



# Triumph Gulf Coast

## Application for Funds

*November 2023*

### **Contact**

Jon Williams  
Okaloosa Technical College Director

# Triumph Gulf Coast Application for Funds

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## **Applicant Information**

**Name of Entity/Organization:** Okaloosa County School District

**Background of Applicant Individual/Entity/Organization:** The Okaloosa County School District (OCSD) serves approximately 32,000 students from pre-kindergarten to adult education. Each of our schools has its own distinct characteristics while sharing the unified mission and vision of the district. With 66 schools, homeschool, and online school options, OCSD provides high standards of education to all students in Okaloosa County. This is seen in the professional culture that exists at each facility where a high level of performance is expected of OCSD students. As a result, all students engage in rigorous, standards-based curriculum that promotes critical thinking and application of learning across content areas with the ultimate purpose of inspiring a lifelong passion for learning. Because of this high-performance level, the OCSD was one of only three districts in the state that earned a grade of A for two years in a row under the state of Florida's new grading system and the only school district in northwest Florida to earn this accomplishment.

### **Okaloosa Technical College**

#### **Vision and Mission**

**O**kaloosa Technical College strives for recognition as a leader in the local community, state, and nation as transforming people's lives through quality post-secondary education and setting them on a path to lifelong professional success.

**T**he mission of Technical College is to train students through a balance of theoretical and real world, project-based experience to meet the ever-changing professional needs of the local workforce.

**Federal Employer Identification Number:**  
59-600-0764

#### **Contact Information:**

Primary Contact: Jon Williams  
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**Identify any co-applicants, partners, or other entities or organizations that will have a role in the proposed project or program and such partners proposed roles.**

One Okaloosa EDC	<ul style="list-style-type: none"><li>Assisting in acquiring property</li></ul>
FLDOE Workforce Development Capitalization Incentive Grant	<ul style="list-style-type: none"><li>Potential funding</li></ul>

**Total amount of funding requested from Triumph Gulf Coast: \$8,350,000**

**Has the applicant in the past requested or applied for funds for all or part of the proposed projective/program?**

No

**Describe the financial status of the applicant and any co-applicants or partners:**

Okaloosa County School District is in good standing financially as indicated in the most recent audit.

**In a separate attachment, please provide financial statements or information that details the financial status of the applicant and any co-applicants or partners.**

Please see Appendix A: Okaloosa County School District Financial and Audit Information

**Has the applicant or any co-applicants, partners or any associated or affiliated entities or individuals filed for bankruptcy in the last ten (10) years?**

No



## Eligibility

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Pursuant to Section 288.8017, Triumph Gulf Coast, Inc. was created to make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. The disproportionately affected counties are: Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa Rosa County, Walton County, or Wakulla County. See, Section 288.08012.

**1. From the choices below, please check the box that describes the purpose of the proposed project or program (check all that apply):**

- ☐ Ad valorem tax rate reduction within disproportionately affected counties;
- ☐ Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- ☐ Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- ☐ Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;
- ☒ Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education, encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- ☒ Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and
- ☐ Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh from Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

2. Provide the title and a detailed description of the proposed project or program, including the location of the proposed project or program, a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote economic recovery, diversification, and enhancement of the disproportionately affected counties, a proposed timeline for the proposed project or program, and the disproportionately affected counties that will be impacted by the proposed project or program.

**Project Title:** Okaloosa Technical College North

**Funding Request:** \$8,350, 000

**Matching Funds:** \$12,840,040

**Program Location:** 5600 John Givens Rd  
Crestview, FL 32539

#### **i. Project Description:**

This request seeks funding to support the expansion of the Okaloosa Technical College (OTC) in the north end of Okaloosa County. This specific project will allow the purchase of property in the Okaloosa Industrial Air Park, which is located three miles northeast of the City of Crestview located at 5660 John Givens Road in Crestview, Florida. (Please see Appendix B: Okaloosa County Property Appraiser’s Description of Parcel.) The Air Park surrounds the Bob Sikes Airport and offers the ideal environment for education and industry to come together in partnerships. Triumph Gulf Coast, Inc. funds will also be instrumental in renovating the new location in order to offer a variety of different classrooms, hands-on labs, and training locations within the building. Further, the project will help OTC North purchase supplies, materials, equipment, curriculum and certifications for up to seven years.

Specifically, OTC North will establish the following programs to educate and train students for the local workforce:

- **Advanced Manufacturing and Production Technology (J100200):** This program will equip students with skills in modern manufacturing techniques, automation, and production technology. It will cater to the needs of local manufacturers, ensuring a skilled workforce that is vital for economic growth. Funds will be used to purchase equipment such as CNC machines, 3D printers, and modern manufacturing tools, as well as curriculum development.
- **Welding Technology (J400400):** This program will train students in welding techniques, a crucial skill in industries like construction, manufacturing, and shipbuilding. Funds will be used to purchase welding stations, safety gear, and develop welding curriculum. Once Welding Technology is established with students in the pipeline, OTC North will add Welding Technology – Advanced in the future.

- **Electronic Systems Technology (J540300 and I132303):** With the increasing reliance on technology, this program will prepare students for careers in electronics, semi-conductor design and fabrication, and electronics repair and maintenance. Offering Electronic Systems Technology programs is essential because it provides students with a solid foundation in electronics, practical skills, and the knowledge needed for various career opportunities in the semiconductor industry and related fields. It also fosters innovation, problem-solving abilities, and interdisciplinary collaboration, making it a critical component of higher education in technology and engineering. Funds will be allocated for purchasing electronic equipment, components, and curriculum materials. Once the Electronic Systems Technology 1 track is established, OTC North will add Electronic Technology 2 (J540200), Electronic Systems Technician (J540300), and Electronic Technology (I132303).
- **Automotive Service Technology 1 (T4007000):** This program will provide training in automotive maintenance and repair. Funds will be utilized to purchase automotive repair tools, equipment, and curriculum resources. Once this program is established OTC North will add Automotive Service Technology 2 (T400800).
- **Plumbing (C500500):** Plumbing is crucial because it produces a skilled and knowledgeable workforce that contributes to public health and safety, complies with regulations, promotes sustainability, and addresses the demand for plumbing services. Plumbing education provides valuable career opportunities and prepares individuals for a trade that is essential for modern society. To address the skilled labor shortage in plumbing in the region, funds will be allocated for plumbing equipment, tools, and curriculum materials.
- **Applied Cybersecurity (Y100300):** In a world increasingly reliant on digital technology, this program will focus on preparing students for careers in cybersecurity. Funds will be used to purchase computer systems, cybersecurity software, and curriculum resources.

### OTC North Win-Win

**P**urchasing and expanding a new location for the Okaloosa Technical College in the north end of Crestview will promote economic recovery, diversification, and enhancement to the local area by providing residents with access to quality education and job training opportunities.

**T**his project is a strategic move to empower the local workforce, attract industries, and create a more diverse and resilient economy, ultimately promoting economic recovery and enhancement in the area.

## **ii. Promotion of economic recovery, diversification and enhancement**

Expanding OTC's program offerings by adding another campus to support the training needs of local industry will bring diversification and enhancement for both the college and the community we serve: addressing local workforce needs, increased access to education, community economic development and recovery, partnerships with collaboration, community engagement and support, alignment with local and regional economic development strategies, meeting industry demand for innovation and long-term sustainability, and the integration of career dual enrollment opportunities for high school students.

Career dual enrollment is essential as it allows high school students to simultaneously earn college credits and gain hands-on experience in their chosen field, preparing them for successful careers. This initiative not only benefits the students by providing a head start in their careers but also serves the local community by nurturing a skilled and job-ready workforce, thereby contributing to economic growth and prosperity.

The project will provide residents with access to quality education and job training opportunities. This, in turn, can lead to several benefits:

- **Workforce Development:** The expansion of OTC will offer a wider range of vocational and technical programs, helping individuals acquire the skills needed for in-demand jobs, which can stimulate economic recovery by reducing unemployment and increasing earning potential.
- **Industry Attraction:** With a well-trained and educated workforce, the local area becomes more attractive to businesses and industries looking to establish or expand operations. This can lead to new investments, job opportunities, and economic diversification.
- **Enhanced Employability:** By offering relevant training and certification programs, the college can enhance the employability of local residents, making them more competitive in the job market and contributing to a more resilient and diverse local economy.
- **Entrepreneurship Support:** OTC can provide resources for entrepreneurship and small business development. This can encourage local entrepreneurs to start and grow businesses, fostering economic enhancement.
- **Community Engagement:** Expanding the college in the north end of Crestview can serve as a focal point for community engagement, encouraging residents to participate in educational and workforce development initiatives, further strengthening the local fabric.

Overall, expanding program offerings through adding another campus is not only beneficial for OTC but also vital for the overall economic development and prosperity of the community. It creates a win-win situation where the college can provide the education and training needed by local industry, and in return, the community and businesses thrive, making the region more vibrant and competitive.

<b>TIMELINE</b>	<b>ACTIVITIES and MILESTONES</b>
Within 6 months	<ul style="list-style-type: none"> <li>• Purchase property and begin renovation</li> <li>• Purchase equipment and begin setup and installations</li> <li>• Hire project manager to spearhead expansion</li> </ul>
Within 12 Months	<ul style="list-style-type: none"> <li>• Finalize renovations</li> <li>• Complete equipment installations and setup</li> <li>• Obtain and use FLDOE grants for expansion</li> <li>• Hire faculty and staff</li> <li>• Recruit students and industry partners</li> <li>• Hold Open House events</li> <li>• Register students and establish Student Financial Aid supports for tuition and fees</li> </ul>
Within 18 Months	<ul style="list-style-type: none"> <li>• Open OTC North and begin first classes</li> </ul>
Within 24 Months	<ul style="list-style-type: none"> <li>• Students earn certifications and directly connect with prospective employers</li> </ul>
Within 36 months	<ul style="list-style-type: none"> <li>• Six programs in full operation.</li> <li>• First cohorts of students complete programs</li> <li>• Job placement of completers reported</li> </ul>
36 Months and beyond	<ul style="list-style-type: none"> <li>• Continue matching students with employers</li> <li>• Industry partners evaluate programs and provide relevant continuous improvement feedback.</li> </ul>

**3. Explain how the proposed project or program is considered transformational and how it will effect the disproportionately affected counties in the next ten (10) years.**

OTC North will provide transformational opportunities for both prospective students and all residents of Okaloosa and surrounding counties. These skills and certifications transform into earned certifications, wages, careers, and ultimately a way of life for students.

Further, OTC North will promote working family values for which our community has proudly championed since its inception. As for the residents and entire county of Okaloosa, the ability to respond to the training needs of companies seeking to join us as partners is critical. Local industry wishing to expand their organizations will transform Okaloosa County into an even more desirable location for industrial growth.

Companies, which stand to advance our local economic goals for growth, will have an educational training partner that gets right down to business training and provides the talent needed for success. They will have a partner, and really a neighbor, in close proximity that is able to immediately respond to any training need they have. The companies themselves will drive our institution, as is the expectation of the Council On Occupational Education (COE), the accrediting agency for Okaloosa Technical College. (Please see Appendix C: Council On Occupational Education (COE) Accreditation.)

OTC North will be the transformational conduit that links aspiring workers to the skilled labor force of Okaloosa County.

