	170,911	1,248,190
Debt Service:							
Principal	-	13,163,427	-	-	-	5,574,000	18,737,427
Interest and Fiscal Charges	-	2,590,803	-	-	-	2,884,345	5,475,148
Total Expenditures	<u>280,308,426</u>	<u>15,754,230</u>	<u>26,644,169</u>	<u>10,295,550</u>	<u>8,445,577</u>	<u>62,087,624</u>	<u>403,535,576</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,095,053)</u>	<u>(13,961,086)</u>	<u>5,283,808</u>	<u>20,006,492</u>	<u>21,761,805</u>	<u>(2,097,466)</u>	<u>15,898,500</u>
Other Financing Sources (Uses)							
Transfers in	9,321,170	15,820,421	-	-	650,000	8,584,223	34,375,814
Transfers (out)	-	-	(5,283,808)	(14,533,516)	(10,937,320)	(3,621,170)	(34,375,814)
Total Other Financing Sources	<u>9,321,170</u>	<u>15,820,421</u>	<u>(5,283,808)</u>	<u>(14,533,516)</u>	<u>(10,287,320)</u>	<u>4,963,053</u>	<u>-</u>
Net Change in Fund Balances	(5,773,883)	1,859,335	-	5,472,976	11,474,485	2,865,587	15,898,500
Fund Balances, Beginning	<u>62,889,932</u>	<u>19,288,640</u>	<u>-</u>	<u>11,918,219</u>	<u>12,225,648</u>	<u>29,597,782</u>	<u>135,920,221</u>
Fund Balances, Ending	<u>\$ 57,116,049</u>	<u>\$ 21,147,975</u>	<u>\$ -</u>	<u>\$ 17,391,195</u>	<u>\$ 23,700,133</u>	<u>\$ 32,463,369</u>	<u>\$ 151,818,721</u>

See accompanying notes.

**LEON COUNTY DISTRICT SCHOOL BOARD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances - Governmental Funds	\$ 15,898,500
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 these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense that exceeded capital outlays in the current fiscal year.	(8,970,711)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments in the current fiscal year.	18,737,427
Amortized expenses for deferred charges and premiums on debt issues not reported in the governmental funds.	712,393
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.	2,581,005
Other postemployment benefits costs are recorded in the statement of activities the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net increase in the other postemployment benefits liability for the current fiscal year.	(871,947)
The net increase in liability for estimated insurance claims is reported in the statement of activities, but not in the governmental funds statement.	(248,399)
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.	17,161,916
Change in Net Position - Governmental Activities	\$ 45,000,184

See accompanying notes.

**LEON COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	Business-Type Activities Non-Major Enterprise Fund District Permitting Office
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 101,526
Net Position	
Unrestricted	\$ 101,526

See accompanying notes.

**LEON COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Business-Type Activities Non-Major Enterprise Fund District Permitting Office
Operating Revenue	
Permitting Fees	\$ 100,945
Operating Expenses	
Materials and Supplies	1,224
Total Operating Expenses	1,224
Change in Net Position	99,721
Total Net Position - Beginning	1,805
Total Net Position - Ending	\$ 101,526

See accompanying notes.

**LEON COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Business-Type Activities Non-Major Enterprise Fund District Permitting Office
Cash Flows from Operating Activities	
Cash Received for Permitting Fees	\$ 100,945
Cash Payments to Suppliers for Goods and Services	<u>(1,224)</u>
Net Cash Provided by Operating Activities	<u>99,721</u>
Net Increase in Cash Equivalents	<u>99,721</u>
Cash and Cash Equivalents, Beginning	<u>1,805</u>
Cash and Cash Equivalents, Ending	<u><u>101,526</u></u>
<u>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</u>	
Operating Income	<u>99,721</u>
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by (Used in) Operating Activities:	
Changes in Assets and Liabilities:	<u>-</u>
Net Cash Provided by Operating Activities	<u><u>\$ 99,721</u></u>

See accompanying notes.

**LEON COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022**

	Other Employee Benefits Trust Fund	Private-Purpose Trust Fund
Assets		
Cash and Cash Equivalents	\$ 14,513,264	\$ 41,937
Total Assets	<u>14,513,264</u>	<u>41,937</u>
Liabilities		
Payroll Deductions and Withholdings	10,704,102	-
Accounts Payable	9,376	-
Total Liabilities	<u>10,713,478</u>	<u>-</u>
Net Position		
Held in Trust for Employee Benefits and Other Purposes	<u>\$ 3,799,786</u>	<u>\$ 41,937</u>

See accompanying notes.

LEON COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Other Employee Benefits Trust Fund	Private-purpose Trust Fund
Additions		
Contributions:		
Employer	\$ 11,941,964	\$ -
Plan Members	33,480,661	-
Total Contributions	<u>45,422,625</u>	<u>-</u>
Investment Income		
Interest, Dividends, and Other	20,005	4
Total Additions	<u>45,442,630</u>	<u>4</u>
Deductions		
Purchased Services	33,751	-
Payments to Providers	45,653,156	-
Total Deductions	<u>45,686,907</u>	<u>-</u>
Change in Net Position	<u>(244,277)</u>	<u>4</u>
Net Position, Beginning of Year, As Restated	<u>4,044,063</u>	<u>41,933</u>
Net Position, End of Year	<u><u>\$ 3,799,786</u></u>	<u><u>\$ 41,937</u></u>

See accompanying notes.

LEON COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The Leon 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 Leon County School District (District) is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education, and is governed by State laws 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 Leon County.

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

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

Blended Component Unit

Blended component units are in substance, part of the primary District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District.

The District's employee group health, life, and dental insurance program, as well as its dependent care and medical expense reimbursement program, are administered through the Leon County District School Board Voluntary Employee Benefits Trust (VEBT). Due to the substantive economic relationship between the district and the VEBT, the financial activities of the VEBT are reported in the accompanying basic financial statements. Separate financial statements for the VEBT are not published.

The Leon County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note 9. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

Discretely Presented Component Units

The component units columns in the government-wide financial statements include the financial data of the District's other component units, which include the following:

LEON COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The Foundation for Leon County Schools, Inc. (Foundation), is a separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to provide charitable and educational aid to the Board, to promote education, and to encourage research, learning, and dissemination of information. The Foundation is considered a component unit of the District because of the nature and significance of its relationship with the District.

Charter Schools

- The School of Arts and Sciences Foundation, Inc., (d/b/a School of the Arts and Sciences and School of the Arts and Sciences Center)
- Tallahassee School of Math and Science
- Governor's Charter Academy, a department of Renaissance Charter School, Inc.
- Tallahassee Classical School

The School of Arts and Sciences Foundation, Inc.; Tallahassee School of Math and Science; Governor's Charter Academy; and Tallahassee Classical School are not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the *Florida Not For Profit Corporation Act*, and Section 1002.33, Florida Statutes. Each charter school operates under a charter approved by its sponsor, the Board. A portion of these not-for-profit corporation's funding comes from the District based on their weighted full-time equivalent student membership and the Legislature approved funding for the District. The charter schools are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charters, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District. The financial data reported on the accompanying statements was derived from the Foundation's and five charter schools' audited financial statements for the fiscal year ended June 30, 2022. These audited reports are filed in the District's administrative offices.

B. 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 non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other non-exchange transactions. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District'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.

LEON COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The effects of interfund activity have been eliminated from the government-wide financial statements except for net residual amounts between governmental and business-type activities.

D. Basis of Presentation: Fund Financial Statements

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

The District reports the following major governmental funds:

General Fund—to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

Debt Service Fund, Other Debt Service—to account for all funds transferred in to pay principal and interest payments on the Bus Lease Purchase and Certificates of Participation.

Special Revenue Fund, Federal Educational Stabilization Fund—to account for federal grant program related to the Elementary and Secondary School Emergency Relief (ESSER), Other *Coronavirus Aid, Relief, and Economic Security Act* Relief fund (including Governor's Emergency Education Relief Fund [GEER]), ESSER II, and Other Coronavirus Responses and Relief Supplemental Appropriations (CRRSA) Act Relief Fund (including GEER II).

Capital Projects Fund, 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.

Capital Projects Fund, Other Capital Projects Fund—to account for various financial resources (e.g., certificates of participation and capital outlay sales tax) to be used for educational capital outlay needs, including new construction, renovation, and remodeling projects.

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

Enterprise Fund—to account for the activities of the District Permitting Office.