The following table outlines the programs, certifications offered for each program, and the projected number of certifications earned to demonstrate how OTC North will contribute to the disproportionately affected county over the course of the grant period (7 years). The goal is to continue growth and development through the ten (10) year mark and well beyond.

<b>Program</b>	<b>Certifications Offered</b>	<b>2025 - 2026</b>	<b>2026 - 2027</b>	<b>2027 - 2028</b>	<b>2028 - 2029</b>	<b>2029 - 2030</b>	<b>2030 - 2031</b>
J100200/ Advanced Manufacturing and Production Technology	<ul style="list-style-type: none"> <li>Advanced Manufacturing Industrial Certifications</li> <li>OSHA 10</li> <li>Florida Ready to Work</li> <li>NC3 Certifications</li> </ul>	88	88	88	88	88	88
J400400/ Welding Technology	<ul style="list-style-type: none"> <li>AWS Industry Certifications</li> <li>OSHA 10</li> <li>Florida Ready to Work</li> <li>NC3 Certifications</li> </ul>	88	88	88	88	88	88
J540100/ Electronic Technology 1	<ul style="list-style-type: none"> <li>Electronics Industry Certifications</li> <li>OSHA 10</li> <li>Florida Ready to Work</li> <li>NC3 Certifications</li> </ul>	88	88	88	88	88	88
T400700/ Automotive Service Technology 1	<ul style="list-style-type: none"> <li>ASE Industry Certifications</li> <li>OSHA 10</li> <li>Florida Ready to Work</li> <li>NC3 Certifications</li> </ul>	88	88	88	88	88	88
C500500/ Plumbing	<ul style="list-style-type: none"> <li>NCCER Industry Certifications</li> <li>OSHA 10</li> <li>Florida Ready to Work</li> <li>NC3 Certifications</li> </ul>	88	88	88	88	88	88
Y100300/ Applied Cybersecurity	<ul style="list-style-type: none"> <li>CompTIA Industry Certifications</li> <li>Florida Ready to Work</li> </ul>	88	88	88	88	88	88

2024-2025 is considered the renovation year so no certifications will be earned. Projections are based on students beginning in 2025-2026.

Certification projections are based on an enrollment of 22 students annually per program earning four certifications each. In the 6-year tracking period, students are projected to earn 3,168 certifications. Triumph Gulf Coast will have invested \$2,635.73 per certification.

#### **4. Describe data or information available to demonstrate the viability of the proposed project or program.**

OTC has been an accredited technical training site since 1975. In order to maintain operational status, OTC is required to annually demonstrate that students, instructors, staff, and programs meet the requirements for accreditation under COE. Most notable of those requirements is the ongoing tracking and obtainment of a minimum percentage rate for each program in the areas of completion, placement, and licensure and/or certifications as advised by the Federal Department of Labor. Simply stated, OTC cannot operate unless students are effectively learning and taking what was learned out into industry with a credential that supports their continued successful employment.

Additionally, OTC programs are vetted and approved by the local workforce board annually as training sites eligible for scholarship funding under the Workforce Innovation Opportunity Act.

Each program has and will continue to meet the requirements for funding for Federal Financial Aide as well as being a certified educational institute under the requirement of Veterans Affairs.

Expansion through this project to OTC North will require the same ongoing requirements to be met for any additional programmatic options.

Clearly, now for almost 50 years, Okaloosa County has been represented by an established technical training center. It is not simply an endeavor of OTC students and staff, but rather through Okaloosa county-wide industry partners and other leaders' guidance, that OTC is confident to claim not just viability, but reliability as a post-secondary training and education institution. With the constant inherent accountability measures from the relationships OTC has established and maintained with industry partners, OTC North will be a viable proposed project for Okaloosa County. (Please see Appendix D: Letter of Intent to Purchase Land/Building.)

#### **5. Describe how the impacts to the disproportionately affected counties will be measured long term.**

Completion, placement, and licensure and/or certifications is the mantra of OTC. All three must be demonstrated ongoing and will be reported annually through accreditation process and directly to Triumph Gulf Coast. As Triumph Gulf Coast prefers certifications as a measuring tool for funding, OTC will report specifically on that metric through obtainment of Florida Ready to Work Certifications, and a variety of industry specific credentials recognized as valuable by CareerSource Florida and the State of Florida Department of Education's Master Credentials List.

Additional measures will be reported regarding student's enrollment at the site as well as industry partner growth. Industry partners advise the college through institutional advisory and occupational advisory committees. This last measure will further demonstrate that OTC is responding to and meeting the needs of industry and partners seeking skilled and trained employees.



**6. Describe how the proposed project or program is sustainable. (Note: Sustainable means how the proposed project or program will remain financially viable and continue to perform in the long-term after Triumph Gulf Coast, Inc. funding.)**

OTC North, as a satellite campus of OTC, is recognized as a public school, thus is eligible for funding through the Florida Department of Education. Students are ultimately responsible for tuition and fees for each program. However, opportunities abound for financial aide assistance. Additionally, due to the overwhelming opportunities for aid and scholarship, OTC does not operate or support any student loan programs. Rather, students receive Pell Grants, Florida Student Assistance Grants, Okaloosa School Board Scholarships, Open Door Scholarships, WIOAA (Workforce Innovation and Opportunity Act) and many other local scholarships even

from our industry partners (i.e. HCA Florida and Florida Power and Light) to cover educational expenses.

### Community Support

#### **One Okaloosa**

“The proposed Okaloosa Technical College north campus stands to have a monumental impact on higher wage job creation in northern Okaloosa County for years to come. Located in the Okaloosa Industrial Air Park directly adjacent to Bob Sikes Airport, the proposed location will provide for high-impact partnerships with existing aerospace and manufacturing employers located in the immediate vicinity. Perhaps even more significant is the opportunity for OTC North to support new, high-value employers locating in both the Okaloosa Industrial Air Park (a Florida First Sites Certified Site) and the Shoal River Ranch Gigasite – a CSX Select Certified Site located a mere 5 miles from the proposed OTC North campus.”

**N**athan Sparks

Executive Director of One Okaloosa EDC

Many transitioning service members and their families utilize the benefits under Veterans Affairs to cover these costs as well. By design, OTC tuition costs are the best value for post-secondary education as they are capped by the Florida Legislature, currently at \$2.92 cents per clock hour.

For additional funding to support operational costs of the college, OTC reports quarterly to the state for Workforce Education Funding. A large number of state and federal grants are annually obtainable and further support the college: PIPELINE (Prepping Institutions, Programs, Employers and Learners through Incentives for Nursing Education), PCOG (Pathways to Career Opportunities Grant), Perkins V (Carl D Perkins Career and Technical Education Act Funding), CAP (Workforce Capitalization Incentive Grant), CAPE (The Florida Career and Professional Education-performance funding).

In actuality, the funding opportunities listed previously are great for expansion and for remaining sustainable over time. They are limited, however, in terms of startup, as many state and

federal grants do not allow for purchasing of land, structures, construction or renovations to support expansion.

**7. Describe how the deliverables for the proposed project or program will be measured.**

<b>Deliverables</b>	<b>Measurements</b>
Purchase for renovation, a vacant manufacturing and call center building in Crestview, FL	<ul style="list-style-type: none"> <li>• Purchase of closing documents for</li> <li>• land/building (Please see Appendix D.)</li> </ul>
Complete renovations of classrooms/labs	<ul style="list-style-type: none"> <li>• Certificate of Occupancy</li> </ul>
Hire skilled/certified staff	<ul style="list-style-type: none"> <li>• Onboarding records from OCSD and OTC</li> <li>• Payroll records</li> </ul>
Acquire equipment and supplies for operation	<ul style="list-style-type: none"> <li>• Receipts, Purchase Orders, photographs of all inventory of equipment and supplies</li> <li>• Virtual and live tour of OTC North</li> </ul>
Recruitment of local industry partners and students seeking training/employment	<ul style="list-style-type: none"> <li>• Advertising records and receipts from billboards, social media campaigns, radio, television, and community events</li> </ul>
Enroll students and begin classes	<ul style="list-style-type: none"> <li>• Program enrollment data demonstrating scheduling of students, records of tuition and fees paid, social media posts, and testimonials from students/staff/partners.</li> </ul>
Awarding of grants for program support	<ul style="list-style-type: none"> <li>• Award letters from FLDOE and other entities providing grant funding</li> </ul>
Earned industry certifications	<ul style="list-style-type: none"> <li>• FLDOE data submissions for CAPE, Florida Ready to Work, and other industry certifications</li> <li>• Copies of student certifications</li> </ul>
Student training and completions	<ul style="list-style-type: none"> <li>• Pictures and videos of training in action</li> <li>• Student transcript records</li> <li>• Diplomas</li> <li>• Graduation ceremony</li> </ul>
Placement of completed students into local industries	<ul style="list-style-type: none"> <li>• Company records and testimonials from placed students</li> <li>• Payroll records</li> </ul>

## Priorities

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**1. Please check the box if the proposed project or program will meet any of the following Priorities (check all that apply):**

- ☐ Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
- ☐ Increase household income in the disproportionately affected counties above national average household income.
- ☒ Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.
- ☐ Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- ☒ Benefit the environment, in addition to the economy. Provide outcome measures.
- ☒ Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- ☐ Are recommended by the board of county commissioners of the county in which the project or program will be located.
- ☐ Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.

**2. Please explain how the proposed project meets the priorities identified above.**

**Priority: Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.**

OTC North will be a hub for specific training needs that align with further career paths in this region. While all training paths will have a plan for immediately placing completers directly into employment for companies sought after by the One Okaloosa Economic Development Council and Okaloosa County leaders, the beginning status of employment is only a good start.

As program completers answer the call of industry locally, Okaloosa County will be enhanced in a number of ways. The most obvious and important way is in how OTC North will meet the needs of military missions, both directly and indirectly. In some cases, these students will be able to work directly for contractors that support the military and the warfighter. Indirectly, these students will fill the positions that continue to promote the local community values and the way of life enjoyed in Northwest Florida which then attracts even more industry. Finally, completers of the programs can leverage their own skill and experience to grow themselves by continuing on the pathways started at OTC North.

Because OTC is an OCSD school, students will also experience a seamless transition to OTC North. Through well-established and existing relationships with other regional partners such as TeCMEN (Technology Coast Manufacturing and Engineering Network), Northwest Florida State College, HSU Educational Foundation, The University of West Florida, Florida State University, completers have many paths to further their training. Maintaining and utilizing such pathways allows completers to continue to have opportunities in the region that will enhance themselves and their local community.

**Priority: Benefit the environment, in addition to the economy. Provide outcome measures.**

- Increased enrollment targeting northern Okaloosa County and lower Alabama (i.e. Baker, Laurel Hill, Crestview, Wing, etc.)
- Increase of industry certifications and credentials leading to employment success
- Maintain job placement percentage of program completers
- Establish industrial partnerships, wherein partners drive the successful skilled labor training programs that meets their immediate demands for successful employees

**Priority: Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.**

*As explained under, Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases, pathways from and to other educational partners will be realized for OTC North. Specifically, though, this will be done through vertical alignment of like programs under the categories of career clusters set for by the Florida Department of Education. This coordination, which will also include agencies such as CareerSource Okaloosa Walton and collaborative industry partners, will guide OTC to maintain its very specific and important place in the larger scheme of meeting the skilled workforce needs of this region. As a result, industry partners will gain talented employees through the resources provided by this Triumph funding.*

**3. Please explain how the proposed project or program meets the discretionary priorities identified by the Board.**

- **Considered transformational for the future of the Northwest Florida region.**

Expansion of OTC to North Okaloosa County transforms skilled labor training by attracting students in the area who have not traditionally accessed post-secondary training. These prospective students will now have ease of access to such training and a direct connection to the employers right in their neighborhood who partner with OTC to guide the college's training programs. Additionally, this expansion is transformational for Northwest Florida because it will focus on manufacturing training. This type of training will directly support companies who will seek expansion to this area. One particular example exists already for Central Maloney Incorporated and its need for skilled labor to build transformers.

- **May be consummated quickly and efficiently**

An excellent property option currently exists for this project and is immediately available for purchase. OCSD has a signed Letter of Intent to move forward with this purchase once available grant funds have been obtained to make a purchase. Its location in the industrial zone of Crestview, as well as its close proximity to the Shoal River Ranch Gigasite and the Bob Sikes Airport make it a prime location for many types of training to support industry. Also, it is centrally located in the north end of the school district and can be reached by Crestview High School students in 10 minutes and Laurel Hill and Baker High School students in only 20 minutes. Renovations of the site can be accomplished quickly as the structure and building are in excellent shape already and merely need interior improvements to maximize classroom and lab activities. For some programs such as Applied Cybersecurity and Electronic Systems Technology, classroom operations can begin prior to completion of renovations. Immediately upon purchase, existing relationships with area companies will be synthesized to align training programs to their specific training needs. Within one year student recruitment will begin and within two years hundreds of certifications will be attained to demonstrate students skills as they enter the skilled labor workforce.

- **Promote net-new jobs in the private sector with an income above regional average household income**

Expansion to OTC North is designed to lead trained individuals into the private sector for employment. These programs for expansion will be required to meet the demand of high skill and high wage in accordance with Florida Law and to be on the Eligible Training Provider List for CareerSource Okaloosa Walton.

- **Align with Northwest Florida FORWARD, the regional strategic initiative for Northwest Florida economic transformation**

- Work with education, workforce development, private sector, nonprofit, and economic development partners to expand STEM education and technical skills development programs throughout the region

- Increase employability skills training programs to reduce employment barriers for all students and adults, with a particular focus on underserved populations.

- Expand work-based learning and career exploration opportunities for students.

- **Promote industry cluster impact for unique targeted industries**

This program focuses on addressing several high demand industries: manufacturing, technology, automotive, and building trades (plumbing). Students who attend OTC North will have the opportunity to earn industry certifications all of the programs offered.

- **Align with other similar programs across the regions for greater regional impact, and not be duplicative of other existing projects or programs**

Direct employment opportunities after training will be sought for program completers. Additionally, those students who wish to expand their skills and training will find a local pathway at other post-secondary institutions to advance their career and support their employers. Special care will be made to coordinate and collaborate with educational partners in order to build true pathways for students. Articulation agreements and MOU's can be developed to ensure such cooperation.

- **Create a unique asset in the region that can be leveraged for regional growth of targeted industries**
- **Leverage funding from other government and private entity sources.**

Workforce development funds, scholarships, Florida Department of Education and Federal Grants will be sought to support more dollars to support this expansion.

- **Supported by more than one governmental entity and/or private sector companies, in particular proposed projects or programs supported by more than one county in the region.**

Educational entities, Economic Development groups (i.e. One Okaloosa EDC, Okaloosa Board of County Commissioners, Florida's Great Northwest, etc.) will be supported. Industries in Okaloosa County and surrounding counties will be supported by program completers.

- **Provide clear performance metrics over duration of project or program**

This program provides clear quantitative metrics as documented throughout the request. These include industry certifications, enrollment numbers, and job placement reports.

- **Provide capacity building support for regional economic growth**

This program will create a pool of trained individuals who can enter the workforce immediately upon completion. \

**4. In which of the eight disproportionately affect county/counties is the proposed project or program located?**

Okaloosa

**5. Was this proposed project or program on a list of proposed projects and programs submitted to Triumph Gulf Coast, Inc., by one (or more) of the eight disproportionately affected Counties as a project and program located within it's county?**

☐ Yes      ☒ No

**6. Does the Board of County Commissioners for each County listed in response to question 5, above, recommend this project or program to Triumph?**

☐ Yes      ☒ No

Note: By the time this application is formally considered by Triumph, OTC hopes for this answer to be “yes.” Okaloosa County School Board will vote on November 13, 2023, to consent for this application to be submitted to Triumph Gulf Coast. In the interim between that vote and the December consideration of the granting of funds by Triumph, OTC will have this application on the agenda (November 21, 2023) for the Okaloosa County Commissioners to consider offering their support.

## **Approvals and Authority**

**1. If the Applicant is awarded grant funds based on this proposal, what approvals must be obtained before Applicant can execute an agreement with Triumph Gulf Coast, Inc.?**

Triumph would enter into agreement with Okaloosa County School Board at the very next school board meeting following such an award. The Board Chairman and Superintendent would sign that agreement after the vote. Purchase of real property and renovations by the school board will require separate board approvals.

**2. If approval of a board, commission, council or other group is needed prior to execution of an agreement between the entity and Triumph Gulf Coast:**

**A. Provide the schedule of upcoming meetings for the group for a period of at least six months.**

**B. State whether that group can hold special meetings, and if so, upon how many days’ notice.**

The school board meets twice a month over the next six months. Special sessions could be called to enter into an agreement but is likely unnecessary due to available opportunities already scheduled monthly.

**3. Describe the timeline for the proposed project or program if an award of funding is approved, including milestones that will be achieved following an award through completion of the proposed project or program.**

Upon the grant award, OTC will begin the expansion immediately at the new campus location. Within 10 months of the purchase, beginning cohorts of students in several programs listed in the description could be registered. Within 12 months of the purchase of a building over 132 students would be enrolled in 5-10 programs of study to benefit our community. Students would begin earning certifications and licenses ongoing and a full expansion would be realized within 2 years of grant funds being approved and allocated.



**4. Attach evidence that the undersigned has all necessary authority to execute this proposal on behalf of the entity applying for funding. The evidence may take a variety of forms, including but not limited to: a delegation of authority, citation to relevant laws or codes, policy documents, etc. In addition, please attach any support letters from partners.**

Florida Statute § 1001.33 Schools under control of district school board and district school superintendent. —Except as otherwise provided by law, all public schools conducted within the district shall be under the direction and control of the district school board with the district school superintendent as executive officer.

## **Funding and Budget**

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**Pursuant to Section 288.8017, awards may not be used to finance 100 percent of any project or program. An awardee may not receive all of the funds available in any given year.**

**1. Identify the amount of funding sought from Triumph Gulf Coast, Inc., and the time period over which funding is requested.**

OTC North is seeking \$8,350,000 from Triumph Gulf Coast for the expansion of programs for Okaloosa Technical College. The college is able to begin its expansion, at least in part, through current funds and grant funding in all areas except the actual property acquisition. FLDOE grants do not allow for lease, purchase, or new construction of buildings. Therefore, OTC requests that at least those funds for property acquisition be provided early on to allow the college to leverage that back against further expansion grant requests through FLDOE.

**2. What percentage of total program or project costs does the requested award from Triumph Gulf Coast, Inc. represent? (Please note that an award of funding will be for a defined monetary amount and will not be based on percentage of projected project costs.)**

The total estimated project cost is estimated to be \$21,190,040. Therefore, Triumph's grant allocation if application request were to be granted in full at \$8,350,000 would represent 39.41% of the total project.

**3. Please describe the types and number of jobs expected from the proposed project or program and the expected average wage.**

A wide variety of types of jobs can be achieved by completers of programs at OTC North. They include Welders Helper, Welder, Pipefitter, Machinist, CNC Machinist, Electronic Systems Technician, Auto Mechanic, Plumber, Carpenter, Technology Support Analyst or Technician, and Applied Cybersecurity Analyst. Each of these positions has a varying range of pay that must meet the high wage requirements to be on the Educational Training Providers list established by CareerSource Florida. With an estimated 132 students enrolling annually at OTC North over the 7-year period, 1050 job seekers will find employment during that time. OTC expects that many more placements will be filled over the years beyond the grant period and will demonstrate this project is a good use of Triumph funds to support future growth.

**4. Does the potential award supplement but not supplant existing funding sources? If yes, describe how the potential award supplements existing funding sources.**

☒ Yes      ☐ No

All funds from Triumph will go towards expansion of OTC to its north location and not for current operations.

**5. Please provide a Project/Program Budget. Include all applicable costs and other funding sources available to support the proposal.**

**A. Project/Program Costs:**

<b>Funding Request</b>	
<b>Item</b>	<b>Cost</b>
<b>Property Acquisition &amp; Classroom and Lab Renovations</b>	\$6,500,000
<b>Equipment, Supplies, Software, Exams</b>	\$1,150,000
<b>Project Manager/North Campus Administrator</b>	\$700,000
<b>Total Triumph Funding Request</b>	<b>\$8,350,000</b>

<b>Matching Funds</b>	<b>Cost</b>
<b>In-Kind Donation (Potential)</b>	
Donation of portion of the property from property owner	\$500,000
<b>Other Grant Matching Funds (Potential)</b>	
FLDOE Workforce Capitalization Grant	\$2,920,000
Carl Perkins Grant Funding	\$100,000
Legislative Funding Request	500,000
<b>Okaloosa Sheriff's Department</b>	
Resource Officer	\$383,040
<b>Okaloosa County School District</b>	
Five Teacher Salaries + Fringe	\$3,076,000
One School Administrator, Registrar, Support Staff	\$2,225,333
Resource Officer	\$383,040
Operation of Facilities	\$875,000
Equipment, Supplies, Lab Fees, Technology, Scholarships	\$1,877,627
<b>Total Matching Funds</b>	<b>\$12,840,040</b>

Total Project Cost (estimated for 7 years): \$21,190,040

**B. Other Project Funding Sources:**

A viable manufacturing tenant has agreed to lease one-third of the property (5660 John Givens Road) for approximately three years. The lease agreement will include 15,000 square feet at approximately \$10 a square foot for a total of \$150,000.

Along with this financial benefit, the tenant will partner with OTC North to provide apprenticeships and internships for manufacturing and electronics students, and potentially hire completers. Further, the tenant can advise OTC North on how best to train students for the manufacturing and electronics industries.

**C. Provide a detailed budget narrative, including the timing and steps necessary to obtain the funding and any other pertinent budget-related information.**

See the description under eligibility item 6 regarding ongoing funding and stability of project.

- OTC has written a proposal for the FLDOE Workforce Capitalization Grant and will be notified of ability to complete full application within the next three months.
- Perkins 5 is an annually awarded grant to post-secondary institutions. OTC will also seek a legislative funding request with the legislative sessions in 2024-2025 after demonstration of awards and successful steps taking towards opening.
- In order to secure the building at a fair market price, OTC proposes offering a legacy option to the current seller to bring down initial cost and recognize their support of the vision of OTC North for an educational and skilled labor training center.