LEON COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Voluntary Employee Benefits Trust Fund (VEBT)—to account for resources of the VEBT that administers the District’s employee group health, life, and dental insurance programs, as well as the dependent care and medical expense reimbursement programs.

Private Purpose Trust Fund—to account for resources of the Frank Stoutamire Scholarship Trust fund, the interest earnings of which are used for scholarships to students at Lively Technical Center.

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

E. 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 in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

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 when they become 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. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, other post-employment benefits, and compensated

**LEON COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is 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. The fiduciary funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

The Foundation is accounted for under the not-for-profit basis of accounting and uses the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

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

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates used are those used in the actuarial assumptions for the Other Post-employment Benefits (OPEB) Liability, Net Pension Liability and the Incurred But Not Reported Liability along with depreciable useful lives of capital assets.

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term, highly liquid investments with original maturities of three months or less.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits except for cash with fiscal agents, 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. Cash equivalents and investments with fiscal agents are uncollateralized, but held in a trust capacity both under a paying agent agreement for payment of maturing bond principal and interest and under a trust agreement.

Investments

Investments consist of amounts placed in the State Board of Administration (SBA) debt service accounts for investment of debt service moneys, amounts placed with the SBA for participation in the Florida PRIME investment pool created by Sections 218.405 and 218.417, Florida Statutes, and those made locally. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME meet all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Like money market funds, a participant's account balance is a share of the investment pool, not the underlying securities. This investment is reported at amortized cost which is considered the fair value of the participant's investment.

LEON COUNTY DISTRICT SCHOOL BOARD
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JUNE 30, 2022

Investments made locally consist of United States Treasury Securities, obligations of United States government agencies and instrumentalities, corporate and municipal bonds, which are reported at fair value; and money market funds and certificates of deposit, which are reported at amortized cost. Types and amounts of investments held at fiscal year-end are described in a subsequent note.

Accounts Receivable

Accounts receivable are reported at estimated net realizable value. The allowance for uncollectible accounts as of June 30, 2022, was \$0. Outstanding student balances applicable to Lively Technical College are not recorded as receivable due to a historical collection rate of approximately 1% and the majority of the balances being over 90 days delinquent. Due to the nature of these student balances, which are only applied against former students who withdrew after receiving financial aid but prior to completion of their programs, they are generally not considered to be collectible unless the student attempts to re-enroll. Full payment is required on these balances prior to the student being allowed to re-enroll. All other receivables of the District are considered to be 100% collectible.

Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption in the course of District operations. Warehouse, Maintenance, and Transportation inventories are stated on a weighted, moving-average basis. Food service inventories are stated at the last invoice price, which approximates the first-in, first-out basis, except that the United States Department of Agriculture donated foods are stated at fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than when purchased.

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

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

Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

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

Improvements Other than Buildings	8-35 Years
Buildings and Fixed Equipment	40 Years
Furniture, Fixtures, and Equipment	3-15 Years
Motor Vehicles	5-10 Years
Audio-Visual Materials and Computer Software	3-5 Years

LEON COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Current year information relative to changes in capital assets is described in Note 3.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources expense until then. The District and its component units have three (3) items that qualify for reporting in this category. The deferred outflows of resources related to the Pension Plans and the OPEB Obligation are discussed in subsequent notes. A deferred amount on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises from the FRS and HIS pensions, that qualifies for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred Outflow of resources is consumption of net assets by the government that is applicable to a future reporting period, so will not be recognized as an outflow of resources (expenditures) until that time.

Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Bonds payable and certificates of participation payable are reported net of the applicable premiums. Bonds and certificates of participation are amortized over the life of the debt.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize debt premiums during the current period. The face amount of debt issued and premiums are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Changes in long-term liabilities for the current year are reported in Note 9.

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.

**LEON COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Pensions

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 FRS and the HIS and additions to/deductions from the FRS's and the HIS's 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. In the government-wide financial statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability.

The District's retirement plans and related amounts are described in Note 4.

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.

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.

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).

Non-Spendable—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 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.

LEON COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Committed—fund balance classification may include 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.

Assigned—fund balance is the portion of fund balance intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The District classifies amounts as assigned that are constrained to be used for specified purposes based on the actions of the Superintendent and Chief financial Officer and are not included in other categories. The Board may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent fiscal 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.

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.

H. Revenues and Expenditures/Expenses

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 or business segment is self-financing or draws from the general revenues of the District.

State Revenue Sources

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the Florida Department of Education (Department) 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 Department. The Department performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of 30 days following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. The Department 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 year when the adjustments are made.

LEON COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 year to be expended for the same educational programs. The Department 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.

A schedule of revenue from State sources for the current year is presented in Note 10.

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

The Board adopted the 2021 tax levy on September 7, 2021. 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 Leon County Tax Collector at fiscal year-end but not yet remitted to the District.

Millages and taxes budgeted for the current year are presented in Note 10.

Capital Outlay Surtax

The voters of Leon County (County) approved on November 6, 2012, a one-half cent school capital outlay surtax on sales in the County for 15 years, effective January 1, 2014, to pay construction costs of certain school facilities and related costs in accordance with Section 212.055(6), Florida Statutes.

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

LEON COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The Department may require adjustments to subsequent fiscal period expenditures and related revenues based upon an audit of the District's compliance with applicable Federal award requirements. Normally, such adjustments are treated as reductions of expenditures and related revenues in the fiscal year when the adjustments are made.

Proprietary Fund Operating and Non-Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating 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 and expenses of the District's proprietary fund relate to services provided by the District Permitting Office. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

I. Accounting Changes

GASB Statement No. 87

The GASB issued Statement No. 87, *Leases*, in June of 2017. This statement is effective for the current fiscal year ending June 30, 2022. The District reviewed the provisions of GASB Statement No. 87 and compiled an inventory of agreements that would potentially be impacted by the implementation of this statement. An evaluation of each agreement was made, based on materiality to the District's financial statements. Based on this evaluation, the impact of the provisions of GASB Statement No. 87 to the District was deemed not significant.

Change in Accounting Policy

In prior years, the District capitalized items with an original cost of \$1,000 or more. Effective July 1, 2022, the District changed this threshold to items costing \$5,000 or more. The District removed all items below \$5,000 from its underlying accounting records. This resulted in a reduction of Net Position in the government-wide financial statements as follows:

Governmental Activities, Beginning of Year Net Position,	
As Originally Reported	\$ 185,477,731
Change in Capitalization Policy – Capital Assets	<u>(7,148,332)</u>
Beginning of Year, Net Position, As Restated	<u>\$ 17,329,399</u>

Prior Period Adjustment

The District adjusted the beginning Net Position in the Other Employee Benefits Trust Fund to properly align premium accruals in the Trust with the period of service in which those premiums were earned by District employees. This resulted in a reduction of Net Position in the Other Employee Benefits Trust Fund as follows:

Net Position, As Originally Reported	\$ 7,382,354
Correction of Premium Accrual	<u>(3,338,291)</u>
Net Position, As Restated	<u>\$ 4,044,063</u>

**LEON COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 2 - Cash Deposits with Financial Institutions and Investments

Custodial Credit Risk-Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. All bank balances of the District are fully insured or collateralized as required by Chapter 280, Florida Statutes.

Cash balances from all funds are combined and invested to the extent available. Earnings are allocated monthly to each fund based on ending balances.

A. Investments

As of June 30, 2022, the District had the following investments and maturities:

Investments	Maturities	Amount
State Board of Administration (SBA):		
Florida PRIME (1)	28 Day Average	\$ 36,194,723
Debt Service Accounts (2)	6 Months	12,155
Total Florida PRIME		36,206,878
First American U.S. Treasury Money Market Fund Class A (1)	40 Day Average	9,757
First American Government Obligations Fund Class Z (1)	40 Day Average	8,578,383
Fidelity Investments Money Market Government Portfolio Class I (1)	27 Day Average	33,506,822
First American Government Obligations Fund Class V (1)	40 Day Average	775,362
Certificates of Deposit	Less than 1 Year	419,181
Total Investments, Governmental Activities		79,496,383
Fiduciary Funds:		
Florida PRIME (1)	28 Day Average	45,245
Total Investments, Primary Government		\$ 79,541,628

Note (1): These investments are reported as cash equivalents for financial reporting purposes.

Note (2): Reported at Fair Value. All other amounts are reported at Amortized Cost

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

	Amount	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments by Fair Value Level				
SBA Debt Service	\$ 12,155	\$ 12,155	\$ -	\$ -
Investments Measured at Amortized Cost				
Certificates of Deposit	419,181			
SBA Florida PRIME	36,239,968			
Money Market Funds	42,870,324			
Total Investments Measured at Amortized Cost	79,529,473			
Total Investments, Primary Government	\$ 79,541,628			

LEON COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District's investment policy limits investment maturities to a maximum of 5 years, unless specifically matched with cash flow needs as a means of managing its exposure to fair value losses arising from increasing interest rates.