Applicant understands that the Triumph Gulf Coast, Inc. statute requires that the award contract must include provisions requiring a performance report on the contracted activities, must account for the proper use of funds provided under the contract, and must include provisions for recovery of awards in the event the award was based upon fraudulent information or the awardee is not meeting the performance requirements of the award.

☒ Yes ☐ No

Applicant understands that awardees must regularly report to Triumph Gulf Coast, Inc. the expenditure of funds and the status of the project or program on a schedule determined by Triumph Gulf Coast, Inc.

☒ Yes ☐ No

Applicant acknowledges that Applicant and any co-Applicants will make books and records and other financial data available to Triumph Gulf Coast, Inc. as necessary to measure and confirm performance metrics and deliverables.

☒ Yes ☐ No

Applicant acknowledges that Triumph Gulf Coast, Inc. reserves the right to request additional information from Applicant concerning the proposed project or program.

☒ Yes ☐ No

## **Appendix A**

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# STATE OF FLORIDA AUDITOR GENERAL

## Financial and Federal Single Audit

Report No. 2022-084  
January 2022

### OKALOOSA COUNTY DISTRICT SCHOOL BOARD

For the Fiscal Year Ended  
June 30, 2021



Sherrill F. Norman, CPA  
Auditor General

### **Board Members and Superintendent**

During the 2020-21 fiscal year, Marcus D. Chambers served as Superintendent of the Okaloosa County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Dr. Lamar White	1
Marti Gardner from 11-17-20	2
Dewey Destin through 11-16-20	2
Linda Evanchyk	3
Tim Bryant, Chair	4
Dr. Diane Kelley, Vice Chair	5

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

The team leader was Barbara J. Sturdivant, CPA, and the audit was supervised by Kenneth C. Danley, CPA.

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

This report and other reports prepared by the Auditor General are available at:

[FLAuditor.gov](http://FLAuditor.gov)

Printed copies of our reports may be requested by contacting us at:

**State of Florida Auditor General**

**Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722**

**OKALOOSA COUNTY DISTRICT SCHOOL BOARD**  
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# SUMMARY

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## SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

## SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

## SUMMARY OF REPORT ON FEDERAL AWARDS

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

## AUDIT OBJECTIVES AND SCOPE

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

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on the District's major Federal programs; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs.

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

## AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74  
111 West Madison Street  
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722  
Fax: (850) 488-6975

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 22 percent, 5 percent, 25 percent, 15 percent, and 15 percent, respectively, of the assets, liabilities, net position and fund balance, additions and revenues, and deductions and expenditures of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. The financial statements of the school internal funds and the aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of

the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

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

### ***Emphasis of Matter***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Budgetary Comparison Schedule – General and Major Special Revenue Funds**, **Schedule of Changes in the District's Total OPEB Liability and Related Ratios**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

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

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
January 6, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

### **FINANCIAL HIGHLIGHTS**

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

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2021, by \$62,095,841.55 (net position). Of this amount, \$141,647,777.51 represents a deficit unrestricted net position which has increased by 9.55 percent from last fiscal year's deficit unrestricted net position.
- The District's total net position increased by \$334,492.14, or 0.54 percent, from last fiscal year's unadjusted net position. Of this increase, \$3,181 was due to restating the beginning net position due to the Florida Retirement System increasing their net position in reporting the net pension liability.
- General revenues total \$335,379,931.96, or 94.51 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$19,479,538.86, or 5.49 percent of all revenues.
- Expenses total \$354,528,159.68. Only \$19,479,538.86 of these expenses were offset by program specific revenues, with the remainder paid from general revenues.
- The General Fund unassigned fund balance represents the net current financial resources available for general appropriation by the Board and totals \$14,000,643.50 at June 30, 2021, or 5.18 percent of total General Fund expenditures at June 30, 2021, as compared to the 2019-20 fiscal year unassigned fund balance of \$13,851,850.24.
- General Fund expenditures exceeded revenues by \$4,257,597.24.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements.

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

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



resources measurement focus. The difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, the net position, is a measure of the District's financial health. The statement of activities presents information about the change in the District's net position, the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating. This information should be evaluated in conjunction with other nonfinancial factors, such as changes in the District's property base, student enrollment, and the condition of the District's capital assets, including its school buildings and administrative facilities.

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

- Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- Component units – The District presents three separate legal entities in this report including the Okaloosa Academy, Inc., the Liza Jackson Preparatory School, Inc., and the Okaloosa Public Schools Foundation, Inc. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.

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

### **Fund Financial Statements**

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

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds, not the District as a whole. The District's major funds are the General Fund, the Special Revenue – Federal Education Stabilization Fund, and the Capital Projects – Local Capital Improvement Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

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

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

The District uses custodial funds to account for resources held for student activities and groups and for resources held for employees in an IRS Section 125 Cafeteria Plan.

### **Notes to Financial Statements**

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

### **Other Information**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

## Net Position, End of Fiscal Year

	Governmental Activities		Increase (Decrease)
	6-30-21	6-30-20	
Current and Other Assets	\$ 107,082,058.14	\$ 87,111,358.57	\$ 19,970,699.57
Capital Assets	172,216,130.53	172,765,670.88	(549,540.35)
<b>Total Assets</b>	<u>279,298,188.67</u>	<u>259,877,029.45</u>	<u>19,421,159.22</u>
<b>Deferred Outflows of Resources</b>	<u>68,165,234.00</u>	<u>64,768,800.00</u>	<u>3,396,434.00</u>
Long-Term Liabilities	263,832,600.43	238,464,351.70	25,368,248.73
Other Liabilities	10,181,242.47	7,274,300.34	2,906,942.13
<b>Total Liabilities</b>	<u>274,013,842.90</u>	<u>245,738,652.04</u>	<u>28,275,190.86</u>
<b>Deferred Inflows of Resources</b>	<u>11,353,738.22</u>	<u>17,145,828.00</u>	<u>(5,792,089.78)</u>
Net Position:			
Net Investment in Capital Assets	164,365,382.76	160,218,032.95	4,147,349.81
Restricted	39,378,236.30	30,846,457.65	8,531,778.65
Unrestricted (Deficit)	(141,647,777.51)	(129,303,141.19)	(12,344,636.32)
<b>Total Net Position</b>	<u>\$ 62,095,841.55</u>	<u>\$ 61,761,349.41</u>	<u>\$ 334,492.14</u>

The largest portion of the District's net position reflects its \$164,365,382.76 net investment in capital assets (land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; property under capital lease; computer software; and audio-visual materials), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources used to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The restricted portion of the District's net position, \$39,378,236.30, represents resources that are subject to external restrictions on how they may be used. The unrestricted net position, a deficit of \$141,647,777.51, is the result of having long-term obligations that are greater than currently available resources. The major change in the financial position of the District that resulted in this deficit net position was due to the implementation of the Governmental Accounting Standards Board's (GASB) Statement No. 68 and GASB Statement No. 75. Additional information on the implementations of these standards can be found in Note II. of the 2014-15 financial statements for GASB Statement No. 68 and in Note II. of the 2017-18 financial statements for GASB Statement No. 75.

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

## Operating Results for the Fiscal Year Ended

	Governmental Activities		
	6-30-21	6-30-20	Increase (Decrease)
Program Revenues:			
Charges for Services	\$ 2,938,806.10	\$ 5,309,047.72	\$ (2,370,241.62)
Operating Grants and Contributions	14,513,650.99	8,165,386.45	6,348,264.54
Capital Grants and Contributions	2,027,081.77	2,604,393.91	(577,312.14)
General Revenues:			
Property Taxes, Levied for Operational Purposes	92,911,983.13	91,011,594.86	1,900,388.27
Property Taxes, Levied for Capital Projects	30,738,580.08	29,007,843.77	1,730,736.31
Local Sales Taxes	12,322,738.00	-	12,322,738.00
Grants and Contributions Not Restricted to Specific Programs	195,743,439.57	179,775,351.93	15,968,087.64
Unrestricted Investment Earnings	172,288.70	1,227,732.46	(1,055,443.76)
Miscellaneous	3,490,902.48	3,344,058.24	146,844.24
<b>Total Revenues</b>	<b>354,859,470.82</b>	<b>320,445,409.34</b>	<b>34,414,061.48</b>
Functions/Program Expenses:			
Instruction	210,467,934.63	200,743,861.35	9,724,073.28
Student Support Services	12,524,762.92	11,535,245.61	989,517.31
Instructional Media Services	1,847,374.02	1,804,144.51	43,229.51
Instruction and Curriculum Development Services	5,290,691.37	5,470,431.27	(179,739.90)
Instructional Staff Training Services	3,473,006.54	3,852,445.35	(379,438.81)
Instruction-Related Technology	461,757.13	731,811.59	(270,054.46)
Board	1,669,332.23	1,246,691.06	422,641.17
General Administration	1,326,841.21	1,108,285.34	218,555.87
School Administration	23,708,429.59	22,989,430.64	718,998.95
Facilities Acquisition and Construction	16,105,748.93	11,979,469.41	4,126,279.52
Fiscal Services	2,593,764.79	2,333,520.24	260,244.55
Food Services	13,177,371.46	10,672,934.84	2,504,436.62
Central Services	3,689,964.24	3,516,301.04	173,663.20
Student Transportation Services	13,532,137.65	13,590,510.68	(58,373.03)
Operation of Plant	23,723,760.03	22,063,046.19	1,660,713.84
Maintenance of Plant	6,946,756.78	7,279,690.43	(332,933.65)
Administrative Technology Services	3,613,962.67	3,408,867.01	205,095.66
Community Services	2,324,499.51	2,809,071.21	(484,571.70)
Unallocated Interest on Long-Term Debt	311,902.46	415,208.64	(103,306.18)
Unallocated Depreciation Expense	7,738,161.52	7,514,145.05	224,016.47
<b>Total Functions/Program Expenses</b>	<b>354,528,159.68</b>	<b>335,065,111.46</b>	<b>19,463,048.22</b>
<b>Change in Net Position</b>	<b>331,311.14</b>	<b>(14,619,702.12)</b>	<b>14,951,013.26</b>
Net Position - Beginning	61,761,349.41	76,381,051.53	(14,619,702.12)
Adjustment to Beginning Net Position (1)	3,181.00	-	3,181.00
Net Position - Beginning, as Restated	61,764,530.41	76,381,051.53	(14,616,521.12)
<b>Net Position - Ending</b>	<b>\$ 62,095,841.55</b>	<b>\$ 61,761,349.41</b>	<b>\$ 334,492.14</b>

(1) Adjustment to beginning net position is due to the Florida Retirement System (FRS) increasing its beginning net position, resulting in a decrease to the District's proportionate share of the FRS net pension liability.

The largest revenue source is the State of Florida (45.99 percent of total governmental revenues). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula which is classified as grants and contributions not restricted to specific programs in the operating results shown above. The FEFP funding formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Operating Grants and Contributions increased by \$6,348,264.54, or 77.75 percent primarily due to an increase in school food service reimbursements for free meals provided to students during the 2020-21 fiscal year.

Grants and contributions not restricted to specific programs represent 55.16 percent of total governmental revenues in the 2020-21 fiscal year. Grants and contributions not restricted to specific programs increased by \$15,968,087.64, or 8.88 percent, primarily due to increases in Special Education, Medicaid, FEFP, and Class Size Reduction funds, in addition to funds received for the Education Stabilization Fund.

Property tax revenues increased by \$3,631,124.58, or 3.03 percent, as a result of an increase in property values although the local effort millage rate decreased by 4.32 percent. The required local effort millage rate is determined by the Florida Legislature. The Legislature provided property tax relief to homeowners through a millage rollback.

A new school sales tax was levied effective January 1, 2021, resulting in new local sales tax revenues totaling \$12,322,738 for the 2020-21 fiscal year.

Instruction expenses represent 59.37 percent of total governmental expenses in the 2020-21 fiscal year. Instruction expenses increased by \$9,724,073.28, or 4.84 percent, from the previous fiscal year primarily due to employee salary and benefit increases in costs such as retirement costs and medical insurance.

Facilities Acquisition and Construction expenses increased by \$4,126,279.52, or 34.44 percent, due to additional costs related to District-wide roofing projects, security upgrades, and other facility improvements.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

### **Major Governmental Funds**

The General Fund is the District's chief operating fund. At the end of the current fiscal year, the total fund balance is \$67,065,958.44, an increase of \$8,913,207.38 over the 2019-20 fiscal year. Of the total fund balance, \$120,706.20 is nonspendable, \$9,543,379.07 is restricted for State required carryover programs, \$43,401,229.67 is assigned, and \$14,000,643.50 is unassigned.

Key factors impacting the change in the General Fund fund balance are as follows:

- State revenues increased by \$5,242,114.80 in the 2020-21 fiscal year due to an increase in projected weighted FTE and an increase in base student allocation. The District's actual weighted FTE was lower than the 2019-20 fiscal year due to COVID-19; however, the State held all districts harmless and funded them based on their projections.
- Total expenditures increased by \$2,711,534.38, or 1.01 percent. Instructional expenditures increased by \$2,065,406.68 due to the District's commitment to comply with the State constitutional class size reduction mandate and increases in the cost of employee benefits. The

District held less training due to COVID-19, causing a reduction of \$560,622.37 to the Instructional Staff Training Services expenditures. School administration expenditures increased by \$665,641.29 due to increases in employee benefits. Operation of plant expenditures increased by \$1,147,958.15 due to increases in employee benefits and increased cleaning/sanitation due to COVID-19. School closures during summer 2020 greatly curtailed summer driver's education courses, causing a decrease in community services expenditures of \$559,210.46.

The Special Revenue – Federal Education Stabilization Fund accounts for emergency relief to address the impact of COVID-19 and has total revenues and expenditures of \$10,925,750.73 each. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Local Capital Improvement Fund had a total fund balance of \$14,194,299.88, all of which must be used for the acquisition, construction, and maintenance of capital assets. The fund balance decreased \$321,306.94 due to expenditures increasing 19.25 percent due to the District purchasing 34 buses and 2 trucks which was offset by property values increasing District local capital improvement revenue by 5.97 percent. Transfers were made to the debt service funds to cover a portion of principal and interest payments on long-term debt as well as transfers to the General Fund to cover plant maintenance and seat management services for instructional related items.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budgets are prepared and amendments are made according to Florida law. The most significant budgeted fund is the General Fund.

During the 2020-21 fiscal year, the District amended its General Fund budget several times, which resulted in a decrease in total budgeted revenues of \$1,214,898.11, or 0.46 percent. At the same time, final budgeted expenditures were more than the original budgeted amounts by \$6,124,715.80, or 2.06 percent. Final budgeted ending fund balance decreased by \$6,174,155.29, or 16.19 percent less than the original budgeted fund balance.

Actual revenues are 0.7 percent greater than the final budgeted amounts while actual expenditures are 10.95 percent less than final budget amounts. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$35,109,954.48, whereas the actual fund balance increased by \$8,913,207.38, or 15.33 percent, over the prior fiscal year actual fund balance.

#### CAPITAL ASSETS AND LONG-TERM DEBT

##### **Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2021, is \$172,216,130.53 (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; property under capital lease; computer software; and audio-visual materials.

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

### **Long-Term Debt**

At June 30, 2021, the District had total long-term debt outstanding of \$7,850,747.77, composed of \$2,724,000 of bonds payable, \$3,424,000 of certificates of participation payable, and \$1,702,747.77 of capital leases payable. During the current fiscal year, the District issued debt totaling \$1,575,267.42, and retirement of debt was \$6,272,157.58.

Additional information on the District's long-term debt can be found in Notes IV.H.2. through IV.I.3. to the financial statements.

### **OTHER MATTERS OF SIGNIFICANCE**

The School Board of Okaloosa County remains in stable financial condition; however, it continues to face uncertain economic times. The District's current operation depends on State revenue sources, primarily FEFP moneys administered by the Florida Department of Education under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District receives FEFP moneys based on the number of full-time equivalent (FTE) students. The District had projected a slight increase in FTE for the 2020-21 fiscal year; however, due to the Coronavirus (COVID-19) pandemic, actual FTE was lower than anticipated. The District's FEFP revenue was not affected by this loss of FTE as the State held all school districts harmless.

School districts faced multiple challenges during the 2020-21 fiscal year as a result of the COVID-19 pandemic. Some of these challenges included technology, multiple education models, class size, facility space, student and faculty safety, personal protective equipment, and many others. The Coronavirus Aid, Relief, and Economic Security (CARES) Act; Elementary and Secondary School Emergency Relief (ESSER); and Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II funding provided financial resources beyond the normal Federal and State assistance received and helped the District implement satisfactory solutions.

The COVID-19 pandemic continues to affect the nation. The District's 2021-22 fiscal year FTE projections are lower than the 2020-21 fiscal year projections, resulting in additional financial challenges. The addition of CRRSA ESSER II funding and the American Rescue Plan (ARP) ESSER III funding will help the District continue to implement technology, maintain class size, and address learning loss experienced due to these unforeseen circumstances.

The economic position of school districts for general operating purposes is closely tied to that of the State of Florida. The primary source of State revenue is sales tax, which has demonstrated to be an unstable and/or unreliable revenue stream. Economic conditions which affect consumer spending, both nationally and specifically in the State of Florida, will impact the amount of revenue received by the District. Additionally, the level of tourism in the State heavily influences the amount of taxes collected. Significant changes in State revenue collections could directly impact future District revenue allocations.

School facility hardening continues to be a critical financial need to ensure student safety. As a result, it has become the number one priority for most school districts, placing a tremendous demand on capital outlay dollars. In addition, the District's capital maintenance requirements are significant since approximately 40 percent of its facilities are more than 50 years old, and another 40 percent are more than 40 years old. The District continues to receive virtually no increase in capital outlay funding. As a result, adequate capital outlay funding continues to be of great concern to the District.

On October 28, 2019, the District approved the Destin High School Charter School with classes commencing July 2020. Due to the COVID-19 pandemic, the school delayed the start until the 2021-22 school year. The charter school has estimated its enrollment to be approximately 300 students in the 9th and 10th grades. This will reduce the District's enrollment and result in a financial impact of approximately \$1.9 million to the District in the coming fiscal year. The charter school plans to add additional grade levels in subsequent years.

In 2020, a group of Okaloosa business leaders and school supporters kicked off a campaign to pass a half-cent local option sales tax for capital outlay needs. The referendum was approved on the November 3, 2020, General Election ballot. The District will receive an estimated \$228 million over a 10-year period for much needed capital projects.

#### REQUESTS FOR INFORMATION

This report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate compliance and accountability for its resources. Questions concerning information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Okaloosa County School District, 120 Lowery Place, S.E., Fort Walton Beach, Florida 32548, or telephone 850-833-5840.



# BASIC FINANCIAL STATEMENTS

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

	Primary Governmental Activities	Component Units
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 94,883,641.46	\$ 7,611,333.00
Investments	12,100.73	46,829.00
Accounts Receivable	508,630.14	28,824.00
Due from Other Agencies	10,674,725.85	312,479.00
Deposits Receivable	546,787.50	45,500.00
Prepaid Items	-	35,237.00
Inventories	456,172.46	-
Capital Assets:		
Nondepreciable Capital Assets	12,820,640.68	14,962,824.00
Depreciable Capital Assets, Net	159,395,489.85	3,725,976.00
<b>TOTAL ASSETS</b>	<b>279,298,188.67</b>	<b>26,769,002.00</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions	64,496,391.00	1,204,887.00
OPEB	3,668,843.00	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>68,165,234.00</b>	<b>1,204,887.00</b>
<b>LIABILITIES</b>		
Accrued Salaries and Benefits	4,486,124.74	6,130.00
Payroll Deductions and Withholdings	-	176,592.00
Accounts Payable	3,953,775.77	108,651.00
Construction Contracts Payable	1,292,834.41	-
Construction Contracts Payable - Retained Percentage	413,073.37	-
Due to Other Agencies	-	11,706.00
Accrued Interest Payable	5,434.18	-
Unearned Revenue	30,000.00	32,141.00
Long-Term Liabilities:		
Portion Due Within 1 Year	7,537,157.37	322,324.00
Portion Due After 1 Year	256,295,443.06	25,719,123.00
<b>TOTAL LIABILITIES</b>	<b>274,013,842.90</b>	<b>26,376,667.00</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	11,079,719.00	234,166.00
OPEB	261,013.00	-
Deficit Net Carrying Amount of Debt Refunding	13,006.22	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>11,353,738.22</b>	<b>234,166.00</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	164,365,382.76	952,945.00
Restricted for:		
State Required Carryover Programs	9,543,379.07	-
Debt Service	70,942.90	1,518,877.00
Capital Projects	22,299,971.72	2,857,381.00
Food Service	7,463,942.61	30,411.00
Other Purposes	-	89,395.00
Unrestricted	(141,647,777.51)	(4,085,953.00)
<b>TOTAL NET POSITION</b>	<b>\$ 62,095,841.55</b>	<b>\$ 1,363,056.00</b>

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

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
Instruction	\$ 210,467,934.63	\$ 1,861,597.95	\$ -	\$ -
Student Support Services	12,524,762.92	-	-	-
Instructional Media Services	1,847,374.02	-	-	-
Instruction and Curriculum Development Services	5,290,691.37	-	-	-
Instructional Staff Training Services	3,473,006.54	-	-	-
Instruction-Related Technology	461,757.13	-	-	-
Board	1,669,332.23	-	-	-
General Administration	1,326,841.21	-	-	-
School Administration	23,708,429.59	-	-	-
Facilities Acquisition and Construction	16,105,748.93	-	-	1,759,102.38
Fiscal Services	2,593,764.79	-	-	-
Food Services	13,177,371.46	892,813.47	14,513,650.99	-
Central Services	3,689,964.24	-	-	-
Student Transportation Services	13,532,137.65	184,394.68	-	-
Operation of Plant	23,723,760.03	-	-	-
Maintenance of Plant	6,946,756.78	-	-	-
Administrative Technology Services	3,613,962.67	-	-	-
Community Services	2,324,499.51	-	-	-
Unallocated Interest on Long-Term Debt	311,902.46	-	-	267,979.39
Unallocated Depreciation Expense*	7,738,161.52	-	-	-
<b>Total Primary Government</b>	<b>\$ 354,528,159.68</b>	<b>\$ 2,938,806.10</b>	<b>\$ 14,513,650.99</b>	<b>\$ 2,027,081.77</b>
<b>Component Units</b>				
Charter Schools/Foundation	\$ 10,959,647.00	\$ 323,740.00	\$ 1,226,182.00	\$ 834,801.00