Florida PRIME uses 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, the Investment Advisory Council, and the Participant Local Government 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, 2022, 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 an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the SBA's Florida PRIME, or any other intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District's investment policy limits investments to United States Treasury securities, obligations of United States Government Agencies and Instrumentalities, residential and commercial mortgage-backed securities with the highest rating from at least one of the six nationally recognized statistical rating organizations, corporate securities with the second highest rating from at least two of the six nationally recognized statistical rating organizations, State and/or Local Government Taxable and/or Tax-Exempt Debt with the second highest rating from at

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least two of the six nationally recognized statistical rating organizations, and certificates of deposit in State qualified public depositories, as well as the Local Government Surplus Funds Trust Fund. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

The District's investments in the SBA debt service accounts are to provide for debt service payments on bond debt issued by the SBE for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate risk and credit risk for this account.

The following describes investments held by the District at year-end:

- Florida PRIME, rated AAAm by Standard & Poor's.
- First American Institutional U.S. Treasury Money Market Fund Class A, First American Government Obligations Fund Class Z, and Fidelity Investments Money Market Government Portfolio Class I, First American Government Obligations Fund Class V, rated AAAm by Standard & Poor's.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and: 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book-entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The District's investment policy addresses custodial credit risk in that all securities, with the exception of certificates of deposit, are held with a third-party custodian; and all securities purchased by, and all collateral obtained by the District, should be properly designated as an asset of the District. The securities must be held in an account separate and apart from the assets of the financial institution.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy requires the concentration limits not to exceed 15 percent for certain portfolios. No single issuer exceeded 5 percent of the District's total investments.

Note 3 - Capital Assets

Changes in Capital Assets

Changes in capital assets are presented in the table below:

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	Beginning Balance	Policy Change Adjustments	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 17,534,559	\$ (15,279)	\$ 955,029	\$ -	\$ 18,474,309
Construction in Progress	31,250,506	-	8,285,295	6,472,496	33,063,305
Total Capital Assets Not Being Depreciated	48,785,065	(15,279)	9,240,324	6,472,496	51,537,614
Capital Assets Being Depreciated					
Improvements Other Than Buildings	50,208,634	(342,971)	1,154,622	-	51,020,285
Buildings and Fixed Equipment	615,529,910	(326,820)	5,317,874	-	620,520,964
Furniture, Fixtures, and Equipment	37,735,224	(22,630,148)	1,161,463	-	16,266,539
Motor Vehicles	30,294,588	(614,531)	33,461	-	29,713,518
Audio-Visual Materials and Computer Software	8,262,889	(4,947,845)	15,640	-	3,330,684
Total Capital Assets Being Depreciated	742,031,245	(28,862,315)	7,683,060	-	720,851,990
Less Accumulated Depreciation for					
Improvements Other Than Buildings	31,633,230	(287,413)	1,615,380	-	32,961,197
Buildings and Fixed Equipment	268,961,442	(379,328)	14,970,665	-	283,552,779
Furniture, Fixtures, and Equipment	27,846,315	(16,567,867)	958,988	-	12,237,436
Motor Vehicles	24,581,226	(509,861)	1,567,947	-	25,639,312
Audio-Visual Materials and Computer Software	6,547,361	(3,984,793)	308,619	-	2,871,187
Total Accumulated Depreciation	359,569,574	(21,729,262)	19,421,599	-	357,261,911
Total Capital Assets Being Depreciated, Net	382,461,671	(7,133,053)	(11,738,539)	-	363,590,079
Governmental Activities Capital Assets, Net	\$ 431,246,736	\$ (7,148,332)	\$ (2,498,215)	\$ 6,472,496	\$ 415,127,693

The District's capital assets serve multiple functions, therefore, depreciation expense was not allocated to the various expense functions on the statement of activities, but is shown as unallocated depreciation expense.

Note 4 - Retirement Plans – Defined Benefit Pension

General Information about the FRS

The District follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for reporting the employers' proportionate share of the net pension liabilities for the FRS and HIS defined benefit pension plans.

The FRS was created in Chapter 121, Florida Statutes. The FRS was created to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program 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 Florida Retirement System 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 two cost-sharing multiple-employer defined benefit plans and other non-integrated programs. A comprehensive annual financial report of the FRS,

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which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement (www.dms.myflorida.com). The FRS Investment Plan is administered by the Florida SBA and is reported in an SBA annual financial statement and in the State of Florida Annual Comprehensive Financial Report.

FRS Defined Benefit Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class*—Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)*—Members in senior management level positions.
- *Special Risk Class*—members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight 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. Members of both Plans 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 FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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 employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. 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 FRS Pension Plan are computed on the basis of age/and or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 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 retirement plan and/or the 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.

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The following chart demonstrates the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after 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
Special Risk Regular	
Service from December 1, 1970 through September 30, 1974	2.00
Service on or after October 1, 1975	3.00
Senior Management Service Class	2.00
Elected Officers' Class	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS 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 is initially enrolled before July 1, 2011, and has service 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.

Prior to July 1, 2011, the FRS was non-contributory for employees. Beginning July 1, 2011, employees who are not participating in DROP are required to contribute 3 percent of their salary to the FRS. The District is required to contribute an actuarially determined rate based on employee salary.

Contributions. The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2021-2022 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	10.82
Florida Retirement System, Elected County Officers	3.00	51.42
Deferred Retirement Option Program – Applicable to Members from All of the Above Classes	0.00	18.34
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes:

- (A) Employer rates include 1.66% for the post-employment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06% for administrative costs of the Investment Plan.
- (B) Contribution rates are dependent upon the retirement class in which reemployed.

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The District's contributions to the defined benefit pension plan totaled \$16,826,652 for the fiscal year ended June 30, 2022, excluding HIS plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the District reported a liability of \$30,271,353 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of the net pension liability was based on projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportionate share was 0.400740005 percent, which was a decrease of 0.019623041 percentage points from its proportionate share measured as of June 30, 2020 (0.381116964 percent).

For the year ended June 30, 2022, the District recognized pension expense of \$984,512. At June 30, 2022, 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	\$ 5,188,558	\$ -
Changes of Assumptions	20,713,160	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	105,609,141
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	7,605,200	5,922,527
District FRS Contributions Subsequent to the Measurement Date	<u>16,826,652</u>	<u>-</u>
Total	<u>\$ 50,333,570</u>	<u>\$ 111,531,668</u>

The deferred outflows of resources related to pensions totaling \$16,826,652 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (14,194,852)
2024	(16,037,643)
2025	(21,194,049)
2026	(27,523,564)
2027	<u>925,358</u>
Total	<u>\$ (78,024,750)</u>

Actuarial Assumptions. The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Valuation Date	July 1, 2021
Measurement Date	June 30, 2021
Asset Valuation Method	Fair Market Value
Discount Rate (Municipal Bond Rate)	6.80 percent
Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	6.80 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018. As a result of the 2018 actuarial experience study, the inflation rate assumption decreased from 2.60% to 2.40%, the real payroll growth assumption remained the same at 0.65%, and the overall payroll growth rate assumption remained the same at 3.25%. The long-term expected rate of return remained consistent with the prior year at 6.80%.

The long-term expected rate of return assumptions on pension plan investments are not based on historical returns, but instead are 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 rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.10%	2.10%	1.10%
Fixed Income	20.00%	3.80%	3.70%	3.30%
Global Equity	54.20%	8.20%	6.70%	17.80%
Real Estate (Property)	10.30%	7.10%	6.20%	13.80%
Private Equity	10.80%	11.70%	8.50%	26.40%
Strategic Investments	3.70%	5.70%	5.40%	8.40%
Total	100.00%			

Assumed inflation - Mean

2.40%

1.20%

Note: (1) As outlined in the Plan's Investment Policy

Discount Rate. The discount rate used to measure the total pension liability was 6.80 percent. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the net pension liability is equal to the long-term expected rate of return. The discount rate used in the 2021 valuation was also 6.80%.

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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 6.80 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 (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease	Current	1% Increase
	5.80%	Discount Rate	7.80%
	5.80%	6.80%	7.80%
District's Proportionate Share of the Net Pension Liability	\$ 135,375,518	\$ 30,271,353	\$ (57,583,944)

Pension Plan Fiduciary Net Position. Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report.