**General Revenues:**

**Taxes:**

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Local Sales Taxes

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

**Total General Revenues**

**Change in Net Position**

Net Position - Beginning

Adjustment to Beginning Net Position

Net Position - Beginning, as Restated

**Net Position - Ending**

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

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

Net (Expense) Revenue and Changes in Net Position	
Primary	
Government	
Governmental	Component
Activities	Units
\$ (208,606,336.68)	\$ -
(12,524,762.92)	-
(1,847,374.02)	-
(5,290,691.37)	-
(3,473,006.54)	-
(461,757.13)	-
(1,669,332.23)	-
(1,326,841.21)	-
(23,708,429.59)	-
(14,346,646.55)	-
(2,593,764.79)	-
2,229,093.00	-
(3,689,964.24)	-
(13,347,742.97)	-
(23,723,760.03)	-
(6,946,756.78)	-
(3,613,962.67)	-
(2,324,499.51)	-
(43,923.07)	-
(7,738,161.52)	-
(335,048,620.82)	-
-	(8,574,924.00)
92,911,983.13	-
30,738,580.08	-
12,322,738.00	-
195,743,439.57	7,835,304.00
172,288.70	528.00
3,490,902.48	1,588,216.00
335,379,931.96	9,424,048.00
331,311.14	849,124.00
61,761,349.41	513,932.00
3,181.00	-
61,764,530.41	513,932.00
\$ 62,095,841.55	\$ 1,363,056.00

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

	<b>General Fund</b>	<b>Special Revenue - Federal Education Stabilization Fund</b>	<b>Capital Projects - Local Capital Improvement Fund</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 68,218,238.03	\$ -	\$ 16,169,472.93
Investments	-	-	-
Accounts Receivable	292,211.82	-	-
Due from Other Funds	2,250,944.78	-	-
Due from Other Agencies	2,025,857.28	1,476,654.12	11,424.28
Deposits Receivable	546,787.50	-	-
Inventories	120,706.20	-	-
<b>TOTAL ASSETS</b>	<b>\$ 73,454,745.61</b>	<b>\$ 1,476,654.12</b>	<b>\$ 16,180,897.21</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accrued Salaries and Benefits	\$ 4,486,124.74	\$ -	\$ -
Accounts Payable	1,872,662.43	267,679.09	1,156,629.95
Construction Contracts Payable	-	-	507,253.92
Construction Contracts Payable - Retained Percentage	-	-	317,279.28
Accrued Interest Payable	-	-	5,434.18
Due to Other Funds	-	1,208,975.03	-
Unearned Revenue	30,000.00	-	-
<b>Total Liabilities</b>	<b>6,388,787.17</b>	<b>1,476,654.12</b>	<b>1,986,597.33</b>
Fund Balances:			
Nonspendable:			
Inventories	120,706.20	-	-
Restricted for:			
State Required Carryover Programs	9,543,379.07	-	-
Debt Service	-	-	-
Capital Projects	-	-	14,194,299.88
Food Service	-	-	-
Total Restricted Fund Balance	9,543,379.07	-	14,194,299.88
Assigned for:			
Project Carryover	35,647,014.67	-	-
School and Department Carryover	1,515,355.50	-	-
Self-Insurance	3,140,000.00	-	-
Full-time Equivalent Funding Adjustments	2,898,859.50	-	-
Retirement	200,000.00	-	-
Total Assigned Fund Balance	43,401,229.67	-	-
Unassigned Fund Balance	14,000,643.50	-	-
<b>Total Fund Balances</b>	<b>67,065,958.44</b>	<b>-</b>	<b>14,194,299.88</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 73,454,745.61</b>	<b>\$ 1,476,654.12</b>	<b>\$ 16,180,897.21</b>

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

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 10,495,930.50	\$ 94,883,641.46
12,100.73	12,100.73
95,061.54	387,273.36
-	2,250,944.78
7,160,790.17	10,674,725.85
-	546,787.50
335,466.26	456,172.46
<u>\$ 18,099,349.20</u>	<u>\$ 109,211,646.14</u>
\$ -	\$ 4,486,124.74
656,804.30	3,953,775.77
785,580.49	1,292,834.41
95,794.09	413,073.37
-	5,434.18
920,612.97	2,129,588.00
-	30,000.00
<u>2,458,791.85</u>	<u>12,310,830.47</u>
<u>335,466.26</u>	<u>456,172.46</u>
-	9,543,379.07
70,942.90	70,942.90
8,105,671.84	22,299,971.72
7,128,476.35	7,128,476.35
<u>15,305,091.09</u>	<u>39,042,770.04</u>
-	35,647,014.67
-	1,515,355.50
-	3,140,000.00
-	2,898,859.50
-	200,000.00
-	43,401,229.67
-	14,000,643.50
<u>15,640,557.35</u>	<u>96,900,815.67</u>
<u>\$ 18,099,349.20</u>	<u>\$ 109,211,646.14</u>

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

<b>Total Fund Balances - Governmental Funds</b>		\$ 96,900,815.67
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.		172,216,130.53
Long-term liabilities are not due and payable in the fiscal year and, therefore, are not reported as liabilities in the governmental funds.		(263,832,600.43)
The deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Pensions	\$ 64,496,391.00	
Deferred Outflows Related to OPEB	3,668,843.00	
Deferred Inflows Related to Pensions	(11,079,719.00)	
Deferred Inflows Related to OPEB	<u>(261,013.00)</u>	56,824,502.00
Unamortized gains on bond refundings are not recognized as revenues in the government-wide statements but are reported as deferred inflows of resources and amortized over the life of the bonds.		<u>(13,006.22)</u>
<b>Net Position - Governmental Activities</b>		<u><u>\$ 62,095,841.55</u></u>

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

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

	General Fund	Special Revenue - Federal Education Stabilization Fund	Capital Projects - Local Capital Improvement Fund
<b>Revenues</b>			
Intergovernmental:			
Federal Direct	\$ 6,110,537.55	\$ 508,706.16	\$ -
Federal Through State and Local	1,119,409.26	10,417,044.57	-
State	161,072,441.61	-	-
Local:			
Property Taxes	92,911,983.13	-	30,738,580.08
Local Sales Taxes	-	-	-
Charges for Services - Food Service	-	-	-
Miscellaneous	4,883,935.77	-	34,262.00
Total Local Revenues	97,795,918.90	-	30,772,842.08
<b>Total Revenues</b>	266,098,307.32	10,925,750.73	30,772,842.08
<b>Expenditures</b>			
Current - Education:			
Instruction	176,661,755.81	7,848,088.49	-
Student Support Services	10,287,941.29	388,185.76	-
Instructional Media Services	1,672,305.39	27,156.89	-
Instruction and Curriculum Development Services	2,839,434.88	88,571.31	-
Instructional Staff Training Services	1,722,090.36	212,436.80	-
Instruction-Related Technology	429,085.49	-	-
Board	1,556,503.85	486.74	-
General Administration	405,879.05	319,936.09	-
School Administration	21,525,973.02	206,244.78	-
Facilities Acquisition and Construction	1,250,442.82	1,086.29	8,830,163.57
Fiscal Services	2,385,482.57	3,386.68	-
Food Services	-	14,447.52	-
Central Services	3,743,694.73	10,965.73	-
Student Transportation Services	12,183,667.30	320,509.97	-
Operation of Plant	22,479,477.39	643,691.79	-
Maintenance of Plant	6,483,936.18	73,227.19	-
Administrative Technology Services	3,323,439.77	76,224.16	-
Community Services	818,423.24	646,971.04	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	6,859.00	-	294,818.27
Other Capital Outlay	318,548.18	44,133.50	4,071,191.93
Debt Service:			
Principal	240,157.58	-	-
Interest and Fiscal Charges	20,806.66	-	5,434.18
<b>Total Expenditures</b>	270,355,904.56	10,925,750.73	13,201,607.95
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(4,257,597.24)	-	17,571,234.13
<b>Other Financing Sources (Uses)</b>			
Transfers In	12,574,066.67	-	-
Proceeds from Lease-Purchase Agreement	-	-	-
Loss Recoveries	610,714.02	-	-
Transfers Out	(13,976.07)	-	(17,892,541.07)
<b>Total Other Financing Sources (Uses)</b>	13,170,804.62	-	(17,892,541.07)
<b>Net Change in Fund Balances</b>	8,913,207.38	-	(321,306.94)
Fund Balances, Beginning	58,152,751.06	-	14,515,606.82
<b>Fund Balances, Ending</b>	\$ 67,065,958.44	\$ 0.00	\$ 14,194,299.88

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



<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,204,071.53	\$ 7,823,315.24
29,740,910.17	41,277,364.00
2,111,051.48	163,183,493.09
-	123,650,563.21
12,322,738.00	12,322,738.00
892,813.47	892,813.47
52,102.45	4,970,300.22
<u>13,267,653.92</u>	<u>141,836,414.90</u>
<u>46,323,687.10</u>	<u>354,120,587.23</u>
10,760,271.84	195,270,116.14
927,646.12	11,603,773.17
7,377.34	1,706,839.62
1,947,109.90	4,875,116.09
1,313,498.91	3,248,026.07
-	429,085.49
11,400.00	1,568,390.59
524,837.05	1,250,652.19
-	21,732,217.80
5,742,203.18	15,823,895.86
-	2,388,869.25
13,005,723.44	13,020,170.96
-	3,754,660.46
231.50	12,504,408.77
-	23,123,169.18
-	6,557,163.37
-	3,399,663.93
796,865.11	2,262,259.39
1,113,519.76	1,415,197.03
2,384,438.85	6,818,312.46
6,032,000.00	6,272,157.58
287,287.40	313,528.24
<u>44,854,410.40</u>	<u>339,337,673.64</u>
<u>1,469,276.70</u>	<u>14,782,913.59</u>
6,064,252.47	18,638,319.14
1,575,267.42	1,575,267.42
94,862.41	705,576.43
<u>(731,802.00)</u>	<u>(18,638,319.14)</u>
<u>7,002,580.30</u>	<u>2,280,843.85</u>
8,471,857.00	17,063,757.44
7,168,700.35	79,837,058.23
<u>\$ 15,640,557.35</u>	<u>\$ 96,900,815.67</u>

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

**Net Change in Fund Balances - Governmental Funds** \$ 17,063,757.44

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as a depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current fiscal year. (582,847.51)

The net effect of miscellaneous transactions involving capital assets (e.g., donations and disposals) increased capital assets. 33,307.16

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayments of debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which the debt repayments exceeded the proceeds in the current fiscal year. 4,696,890.16

Debt premiums on bond issues are amortized over the life of the debt in the statement of activities but are reported as revenues in the fund statements when debt is issued. This is the amount of amortization in the current fiscal year. 1,625.78

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the fiscal 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. (211,551.89)

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

Increase in Total OPEB Liability	\$ (1,640,223.00)	
Decrease in Deferred Outflows of Resources - OPEB	(3,421,325.00)	
Decrease in Deferred Inflows of Resources - OPEB	245,971.00	(4,815,577.00)

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

FRS Pension Contribution	\$ 13,664,245.00	
HIS Pension Contribution	2,745,883.00	
FRS Pension Expense	(28,258,820.00)	
HIS Pension Expense	(4,334,601.00)	(16,183,293.00)

In the statement of activities, claims expenses include additional amounts for increases in long-term insurance claims liabilities. However, claims expenditures in the governmental funds are measured by the amount of financial resources used (essentially, the amount paid). This is the net amount by which the estimated insurance claims liability decreased during the current fiscal year. 329,000.00

**Change in Net Position - Governmental Activities** \$ 331,311.14

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

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

	<u><b>Custodial Funds</b></u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 4,578,601.00
Investments	738,019.00
Accounts Receivable	<u>358,659.48</u>
<b>TOTAL ASSETS</b>	<u><b>5,675,279.48</b></u>
<b>LIABILITIES</b>	
Payroll Deductions and Withholdings	237,302.70
Accounts Payable	153,638.00
Due to Other Funds	<u>121,356.78</u>
<b>TOTAL LIABILITIES</b>	<u><b>512,297.48</b></u>
<b>NET POSITION</b>	
Restricted for School Internal Funds	<u><u><b>\$ 5,162,982.00</b></u></u>

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

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

	<b><u>Custodial Funds</u></b>
<b>ADDITIONS</b>	
Benefit Plan Member Contributions	\$ 713,307.25
Athletics	3,912,473.00
Music	702,770.00
Classes	898,458.00
Clubs	371,178.00
Departments	407,381.00
Trusts	1,917,572.00
General	416,879.00
<b>Total Additions</b>	<b><u>9,340,018.25</u></b>
<b>DEDUCTIONS</b>	
Benefit Plan Member Payments	713,307.25
Athletics	2,911,979.00
Music	550,895.00
Classes	774,807.00
Clubs	355,526.00
Departments	320,433.00
Trusts	3,081,077.00
General	277,640.00
<b>Total Deductions</b>	<b><u>8,985,664.25</u></b>
<b>Change in Net Position</b>	<b>354,354.00</b>
Net Position - Beginning	-
Adjustment to Beginning Net Position	4,808,628.00
Net Position - Beginning, as Restated	<u>4,808,628.00</u>
<b>Net Position - Ending</b>	<b><u>\$ 5,162,982.00</u></b>

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

# NOTES TO FINANCIAL STATEMENTS

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are 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 Okaloosa County School District's (District) governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense that is clearly identifiable to a function is allocated to the function, and the remaining depreciation expense is reported as unallocated.

### B. Reporting Entity

The Okaloosa County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education (SBE) rules. The governing body of the District is the Board, which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Okaloosa 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.** A blended component unit is, in substance, part of the District's operations, even though it is a legally separate entity. Thus, a blended component unit is appropriately presented as funds of the District. The Okaloosa County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note IV.I.1. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation

are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

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

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

The District's charter schools are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The District is the sponsor for each of the following charter schools and is responsible for monitoring and reviewing their progress toward meeting the goals established in the charters. 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 charter, 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 District entered into a charter with the following schools pursuant to Section 1002.33, Florida Statutes:

- The Okaloosa Academy, Inc. (Academy) was established to provide an alternative educational system for "at risk" students. The Academy is a separate not-for-profit entity with a separate board of directors.
- The Liza Jackson Preparatory School, Inc. (School) was established to provide a preparatory program of education for students. The School is a separate not-for-profit entity with a separate board of directors.

The financial data reported on the accompanying statements was derived from the Foundation's and charter schools' audited financial statements for the fiscal year ended June 30, 2021. The audit reports are filed in the District's administrative offices at 120 Lowery Place, S.E., Fort Walton Beach, Florida 32548.

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

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

The effects of interfund activity have been eliminated from the government-wide financial statements.

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

The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component unit. Separate statements for each fund category – governmental and

fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor 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.
- Special Revenue – Federal Education Stabilization Fund – to account for certain Federal economic stimulus programs.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, motor vehicle purchases, and debt service payments.

Additionally, the District reports the following fiduciary fund type:

- Custodial Funds – to account for resources of the District’s pre-tax flexible benefits plan and the school internal funds, which are used to administer moneys collected at schools in connection with school, student athletic, class, and club activities.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at fiscal year end are reported as due from/to other funds. While these balances are reported in fund financial statements, these balances are eliminated in the preparation of the government-wide financial statements. Further, certain activity occurs during the fiscal year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, transfers between the funds are eliminated in the preparation of the government-wide financial statements.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized 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 as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. For this purpose, the District considers revenues

to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the fiscal year or within the availability period for this revenue source (within 30 days of fiscal year end). Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

The Okaloosa Public Schools Foundation, Inc. is accounted for under the not-for-profit basis of accounting and uses the accrual basis of accounting. The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

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

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

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 3 months or less. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME, formerly known as the Local Government Surplus Funds Trust Fund Investment Pool, and amounts in the Florida Public Assets for Liquidity Management (FL PALM).

Cash deposits are held by banks qualified as public depositories under Florida law or through the Federally Insured Cash Account program, which complies with the provisions of Section 218.415(23), Florida Statutes, and is therefore exempt from Florida's public deposits program pursuant to Section 280.03(3)(f), Florida Statutes. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

### **2. Investments**

Investments consist of amounts placed in the 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 Section 218.405, Florida Statutes, amounts placed in the FL PALM, 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 are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and meet the requirements of GASB Statement No. 31, as amended by GASB Statement No. 79, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from Florida PRIME, although, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the fund's executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours.

The District's investments in the FL PALM are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and also meet the requirements of GASB Statement No. 31, as amended by GASB Statement No. 79, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from FL PALM.

Investments made locally consist of certificates of deposit.

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

### **3. Inventories**

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost on the first-in, first-out basis, except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. Although the costs of inventories are recorded as expenditures when used rather than purchased, a nonspendable fund balance is established at fiscal year end to indicate that inventories do not constitute available expendable resources even though inventories are a component of current assets.

### **4. Capital Assets**

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

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	8 - 40 years
Buildings and Fixed Equipment	10 - 50 years
Furniture, Fixtures, and Equipment	3 - 15 years
Motor Vehicles	5 - 10 years
Property Under Capital Lease	3 - 7 years
Audio-Visual Materials and Computer Software	3 - 5 years

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

## **5. Pensions**

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

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

## **6. Long-Term Liabilities**

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

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

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

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

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

In addition to liabilities, the statement of net 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 District has three items that qualify for reporting in this category. The deferred inflows of resources related to pensions and

OPEB are discussed in subsequent notes. The deficit net carrying amount of debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

## **8. Net Position Flow Assumption**

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

## **9. Fund Balance Flow Assumptions**

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

## **10. Fund Balance Policies**

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

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the Chief Financial Officer to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent 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.

## **G. Revenues and Expenditures/Expenses**

### **1. Program Revenues**

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

### **2. State Revenue Sources**

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

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

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

### **3. District Property Taxes**

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

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

The Board adopted the 2020 tax levy on September 21, 2020. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

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

#### **4. Capital Outlay Surtax**

In November 2020, the voters of Okaloosa County approved a one-half cent school capital outlay surtax on sales in the County for 10 years, effective January 1, 2021. The surtax proceeds will be used to pay for construction costs and safety and security improvements at certain school facilities and campuses, school buses and upgrades to technology, and service-related bond indebtedness in accordance with Section 212.055(6), Florida Statutes.

#### **5. Federal Revenue Sources**

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

#### **6. Compensated Absences**

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

## H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could differ from those estimates.

## II. ACCOUNTING CHANGE

The District implemented GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The District considers the school internal funds to meet the criteria for reporting as fiduciary activities in the custodial funds. As such, the beginning net position of the custodial funds was increased by \$4,808,628.

## III. PRIOR PERIOD ADJUSTMENT

The beginning net position of the District was increased by \$3,181 due to the Florida Retirement System decreasing their beginning net pension liability. This resulted in a decrease in the District's beginning Net Pension Liability reported in Note IV.I.3.

<u>Description</u>		<u>Amount</u>
Beginning Net Position Prior to Restatement		\$ 61,761,349.41
FRS Plan Liability - June 30, 2020	\$ 169,494,795.00	
FRS Plan Liability - July 1, 2020	<u>(169,491,614.00)</u>	
Net Adjustment to Beginning Net Position		<u>3,181.00</u>
<b>Beginning Net Position as Restated</b>		<u><u>\$ 61,764,530.41</u></u>

## IV. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### A. Cash Deposits with Financial Institutions

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

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

## B. Investments

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

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA:		
Florida PRIME (1)	50 Day Average	\$ 24,742,849.31
Debt Service Accounts	6 Months	12,100.73
FL PALM (1)	56 Day Average	16,475,935.72
Certificates of Deposit	Various through February 2024	738,019.00
<b>Total Investments</b>		<b><u>\$ 41,968,904.76</u></b>

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

### **Fair Value Measurement**

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

### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy states that the highest priorities shall be given to the safety and liquidity of funds. The policy limits the types of authorized investments as a means of managing the exposure to fair value losses from increasing interest rates.

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

### **Credit Risk**

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

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

Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

The District's investments in Florida PRIME and the FL PALM are rated AAAM by Standard & Poor's.

### C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 11,714,620.92	\$ -	\$ -	\$ 11,714,620.92
Construction in Progress	1,329,001.17	1,106,019.76	1,329,001.17	1,106,019.76
Total Capital Assets Not Being Depreciated	13,043,622.09	1,106,019.76	1,329,001.17	12,820,640.68
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	17,951,496.36	1,525,462.42	-	19,476,958.78
Buildings and Fixed Equipment	291,700,581.22	142,017.94	-	291,842,599.16
Furniture, Fixtures, and Equipment	26,148,260.45	1,036,595.35	442,107.08	26,742,748.72
Motor Vehicles	18,304,817.86	3,915,303.60	70,998.00	22,149,123.46
Property Under Capital Lease	693,694.24	1,575,267.42	-	2,268,961.66
Computer Software	931,699.16	34,137.50	13,927.76	951,908.90
Audio-Visual Materials	8,065.55	-	-	8,065.55
Total Capital Assets Being Depreciated	355,738,614.84	8,228,784.23	527,032.84	363,440,366.23
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	14,519,973.78	448,897.65	-	14,968,871.43
Buildings and Fixed Equipment	144,379,623.05	6,087,747.95	-	150,467,371.00
Furniture, Fixtures, and Equipment	20,779,373.27	1,192,260.67	442,107.08	21,529,526.86
Motor Vehicles	15,349,048.99	623,414.36	70,998.00	15,901,465.35
Property Under Capital Lease	148,648.77	164,735.31	-	313,384.08
Computer Software	832,383.17	37,787.03	13,927.76	856,242.44
Audio-Visual Materials	7,515.02	500.20	-	8,015.22
Total Accumulated Depreciation	196,016,566.05	8,555,343.17	527,032.84	204,044,876.38
Total Capital Assets Being Depreciated, Net	159,722,048.79	(326,558.94)	-	159,395,489.85
Governmental Activities Capital Assets, Net	<u>\$ 172,765,670.88</u>	<u>\$ 779,460.82</u>	<u>\$ 1,329,001.17</u>	<u>\$ 172,216,130.53</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 609,989.44
Student Transportation Services	181,323.27
Maintenance of Plant	25,868.94
Unallocated	7,738,161.52
Total Depreciation Expense – Governmental Activities	<u>\$ 8,555,343.17</u>



## **D. Retirement Plans**

### **1. FRS – Defined Benefit Pension Plans**

#### **General Information about the FRS**

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

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

The District's FRS and HIS pension expense totaled \$32,593,421 for the fiscal year ended June 30, 2021.