HIS Defined Benefit 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. It is a monthly subsidy payment to assist retirees of state-administered retirement systems in paying health insurance costs and is administered by the Florida Department of Management Services, division of Retirement. Persons are eligible for health insurance subsidy payments who are retired under a state-administered retirement system, or a beneficiary who is a spouse or financial dependent entitled to receive benefits under a state-administered retirement system except those individuals who are pension recipients under Section 121.40, 237.08(18)(a) and 250.22, Florida Statutes, or recipients of health insurance coverage under Section 110.1232, Florida Statutes or any other special pension or relief act are not eligible for such pension payments. A person is deemed retired from a state-administered retirement system when he or she terminates employment with all employers participating in the Florida Retirement System and:

- For a member of the FRS investment plan, the participant meets the age or service requirements to qualify for normal retirement per Section 121.021(29), Florida Statutes and meets the definition of retiree in Section 121.4501(2), Florida Statutes.
- For a member of the FRS defined benefit pension plan, or any employee who maintains creditable service under the pension plan and the investment plan, the member begins drawing retirement benefits from the pension plan.

Any person retiring on or after July 1, 2001, as a member of the FRS, including a member of the investment plan, must satisfy the vesting requirements for his or her membership class under the pension plan as administered under Chapter 121, Florida Statutes. Any person retiring due to disability must qualify for a regular or in-line-of-duty disability benefit per provisions under Chapter 112, Florida Statutes. Additionally, participants in the Senior Management Service Optional Annuity Program and the State District System Optional Retirement Program are not eligible to receive benefits from the HIS plan.

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Benefits Provided. For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2022, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The state contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS 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 defined-benefit pension plan totaled \$3,087,519 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the District reported a net pension liability of \$64,431,792 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of the net pension liability was based on projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportionate share was 0.525266158 percent, which was a decrease of 0.016857583 percentage points from its proportionate share measured as of June 30, 2020 (0.542123741 percent).

For the year ended June 30, 2021, the District recognized pension expense of \$3,764,300. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 5,062,897	\$ 2,654,754
Changes of Assumptions	2,155,060	26,987
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	67,168	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	2,681,354	5,459,777
District Contributions Subsequent to the Measurement Date	3,115,055	-
Total	\$ 13,082,524	\$ 8,141,518

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The deferred outflows of resources totaling \$3,115,055 was related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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>
2023	\$ 538,248
2024	23,461
2025	441,289
2026	799,226
2027	88,457
Thereafter	<u>(64,730)</u>
Total	<u>\$ 1,825,951</u>

Actuarial Assumptions. The total pension liability in the July 1, 2021, 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
Discount Rate	2.16 percent

Mortality rates were based on the PUB-2010 base table varied by member category and sex, projected generationally with Scale MP-2018.

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

Discount Rate. The discount rate used to measure the total pension liability was 2.16 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 was changed from 2.21 percent to 2.16 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 2.16 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>1.16%</u>	<u>Discount Rate</u>	<u>3.16%</u>
		<u>2.16%</u>	
District's Proportionate Share of the Net Pension Liability	\$ 74,489,392	\$ 64,431,792	\$ 56,191,837

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

FRS – Defined Contribution Pension Plan

The District contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

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. Service retirement benefits are based upon the value of the members 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 Class, 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 plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2021-22 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>
Florida Retirement System, Regular	3.00	3.30
Florida Retirement System, Elected County Officers	3.00	8.34
Florida Retirement System, Special Risk	3.00	11.00

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. 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. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. 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. For the fiscal year ended June 30, 2022, 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.

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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; 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 \$3,996,406 for the fiscal year ended June 30, 2022.

Note 5 - Other Postemployment Benefit Plan – OPEB Plan

The District follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for reporting the employers' OPEB Plan liability.

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical, prescription drug, dental, and vision coverage. 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, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The District does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB Plan does not issue a stand-alone report and is not included in the report of a public employee retirement system or other entity. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

Summary of Membership Information. The following table provides a summary of the number of participants in the plan as of the measurement date:

Retirees and Beneficiaries	1,260
Inactive, Non-Retired Members	-
Active Members	<u>2,944</u>
Total Plan Members	<u><u>4,204</u></u>

Changes in the Total OPEB Plan Liability. The following table shows the change in the District's OPEB Plan liability:

<u>Description</u>	<u>Amount</u>
Service Cost	\$ 1,520,733
Interest on Total OPEB Plan Liability	860,027
Difference between Expected and Actual Experience	965,332
Changes of Assumptions	(1,225,504)
Benefit Payments	<u>(1,482,555)</u>
Net Change in Total OPEB Plan Liability	638,033
Net OPEB Plan Liability, Beginning of Year	<u>34,323,682</u>
Net OPEB Plan Liability, End of Year	<u><u>\$ 34,961,715</u></u>

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Funded Status and Funding Progress. As of June 30, 2021, the most recent measurement date, the total OPEB Plan liability was \$34,961,715, and assets held in trust were \$0, resulting in a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$186,868,855, and the ratio of the total OPEB Plan liability to the covered payroll was 18.7 percent.

The OPEB Plan contribution requirements of the District and OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB expense or the net OPEB Plan liability, and the OPEB Plan is financed on a pay-as-you-go basis.

Actuarial Valuation Date. For employee and retiree population purposes, June 30, 2021, was the actuarial valuation date.

Actuarial Valuation Methods and Assumptions. Actuarial valuations of an ongoing OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the OPEB Plan are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Individual Entry Age Normal Cost Method with an increasing normal cost pattern consistent with the salary increase assumptions used in the July 1, 2020, actuarial valuation of the FRS was used in the OPEB Plan liability calculation.

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

Mortality tables used in the July 1, 2020, actuarial valuation of the Florida Retirement System were used. They are based on the results of a statewide experience study covering the period 2013 through 2018.

The total OPEB Plan liability actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	3.40 percent to 7.8 percent, including inflation as used in the July 1, 2020, actuarial valuation of the Florida Retirement System

Healthcare cost trend rates were based on the Getzen Model, with trend starting at 2.42%, followed by 6.00% for 2022 and gradually decreasing to an ultimate trend rate of 3.75% in 2040.

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Aging factor expenses were based on the 2013 SOA Study "Health Care Costs – From Birth to Death". Administrative expenses are included in the per capita health costs.

Discount Rate. There are no invested plan assets held in trust to finance the OPEB Plan liability. The discount rate used equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA rating as of the measurement date. For the purpose of the OPEB Plan valuation, the municipal bond rate was 1.92% (based on the daily rate closest to but not later than the measurement date of the "Fidelity General Obligation AA Index"). The discount rate was 2.45% as of the beginning of the measurement period.

The changes of assumptions or other inputs include the following:

- A change in the discount rate from 2.45% as of the beginning of the measurement period to 1.92% at the end of the measurement period.
- Expected costs were revised to reflect scheduled rate changes.
- Long-term trend rates of healthcare cost increases were lowered from 3.99% to 3.75%.

The District's annual OPEB expense totaled \$2,323,745 for the fiscal year ended June 30, 2022. At June 30, 2022, the District reported deferred outflows and inflows of resources related to the OPEB Plan liability from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,690,113	\$ -
Changes of Assumptions	1,924,495	3,065,754
District Contributions Subsequent to the Measurement Date	<u>1,451,798</u>	<u>-</u>
Total	<u><u>\$ 5,066,406</u></u>	<u><u>\$ 3,065,754</u></u>

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Amount</u>
2023	\$ (57,015)
2024	(57,015)
2025	(57,015)
2026	51,833
2027	224,861
Thereafter	<u>443,205</u>
Total	<u><u>\$ 548,854</u></u>

Sensitivity of the District's Total OPEB Plan Liability to Changes in the Discount Rate. The following presents the District's OPEB Plan liability calculated using the discount rate of 1.92 percent, as well as what the OPEB Plan liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.92 percent) or 1-percentage-point higher (2.92 percent) than the current rate:

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	1% Decrease 0.92%	Current Discount Rate 1.92%	1% Increase 2.92%
OPEB Plan Liability	\$ 40,150,476	\$ 34,961,715	\$ 30,722,953

Sensitivity of the District's Total OPEB Plan Liability to the Healthcare Cost Trend Rate Assumption. Regarding the sensitivity of the total OPEB liability, calculated using the assumed trend rates as well as what the OPEB Plan's total liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
OPEB Plan Liability	\$ 32,510,290	\$ 34,961,715	\$ 38,010,272

Note 6 - 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 year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2022:

General Fund	Federal Education Stabilization Fund	Other Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 5,387,330	\$ 5,429,324	\$ 9,194,019	\$ 1,169,259	\$ 21,179,932

Note 7 - Construction Commitments

Projects	Description	Contract Amount	Completed June 30, 2022	Balance Committed
Fairview	Phases 5B and C Renovation and Remodeling	\$ 4,212,851	\$ 2,094,364	\$ 2,118,487
Griffin	Remodel and Renovate Bldg 15	1,320,424	377,342.00	\$ 943,082
Leon	Renovate Media Center, Science Rooms, and Old Gym	1,866,822	277,899	1,588,923
Rickards	Phases 5 Demo and New Construction and Phase 7 Roof Replace Bldgs 13, 18	6,058,307	4,650,668	1,407,639
Total		<u>\$ 13,458,404</u>	<u>\$ 7,400,273</u>	<u>\$ 6,058,131</u>

Note 8 - 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. Workers' compensation, automobile liability, general liability, property damage, and boiler and machinery coverage are being provided on a self-insured basis up to specified limits. The District has entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated

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amount on an individual claim basis, and aggregate excess coverage when total claims minus specific excess coverage exceeds the loss fund established annually by the District. The District has contracted with an insurance administrator to administer these self-insurance programs, including the processing, investigating, and payment of claims. Settled claims resulting from the risks described above have not exceeded commercial insurance coverage in any of the past three fiscal years.

A liability in the amount of \$5,378,282 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2022.

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

	<u>Beginning Of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Payments</u>	<u>End of Year Liability</u>
2020-2021	\$ 4,913,769	\$ 1,015,540	\$ (799,426)	\$ 5,129,883
2021-2022	5,129,883	834,572	(586,173)	5,378,282

Health and hospitalization coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

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

Note 9 - Long-Term Liabilities

Lease Purchase Agreement – Direct Placement

Description – Lease Purchase Agreement: School Buses

Amount Outstanding – \$2,857,238

Interest Rate – 2.033%

Final Maturity – October 1, 2023

The District entered into a financing arrangement on December 18, 2014, which was characterized as a lease purchase agreement, whereby the District secured financing to purchase 45 compressed natural gas school buses.

Amounts payable for the planned extended repayment of the lease purchase agreement is as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 991,397	\$ 952,284	\$ 39,113
2024	991,398	971,644	19,754
Total Minimum Lease Payments	<u>\$ 1,982,795</u>	<u>\$ 1,923,928</u>	<u>\$ 58,867</u>

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Certificates of Participation – Direct Placement

Certificates of participation at June 30, 2022, are as follows:

Series	Amount Outstanding	Interest Rates (Percent)	Lease Term Maturity	Original Amount
Series 2016A Refunding	\$ 23,775,000	1.818	2027	\$ 58,410,000
QZAB 2008A	624,000	0.19	2025	5,000,000
QZAB 2008B	2,000,000	1.7	2024	15,000,000
QZAB 2010	33,209,140	5.68	2029	33,209,140
QSCB 2010	<u>18,597,100</u>	4.84	2028	<u>18,597,100</u>
Total Certificates of Participation	<u><u>\$ 78,205,240</u></u>			<u><u>\$ 130,216,240</u></u>

The District entered into financing arrangement on October 1, 1997, characterized as lease-purchase agreements, with the Leon County School Board Leasing Corporation (Leasing Corporation), whereby the District secured the financing of Lawton Chiles High School for a total amount of \$34,970,000. The financing was accomplished through the issuance of Certificates of Participation (COPs), Series 1997, to be repaid from the proceeds of rents paid by the District. The financing was accomplished through the issuance, by the Leasing Corporation to third-party investors, of certificates of participation.

The Leasing Corporation issued COPs, Series 2005, Refunding, on March 9, 2005, to advance refund a portion of the COPs, Series 1997.

The master financing arrangement was amended on June 15, 2006, to issue COPs, series 2006, in the amount of \$61,795,000. The COPs were issued to secure financing of various educational facilities throughout the District.

The master financing arrangement was amended on March 6, 2008, to issue COPs, Series 2008A Qualified Zone Academy Bond (QZABs), in the amount of \$5,000,000. The QZABs were issued to secure financing of improvements to be made at three District schools.

The master financing arrangement was amended on September 24, 2010, to issue COPs, Series 2010 Qualified School Construction Bonds (QSCBs), in the amount of \$18,597,000. The QSCBs were issued to secure financing of improvements to be made at four district schools. Principal payments are made into a sinking fund for the debt to be paid in full at the end of its term in 2027.

The master financing arrangement was amended on December 28, 2010, to issue COPs, Series 2010 QZABs, in the amount of \$33,209,140. The QZABs were issued to secure financing of improvements to be made at ten District schools. Principal payments are paid into a sinking fund for the debt to be paid in full at the end of its term in 2028.

The master financing arrangement was amended on April 14, 2016, to refund COPs Series 2005 and Series 2006, in the amount of \$58,410,000 with the issuance of the COPs, Series 2016A.

The District gave ground leases on District properties to the Leasing Corporation with a rental fee of \$10 per year as a condition of the financing arrangements. The initial terms of the leases are approximately 35 years commencing on October 1, 1997 (Series 1997); 16 years commencing on November 1, 2004

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(series 2004 QZABs); 17 years commencing on March 1, 2005 (Series 2005, refunding); 20 years commencing June 15, 2006 (Series 2006); 16 years commencing on March 6, 2009 (Series 2008A QZABs); 15 years commencing on July 25, 2008 (Series 2008B QZABs); 15 years commencing on July 1, 2012 (Series 2010 QSCBs); and 18 years commencing on December 1, 2011, (Series 2010 QZABs). The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the leases and to provide for the rent payments through to term, the District may be required to surrender the sites included under the ground Lease Agreement for the benefit of the securers of the COPs for a period of time specified by the arrangement which may be up to 35 years from the date of inception of the arrangement.

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

- Series 2008A QZABs and Series 2008B QZABs – Technology-related improvements at Riley Elementary School, Griffin Middle School, and Godby High School.
- Series 2010 QSCBs – New construction at Gilchrist Elementary School, Killearn Lakes Elementary School, Kate Sullivan Elementary School, and Gretchen Everhart School.
- Series 2010 QZABs – Renovations at Astoria Park Elementary School, Canopy Oaks Elementary School, Ft. Braden School, Oak Ridge Elementary School, Sabal Palm Elementary School, Springwood Elementary School, Woodville Elementary School, Fairview Middle School, Raa Middle School, and Rickards High School.
- Series 2016A Refunding (Refunding of Series 2005 refunding, which originally refunded Series 1997, and Refunding of Series 2006) – Construction of Lawton Chiles High School, Montford Middle School, Conley Elementary School, and renovations to Pineview Elementary School, Deerlake Middle School, Killearn Lakes Elementary School, Lawton Chiles High School, and Lincoln High School.

The Series 2008A QZAB lease payments are payable annually on March 9 at a fixed interest rate of 0.19 percent. The Series 2008B QZABs lease payments are payable annually on September 1 at a fixed rate of 4.84%. The lease payments for the Series 2010 QZABs are payable annually on December 1 at a fixed interest rate of 5.68%. The Series 2010 QSCBs and the Series 2010 QZABs receive Federal subsidies at the same interest rates as the bonds, resulting in a net zero percent cost to the District. The Series 2016, Refunding, mature on July 1, 2026, with semiannual lease payments on July 1 and January 1, have a fixed interest rate of 1.818 percent.

The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30, 2022:

Year Ending June 30,	Total	Principal	Interest
2023	\$ 10,350,794	\$ 7,097,000	\$ 3,253,794
2024	10,333,030	7,202,000	3,131,030
2025	9,001,357	5,995,000	3,006,357
2026	9,002,368	6,105,000	2,897,368
2027	2,786,379	-	2,786,379
2028-2029	<u>55,085,709</u>	<u>51,806,240</u>	<u>3,279,469</u>
Total Minimum Lease Payments	<u>\$ 96,559,636</u>	<u>\$ 78,205,240</u>	<u>\$ 18,354,397</u>

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Bonds payable at June 30, 2022, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>	<u>Original Amount</u>
State School Bonds:				
Series 2019A, Refunding	\$ 485,000	5.00	2029	\$ 945,000
District Revenue Bonds:				
Series 2014	<u>39,100,000</u>	1.82-3.66	2027	<u>75,000,000</u>
Total Bonds Payable	\$ 39,585,000			<u>\$ 75,945,000</u>
Add Unamortized Bond Premium	<u>3,254,913</u>			
Total Bonds Payable	<u>\$ 42,839,913</u>			

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

■ **State School Bonds**

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

On January 14, 2020, the SBE used the proceeds derived from the sale of the 2020A Bonds to refund the SBE Capital Outlay Bonds, Series 2010A, by placing the proceeds of the new SBE Capital Outlay Bonds, Series 2020A, in an irrevocable trust and calling the refunded bonds for redemption on January 15, 2020. The Series 2020A certificates were issued to effectuate the refunding and to reduce the District's total debt service payments by \$3,331.

■ **Sales Tax Revenue Bonds, Series 2014**

The School Board issued Sales Tax Revenue Bonds, Series 2014, in the amount of \$75,000,000 on September 24, 2013. These bonds are authorized by Chapter 1001 Florida Statutes, and Chapter 212, Florida Statutes. These bonds are secured by a pledge of proceeds received by the District from the levy and collection of a one-half cent discretionary sales surtax pursuant to Section 212.055(6), Florida Statutes. Proceeds of the bonds were used to finance construction of new school facilities and renovations of existing school facilities.

During the 2021-2022 fiscal year, the District recognized sales tax revenues totaling \$29,699,108 and expended \$7,437,320 (25 percent) of these revenues for debt service directly collateralized by these revenues. The pledged sales tax revenues are committed until final maturity of the debt, or September 1, 2027. Assuming a nominal growth rate in the collection of sales tax revenues, which are levied through December 31, 2027, approximately 35 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds.

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Annual requirements to amortize all bonded debt outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Total	Principal	Interest
State School Bonds:			
2023	\$ 74,250	\$ 50,000	\$ 24,250
2024	76,750	55,000	21,750
2025	80,000	61,000	19,000
2026	82,950	67,000	15,950
2027	87,600	75,000	12,600
2028-2030	<u>190,450</u>	<u>177,000</u>	<u>13,450</u>
Total State School Bonds	<u>592,000</u>	<u>485,000</u>	<u>107,000</u>
Year Ending June 30,	Total	Principal	Interest
Sales Tax Revenue Bonds:			
2023	\$ 7,428,200	\$ 5,760,000	\$ 1,668,200
2024	7,418,075	6,045,000	1,373,075
2025	7,413,200	6,350,000	1,063,200
2026	7,402,825	6,665,000	737,825
2027	7,431,200	7,000,000	431,200
2028-2029	<u>7,425,600</u>	<u>7,280,000</u>	<u>145,600</u>
Total Sales Tax Revenue Bonds	<u>44,519,100</u>	<u>39,100,000</u>	<u>5,419,100</u>
Total	<u>\$ 45,111,100</u>	<u>\$ 39,585,000</u>	<u>\$ 5,526,100</u>

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					
Debt Related to Capital Assets:					
Certificates of Participation Payable	\$ 85,197,240	\$ -	\$ 6,992,000	\$ 78,205,240	\$ 7,097,000
Lease Purchase Payable	8,095,355	-	6,171,427	1,923,928	952,284
Bonds Payable	45,159,000	-	5,574,000	39,585,000	5,810,000
Premiums	<u>3,967,306</u>	<u>-</u>	<u>712,393</u>	<u>3,254,913</u>	<u>-</u>
Total Capital Asset Related Debt	<u>142,418,901</u>	<u>-</u>	<u>19,449,820</u>	<u>122,969,081</u>	<u>13,859,284</u>
Compensated Absences Payable	33,929,533	1,050,231	3,631,236	31,348,528	3,412,237
Other Postemployment Benefits Payable	34,323,682	3,346,092	2,708,059	34,961,715	1,451,798
Estimated Insurance Claims Payable	5,129,883	834,572	586,173	5,378,282	1,340,726
Net Pension Liability:					
Florida Retirement System	165,181,709	38,932,349	173,842,705	30,271,353	-
Health Insurance Subsidy	<u>66,192,426</u>	<u>19,346,492</u>	<u>21,107,126</u>	<u>64,431,792</u>	<u>324,315</u>
Total Governmental Activities	<u>\$ 447,176,134</u>	<u>\$ 63,509,736</u>	<u>\$ 221,325,119</u>	<u>\$ 289,360,751</u>	<u>\$ 20,388,360</u>

For the governmental activities, compensated absences and OPEBs are generally liquidated with resources of the General Fund. The estimated insurance claims are generally liquidated with the resources of the Internal Service Fund.

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Note 10 - Revenues

Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2021-2022 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 118,522,511
Class Size Reduction	31,486,957
Workforce Development	6,386,855
Capital Outlay and Debt Service Distributed	1,219,170
Miscellaneous Revenue	6,952,754
Charter School Capital Outlay	1,068,142
Voluntary Prekindergarten Program	1,054,925
Workforce Education Performance Incentives	322,000
Racing Commission Funds	223,250
Adult With Disabilities	225,000
CO & DS Withheld SBE Bonds	115,503
School Lunch Supplement	94,570
School Breakfast Supplement	82,559
State License Tax	44,794
CO & DS Withheld Administration Expenses	20,325
Undistributed CO & DS Interest	9,766
SBE Bond Interest	<u>9</u>
Total State Revenue	<u>\$ 167,829,090</u>

Accounting policies relating to certain State revenue sources are described in Note 1.

Property Taxes

The following is a summary of millages and taxes budgeted from the 2022 tax roll for the 2021-2022 fiscal year; taxes budgeted are stated at 96 percent of the actual tax roll levy to allow for early payment discounts and uncollectable amounts:

<u>General Fund</u>	<u>Millages</u>	<u>Taxes Budgeted</u>
Non-Voted School Tax:		
Require Local Effort	3.715	\$ 73,085,342
Basic Discretionary Local Effort	0.748	15,068,312
 Capital Projects Funds		
Non-Voted Tax:		
Local Capital Improvement	1.500	30,217,203
Total	<u>5.963</u>	<u>\$ 118,370,857</u>

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Note 11 - Interfund Balances

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 9,321,170	\$ -
Debt Service:		
Other Debt Service	15,820,421	-
Special Revenue:		
Federal Education Stabilization	-	5,283,808
Capital Projects:		
Local Capital Improvement	-	14,533,516
Other Capital Projects	650,000	10,937,320
Non-Major Governmental	8,584,223	3,621,170
Total	\$ 34,375,814	\$ 34,375,814

The principal purposes of the interfund transfers were to transfer non-major Capital Projects – Local Capital Improvement Fund maintenance money to the General Fund and transfer funds from Capital Projects – Other and non-major Capital Projects – Local Capital Improvement Funds to the Debt Service – other and non-major debt service funds for repayment of COPs and sales tax revenue bonds, respectively. New this year was the transfer of Special Revenue – Federal Education Stabilization funds to pay off the lease-purchase of the Chromebooks.

Interfund receivables and payables consist of the following at June 30, 2022:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 9,241,829	\$ -
Federal Education Stabilization	-	8,914,873
Other Capital Projects Fund	268	-
Other Governmental Funds	-	327,224
Total	\$ 9,242,097	\$ 9,242,097

Note 12 - Summary Disclosure of Significant Contingencies

Litigation

The District is involved in several pending and threatened legal actions. Although the outcome of these lawsuits is not currently determinable, in the opinion of the District's legal counsel, the resolution of these matters should not materially affect the financial condition of the District.

REQUIRED SUPPLEMENTARY INFORMATION

LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Intergovernmental:				
Federal Direct	\$ 250,000	\$ 267,648	\$ 267,648	\$ -
Federal Through State and Local	89,095	99,417	99,417	-
State	171,143,253	165,016,120	165,016,120	-
Local:				
Property Taxes	88,221,972	88,269,477	88,269,477	-
Miscellaneous	5,776,826	13,463,739	11,560,711	(1,903,028)
Total Local Revenues	93,998,798	101,733,216	99,830,188	(1,903,028)
Total Revenues	265,481,146	267,116,401	265,213,373	(1,903,028)
Expenditures				
Current - Education:				
Instruction	192,053,429	182,516,827	161,036,399	21,480,428
Student Support Services	10,315,372	11,518,521	10,597,797	920,724
Instructional Media Services	4,438,407	4,180,756	3,771,957	408,799
Instruction and Curriculum				
Development Services	5,767,342	8,609,453	7,282,321	1,327,132
Instructional Staff Training Services	506,376	632,706	289,825	342,881
Instruction-related Technology	3,220,684	3,086,054	2,730,314	355,740
Board	1,528,667	1,898,199	1,455,558	442,641
General Administration	1,399,069	1,435,621	959,763	475,858
School Administration	22,733,167	24,446,741	23,937,656	509,085
Facilities Acquisition and Construction	1,262,719	1,779,402	764,487	1,014,915
Fiscal Services	2,561,605	2,704,606	2,614,224	90,382
Central Services	15,845,267	15,284,711	12,278,833	3,005,878
Student Transportation Services	11,124,794	11,617,457	11,157,365	460,092
Operation of Plant	22,171,361	21,503,343	20,838,873	664,470
Maintenance of Plant	11,474,878	11,860,436	9,861,854	1,998,582
Administrative Technology Services	4,770,067	6,459,147	5,832,878	626,269
Community Services	4,640,310	7,343,379	4,202,803	3,140,576
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	-	69,146	(69,146)
Other Capital Outlay	-	-	626,373	(626,373)
Total Expenditures	315,813,514	316,877,359	280,308,426	36,568,933
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(50,332,368)	(49,760,958)	(15,095,053)	34,665,905
Other Financing Sources				
Transfers in	7,325,000	7,418,142	9,321,170	1,903,028
Total Other Financing Sources (Uses)	7,325,000	7,418,142	9,321,170	1,903,028
Net Change in Fund Balances	(43,007,368)	(42,342,816)	(5,773,883)	36,568,933
Fund Balances, Beginning	63,502,988	63,502,988	62,889,932	(613,056)
Fund Balances, Ending	\$ 20,495,620	\$ 21,160,172	\$ 57,116,049	\$ 35,955,877

See accompanying notes.

LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUND -
FEDERAL EDUCATION STABILIZATION FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Intergovernmental:				
Federal Direct	\$ 4,121,753	\$ 2,554,420	\$ 6,803	\$ (2,547,617)
Federal Through State and Local	22,602,980	95,292,504	31,921,174	(63,371,330)
Total Revenues	<u>26,724,733</u>	<u>97,846,924</u>	<u>31,927,977</u>	<u>(65,918,947)</u>
Expenditures				
Current - Education:				
Instruction	25,002,594	60,803,613	14,293,570	46,510,043
Student Support Services	-	5,337,674	25,912	5,311,762
Instruction and Curriculum				
Development Services	33,866	487,449	195,774	291,675
Instructional Staff Training Services	78,369	1,305,939	298,095	1,007,844
General Administration	11,463	4,100,093	941,984	3,158,109
School Administration	-	744,629	129,706	614,923
Facilities Acquisition and Construction	-	711,950	611,667	100,283
Fiscal Services	-	215,300	-	215,300
Food Services	-	13,628,815	-	13,628,815
Central Services	-	1,885,062	7,099,587	(5,214,525)
Student Transportation Services	-	226,656	-	226,656
Operation of Plant	-	31,962	28,273	3,689
Maintenance of Plant	34,304	1,562,757	34,304	1,528,453
Administrative Technology Services	-	1,564,137	970,254	593,883
Community Services	1,564,137	-	1,564,137	(1,564,137)
Fixed Capital Outlay:				
Other Capital Outlay	-	-	450,906	(450,906)
Total Expenditures	<u>26,724,733</u>	<u>92,606,036</u>	<u>26,644,169</u>	<u>65,961,867</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>5,240,888</u>	<u>5,283,808</u>	<u>42,920</u>
Other Financing Sources (Uses)				
Transfers (out)	-	(5,240,888)	(5,283,808)	(42,920)
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY -
FLORIDA RETIREMENT SYSTEM PENSION PLAN

	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the FRS Net Pension Liability	0.400740005%	0.381116964%	0.409746175%	0.385940916%	0.394829900%	0.395759454%	0.449757910%	0.463930418%	0.464637005%
District's Proportionate Share of the FRS Net Pension Liability	\$ 30,271,353	\$ 165,181,709	\$ 141,110,878	\$ 116,247,404	\$ 116,788,035	\$ 99,929,573	\$ 58,092,266	\$ 28,306,578	\$ 79,984,708
District's Covered Payroll	186,048,344	188,312,116	194,297,131	176,456,466	176,038,046	167,212,535	174,262,691	170,819,266	175,193,569
District's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll	16.27%	87.72%	72.63%	65.88%	66.34%	59.76%	33.34%	16.57%	45.66%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

Notes:

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

(2) - GASB requires information for 10 years; however, until a full 10 year trend is compiled, only the years that information was available have been presented.

See accompanying notes.

**LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required FRS Contribution	\$ 21,451,972	\$ 15,266,463	\$ 12,662,828	\$ 12,705,088	\$ 10,999,006	\$ 10,278,395	\$ 9,651,225	\$ 10,965,480	\$ 10,162,045
FRS Contribution in Relation to the									
Contractually Required Contribution	(21,451,972)	(15,266,463)	(12,662,828)	(12,705,088)	(10,999,006)	(10,278,395)	(9,651,225)	(10,965,480)	(10,162,045)
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 187,701,785</u>	<u>\$ 186,048,344</u>	<u>\$ 188,312,116</u>	<u>\$ 194,297,131</u>	<u>\$ 174,852,397</u>	<u>\$ 176,038,046</u>	<u>\$ 167,212,535</u>	<u>\$ 174,262,691</u>	<u>\$ 170,819,266</u>
FRS Contribution as a Percentage of									
Covered Payroll	11.43%	8.21%	6.72%	6.54%	6.29%	5.84%	5.77%	6.29%	5.95%

Notes:

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

(2) - GASB requires information for 10 years; however, until a full 10 year trend is compiled, only the years that information was available have been presented.

See accompanying notes.

LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY -
HEALTH INSURANCE SUBSIDY PENSION PLAN

	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the FRS Net Pension Liability	0.525266158%	0.542123741%	0.579970280%	0.540137061%	0.549877103%	0.540887223%	0.574085981%	0.575286134%	0.602917579%
District's Proportionate Share of the FRS Net Pension Liability	\$ 64,431,791	\$ 66,192,426	\$ 64,892,871	\$ 57,168,713	\$ 58,795,397	\$ 63,038,165	\$ 58,547,740	\$ 53,790,657	\$ 52,491,902
District's Covered Payroll	186,048,344	188,312,116	194,297,131	176,456,446	176,038,046	167,212,535	174,262,691	170,819,266	175,193,569
District's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll	34.63%	35.15%	33.40%	32.40%	33.40%	37.70%	33.60%	31.49%	29.96%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

Notes:

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

(2) - GASB requires information for 10 years, however; until a full 10 year trend is compiled, only the years that information was available have been presented.

See accompanying notes.

**LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required FRS Contribution	\$ 3,115,850	\$ 3,087,519	\$ 3,124,005	\$ 3,220,519	\$ 2,929,177	\$ 2,910,109	\$ 2,772,392	\$ 2,194,514	\$ 1,970,737
FRS Contribution in Relation to the									
Contractually Required Contribution	(3,115,850)	(3,087,519)	(3,124,005)	(3,220,519)	(2,929,177)	(2,910,109)	(2,772,392)	(2,194,514)	(1,970,737)
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 187,701,785</u>	<u>\$ 186,048,344</u>	<u>\$ 188,312,116</u>	<u>\$ 194,297,131</u>	<u>\$ 174,852,397</u>	<u>\$ 176,038,046</u>	<u>\$ 167,212,535</u>	<u>\$ 174,262,691</u>	<u>\$ 170,819,266</u>
FRS Contribution as a Percentage of									
Covered Payroll	1.66%	1.66%	1.66%	1.66%	1.68%	1.65%	1.66%	1.26%	1.15%

Notes:

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

(2) - GASB requires information for 10 years, however; until a full 10 year trend is compiled, only the years that information was available have been presented.

See accompanying notes.

LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS
(OPEB) AND RELATED RATIOS

Measurement Year Ended June 30	2021	2020	2019	2018	2017
Reporting Year Ended June 30	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 1,520,733	\$ 1,316,699	\$ 1,075,849	\$ 1,041,636	\$ 1,143,416
Interest on the Total OPEB Liability	860,027	985,729	1,109,187	1,082,279	948,268
Difference Between Expected and Actual Experience of the Total OPEB Liability	965,332	-	1,298,077	-	-
Changes in Assumptions and Other Inputs	(1,225,504)	2,482,319	(1,380,961)	(209,587)	(2,340,268)
Benefit Payments	(1,482,555)	(1,274,583)	(1,706,631)	(1,711,610)	(1,735,284)
Net Change in Total OPEB Liability	638,033	3,510,164	395,521	202,718	(1,983,868)
Total OPEB Liability - Beginning of Year	34,323,682	30,813,518	30,417,997	30,215,279	32,199,147
Total OPEB Liability - End of Year	\$ 34,961,715	\$ 34,323,682	\$ 30,813,518	\$ 30,417,997	\$ 30,215,279
 Covered-employee Payroll	 187,171,513	 187,171,513	 158,793,158	 158,793,158	 114,416,406
 Total OPEB Liability as a percentage of Covered-Employee Payroll	 18.68%	 18.34%	 19.40%	 19.16%	 26.41%

Notes:

Covered-employee payroll presented above is an estimate based on data provided for the valuation, and needs to be the total payroll paid to all OPEB-eligible employees during the measurement year.

10 years of data will be displayed as information becomes available.

See accompanying notes.

**LEON COUNTY DISTRICT SCHOOL BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

Note 1 - Budgetary Basis of Accounting

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

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

Note 2 - Schedule of Net Pension Liability and Schedule Contributions

Changes of Assumptions. The long-term expected rate of return was decreased from 6.90 percent to 6.80 percent.

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System (FRS) Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The Health Insurance Subsidy (HIS) Program has a valuation performed biennially that is updated for Governmental Accounting Standards Board (GASB) reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan. The following changes in actuarial assumptions occurred in 2022:

- FRS: The long-term expected rate of return remained 6.8 percent, and the active member mortality assumption was also consistent with the prior year.
- HIS: The municipal bond rate used to determine total pension liability decreased from 2.21 percent to 2.16 percent.

**LEON COUNTY DISTRICT SCHOOL BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

Note 3 - Schedule of Changes in Other Post-Employment Benefits (OPEB) 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.

Changes in assumptions and other inputs include the change in the discount rate from 2.45 percent as of the beginning of the measurement period to 1.92 percent as of the end of the measurement period. This change is reflected in the Schedule of Changes in Total OPEB Plan Liability. Other changes include updating the expected premiums to reflect recent information, lowering the ultimate healthcare cost trend rate from 3.99% to 3.75%.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED
STATES; THE PROVISIONS OF THE OFFICE OF MANAGEMENT
AND BUDGET (OMB) UNIFORM GUIDANCE; AND *RULES OF THE
AUDITOR GENERAL* OF THE STATE OF FLORIDA**

**LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Clustered				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	22002	\$ -	\$ 2,876,385
National School Lunch Program	10.555	22001, 22003	-	11,053,027
COVID-19 - FNS Emergency Operational Costs Reimbursement	10.555	N/A	-	110,577
Summer Food Service Program for Children	10.559	20006, 20007 ,21006, 21007	-	323,555
Total Child Nutrition Cluster			<u>-</u>	<u>14,363,544</u>
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	-	55,322
Student Financial Assistance Cluster:				
United States Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	33,264
Federal Pell Grant Program	84.063	N/A	-	1,975,963
Total Student Financial Assistance Cluster			<u>-</u>	<u>2,009,227</u>
Special Education Cluster:				
United States Department of Education:				
Special Education - Grants to States	84.027	262, 263	338,484	10,739,572
Special Education - Preschool Grants	84.173	266, 267	-	456,383
Total Special Education Cluster			<u>338,484</u>	<u>11,195,955</u>
Not Clustered				
United States Department of Agriculture:				
Florida Department of Health:				
Child and Adult Care Food Program	10.558	A-3770	-	743,838
Florida Department of Agriculture and Consumer Services:				
Fresh Fruit and Vegetable Program	10.582	21004	-	252,958
Farm to School	10.575	N/A	-	56,886
Total United States Department of Agriculture			<u>-</u>	<u>1,053,682</u>

See accompanying notes.

**LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
United States Department of Defense:				
Air Force Junior Reserve Officers Training Corps	12.401	N/A	\$ -	\$ 69,255
Army Junior Reserve Officers Training Corps	12.402	N/A	-	75,500
Marine Junior Reserve Officers Training Corps	12.403	N/A	-	70,148
Navy Junior Reserve Officers Training Corps	12.404	N/A	-	52,745
Total United States Department of Defense			<u>-</u>	<u>267,648</u>
United States Department of Education:				
Florida Department of Education:				
COVID-19 Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	N/A	1,371,644	31,927,977
Adult Education - Basic Grants to States	84.002	191,193	-	386,460
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	456,938	10,143,499
Career and Technical Education - Basic Grants to States	84.048	161	-	699,717
Education for Homeless Children and Youth	84.196	127	-	78,028
Twenty-First Century Community Learning Centers	84.287	244	228,747	1,677,641
English Language Acquisition State Grants	84.365	102	-	121,147
Improving Teacher Quality State Grants	84.367	224	7,432	952,972
Student Support and Academic Enrichment	84.424	241	-	432,772
Total United States Department of Education			<u>2,064,761</u>	<u>46,420,213</u>
Total Expenditures of Federal Awards			<u>\$ 2,403,245</u>	<u>\$ 75,365,591</u>

See accompanying notes.

**LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

The Notes Below 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 Leon County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2022. 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 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) Non-Cash Assistance - National School Lunch Program.** Includes \$1,197,107 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

See accompanying notes.

**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**

Leon County District School Board and
Superintendent
Tallahassee, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Leon County District School Board (the District), as of and for the fiscal year ended June 30, 2022, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 3, 2023. Other auditors audited the financial statements of the discretely presented component units, which represent 100% of the aggregate discretely presented component units. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 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 than a material weakness, yet important enough to merit attention by those charged with governance.

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

CERTIFIED PUBLIC ACCOUNTANTS

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Leon County District School Board and
Superintendent
Tallahassee, Florida

**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***

Report on Compliance and Other Matters

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



February 3, 2023
Tallahassee, Florida

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

Leon County District School Board and
Superintendent
Tallahassee, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Leon County District School Board's (the District) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The District's basic financial statements include the operations of the discretely presented component units, which are included as aggregate remaining discretely presented component units, which expended federal awards during the year ended June 30, 2022. Our audit, described below, did not include the operations of the discretely presented component units as they engaged other auditors to perform an audit of compliance, as applicable.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District to meet our either 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.

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Leon County District School Board and
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Tallahassee, Florida

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

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 Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material non-compliance when it exists. The risk of not detecting material non-compliance 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. Non-compliance 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 District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, 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, non-compliance with a type of compliance

Leon County District School Board and
Superintendent
Tallahassee, Florida

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

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 non-compliance 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.



February 3, 2023
Tallahassee, Florida

**LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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?	No
Non-compliance material to financial statements noted?	No

Federal Awards

Internal control over major Federal Programs:	
Material weakness(es) identified?	No
Significant deficiencies 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:	

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund Under the <i>Coronavirus Aid, Relief, and Economic Security Act (CARES Act)</i>
84.367	Supporting Effective Instruction
Dollar threshold used to distinguish between Type A and Type B programs:	\$2,260,968
Auditee qualified as low risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters are reported.

SECTION IV - SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

All matters reported in the prior year Schedule of Findings and Questioned Costs were deemed to have been resolved.

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH FLORIDA STATUTES, SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

Leon County District School Board and
Superintendent
Tallahassee, Florida

We have examined the Leon County District School Board (the District) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended June 30, 2022, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2022.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the District, its management, and is not intended to be, and should not be, used by anyone other than these specified parties.



February 3, 2023
Tallahassee, Florida

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MANAGEMENT LETTER

Leon County District School Board and
Superintendent
Tallahassee, Florida

Report on the Financial Statements

We have audited the financial statements of the Leon County District School Board (the District), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated February 3, 2023. Other auditors audited the financial statements of two of the aggregate discretely presented component units, as described in our report on the District's financial statements. This letter does not include the results of the other auditor's and such information related to that audit is reported on separately by those auditors.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountants' Report on an examination conducted in accordance with American Institute of Certified Public Accountants Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.800, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated February 3, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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MANAGEMENT LETTER

Financial Condition and Management

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

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

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

Transparency

Section 10.804(1)(f)6., *Rules of the Auditor General*, requires that we communicate the results of our determination as to whether the District maintains on its website the information specified in Section 1011.035, Florida Statutes, (Section 1011.035, Florida Statutes, provides that district school boards shall prominently post on their website a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public). In connection with our audit, we determined that the District maintained on its website the information specified in Section 1011.035, Florida Statutes.

Additional Matters

Section 10.804(1)(f)4., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that has occurred, or is likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, District School Board members, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



February 3, 2023
Tallahassee, Florida

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