#### **FRS Pension Plan**

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

- *Regular* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers* – Members who hold specified elective offices in local government.

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

retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

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

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

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

<u><b>Class</b></u>	<u><b>Percent of Gross Salary</b></u>	
	<u><b>Employee</b></u>	<u><b>Employer (1)</b></u>
FRS, Regular	3.00	10.00
FRS, Elected County Officers	3.00	49.18
DROP – Applicable to Members from All of the Above Classes	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

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

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

The District's contributions to the Plan totaled \$13,664,245 for the fiscal year ended June 30, 2021.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2021, the District reported a liability of \$141,888,504 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.32737351 percent, which was a decrease of 0.010813545 from its proportionate share of 0.338187055 percent measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized the Plan pension expense of \$28,258,820. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u><b>Description</b></u>	<u><b>Deferred Outflows of Resources</b></u>	<u><b>Deferred Inflows of Resources</b></u>
Differences Between Expected and Actual Experience	\$ 5,430,362	\$ -
Change of Assumptions	25,686,334	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	8,448,178	-
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	-	5,091,034
District FRS Contributions Subsequent to the Measurement Date	13,664,245	-
<b>Total</b>	<u><u>\$ 53,229,119</u></u>	<u><u>\$ 5,091,034</u></u>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$13,644,245, will be recognized as a

reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 6,543,715
2023	11,449,609
2024	9,776,566
2025	5,700,768
2026	1,003,182
<b>Total</b>	<b>\$ 34,473,840</b>

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

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

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

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

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

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

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

**Discount Rate.** The discount rate used to measure the total pension liability was 6.8 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The long-term expected rate of return assumption of 6.8 percent consists of two building block components: (1) a real (in excess of inflation) return of 4.3 percent, consistent with the capital market outlook model developed during 2020 by the outside investment consultant to the Florida State Board of Administration; and (2) a long-term average annual inflation assumption of 2.4 percent as adopted in October 2020 by the FRS Actuarial Assumption Conference.

In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.8 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 6.8 percent reported investment return assumption differs from the 7 percent investment return assumption chosen by the 2020 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards. The discount rate used in the 2020 valuation was updated from 6.9 percent to 6.8 percent.

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

	<b>1% Decrease (5.8%)</b>	<b>Current Discount Rate (6.8%)</b>	<b>1% Increase (7.8%)</b>
District's Proportionate Share of the Net Pension Liability	\$ 226,572,095	\$ 141,888,504	\$ 71,160,400

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

## **HIS Pension Plan**

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

**Benefits Provided.** For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit,

a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

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

The District's contributions to the HIS Plan totaled \$2,745,883 for the fiscal year ended June 30, 2021.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2021, the District reported a net pension liability of \$56,148,655 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.459864091 percent, which was a decrease of 0.014064637 from its proportionate share of 0.473928728 percent measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized the HIS Plan pension expense of \$4,334,601. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b><u>Description</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences Between Expected and Actual Experience	\$ 2,296,820	\$ 43,315
Change of Assumptions	6,037,577	3,264,826
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	44,830	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	142,162	2,680,544
District HIS Contributions Subsequent to the Measurement Date	2,745,883	-
<b>Total</b>	<b>\$ 11,267,272</b>	<b>\$ 5,988,685</b>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$2,745,883, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 984,184
2023	516,002
2024	(242,568)
2025	137,538
2026	610,238
Thereafter	527,310
<b>Total</b>	<b>\$2,532,704</b>

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

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

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

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

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

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

	<b>1% Decrease (1.21%)</b>	<b>Current Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
District's Proportionate Share of the Net Pension Liability	\$ 64,905,341	\$ 56,148,655	\$ 48,981,336

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

## **2. FRS – Defined Contribution Pension Plan**

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

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

<b><u>Class</u></b>	<b><u>Percent of Gross Compensation</u></b>
FRS, Regular	6.30
FRS, Elected County Officers	11.34

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



forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$1,052,489 for the fiscal year ended June 30, 2021.

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

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 Section 112.0801, Florida Statutes, employees who retire from the District, and eligible dependents, are eligible to participate in the District's health and hospitalization plan for medical, prescription drug, dental, vision, and life insurance benefits. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, 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 meet the criteria in paragraph 4 of GASB Statement No. 75.

**Benefits Provided.** Health, dental, and vision benefits are available to retirees and their eligible dependents. Retirees are eligible for up to \$25,000 life insurance benefit until age 70 with a required contribution of \$0.712 per \$1,000. The benefit reduces to a maximum of \$10,000 at age 70 with a required contribution of \$0.969 per \$1,000 of the life benefit. Since retirees pay the full premium for dental and vision benefits, there is no liability associated with either benefit. Medicare eligible retirees must choose one of the healthcare plans below, if desired, and will pay the full premium. A summary of the key healthcare plan design features and premiums for each plan is provided in the table below:

<u>Plan Type</u>	<u>Compatible Base Plan In-Network</u>	<u>Compatible Co-Pay Plan In-Network</u>	<u>Compatible Buy-Up Plan In-Network</u>
Deductible - Individual	\$ 1,250.00	\$ 2,000.00	\$ 1,500.00
Coinsurance	80%	80%	100%
Out of Pocket Maximum (2X Family)	\$ 5,000.00	\$ 5,000.00	\$ 1,500.00
Retiree Only Monthly Premium	\$ 1,031.38	\$ 1,001.25	\$ 1,194.98
Retiree + Spouse Monthly Premium	\$ 1,795.19	\$ 1,742.74	\$ 1,992.88

Employees Covered by Benefit Terms. The following table provides a summary of the number of participants in the plan as of the most recent valuation date of June 30, 2020:

Retirees and Beneficiaries	1,788
Active Employees	<u>3,445</u>
Total	<u>5,233</u>

Total OPEB Liability. The District's total OPEB liability of \$27,588,087 was measured as of June 30, 2021, and was determined by an actuarial valuation on June 30, 2020, and update procedures were used to determine the OPEB liability as of June 30, 2021.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age
Inflation	3 percent
Salary Increases	3.5 percent
Discount Rate	2.16 percent
Healthcare Cost Trend Rates	Select trends starting at 5.5 percent reduced by 0.5 percent each fiscal year until reaching the ultimate rate of 4.5 percent.

The discount rate was based on the Bond Buyer 20-Bond GO Municipal Bond Index.

Mortality rates were based on the Pub-2010 mortality table with generational scale MP-2019.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2020	<u>\$ 25,947,864</u>
Changes for the fiscal year:	
Service Cost	1,732,520
Interest	601,980
Changes of Assumptions	188,665
Benefit Payments	<u>(882,942)</u>
Net Changes	<u>1,640,223</u>
Balance at June 30, 2021	<u>\$ 27,588,087</u>

Changes of assumptions reflect a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the District's total OPEB liability 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 (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB Liability	\$ 32,002,000	\$ 27,588,087	\$ 24,002,000

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the District's total OPEB liability calculated using the healthcare cost trend rate of 5.5 percent decreasing to 4.5 percent, as well as what the OPEB liability would be if it was 1 percentage point higher (6.5 percent decreasing to 5.5 percent) or 1 percentage point lower (4.5 percent decreasing to 3.5 percent).

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 26,760,000	\$ 27,588,087	\$ 28,692,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The District's annual OPEB expense totaled \$5,698,518 for the fiscal year ended June 30, 2021. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 261,013
Changes of Assumptions or Other Inputs	<u>3,668,843</u>	<u>-</u>
<b>Total</b>	<u>\$ 3,668,843</u>	<u>\$ 261,013</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 3,153,368
2023	250,693
2024	3,769
<b>Total</b>	<b>\$ 3,407,830</b>

## F. Construction and Other Significant Commitments

**Construction Contracts.** The following is a schedule of encumbrances related to major construction contract commitments at June 30, 2021:

<u>Projects</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Capital Projects - Local Capital Improvement Fund:			
Security Enhancements Districtwide	\$ 10,589,615.46	\$ 9,094,695.38	\$ 1,494,920.08
Nonmajor Governmental Funds:			
Baker Kitchen Renovation	1,748,380.00	982,349.77	766,030.23
Niceville Roof Replacement	1,186,551.00	754,023.27	432,527.73
Districtwide Roof Replacement	4,151,031.00	1,325,286.68	2,825,744.32
Security Enhancements Districtwide	6,880,340.00	3,263,843.33	3,616,496.67
Districtwide Renovations	3,750,000.00	53,833.48	3,696,166.52
Total Nonmajor Governmental Funds	17,716,302.00	6,379,336.53	11,336,965.47
<b>Total</b>	<b>\$ 28,305,917.46</b>	<b>\$ 15,474,031.91</b>	<b>\$ 12,831,885.55</b>

**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 fiscal year are carried forward and the next fiscal year's appropriations are likewise encumbered.

The following is a schedule of encumbrances not related to construction contracts at June 30, 2021:

<u>Major Funds</u>			
<u>General</u>	<u>Capital Projects - Local Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>\$ 1,218,472.99</u>	<u>\$ 2,151,608.05</u>	<u>\$ 289,860.70</u>	<u>\$ 3,659,941.74</u>

## G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Coverage of these risks is provided for in a variety of different ways. For most general liability claims, the District relies upon the sovereign immunity limits of Section 768.28, Florida Statutes, which limits the District's liability to \$200,000 for each claimant and \$300,000 in any one occurrence; however, the District did purchase

a commercial general liability policy. The District is, to some extent, also self-insured for property losses, workers' compensation, automobile liability, crime, and errors and omissions. To limit its exposure to property losses, the District purchased excess property and boiler and machinery insurance with varying deductibles, sublimits, and policy maximums through the Florida School Boards Insurance Trust (FSBIT). FSBIT is a self-insurance fund for Florida school boards established under the authority set forth in Section 1001.42, Florida Statutes. Likewise, the District limited its exposure for workers' compensation, automobile liability, crime, and errors and omissions by purchasing commercial insurance policies which covers losses exceeding specified limits up to certain policy maximums. Health, life, and dental coverage, as well as long-term disability for District employees is also provided through commercially purchased insurance.

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

The District reports all of its risk management activities in the General Fund. At June 30, 2021, an actuarially determined liability of \$3,140,000 (\$43,000 for the property program, undiscounted, and \$3,097,000 for the casualty program, discounted using a 4 percent rate of return) is reported as estimated insurance claims payable on the District's statement of net position.

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

<b>Fiscal Year</b>	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Balance at Fiscal Year End</b>
2019-20	\$4,018,000.00	\$ 440,654.54	\$ (989,654.54)	\$3,469,000.00
2020-21	3,469,000.00	218,517.20	(547,517.20)	3,140,000.00

## H. Lease Obligations

### 1. Operating Lease

The District leases its computer hardware assets. The Board approved a new agreement on May 12, 2014, for the periods July 1, 2014, through June 30, 2019. This agreement renewed on January 14, 2019, for the periods July 1, 2019, through June 30, 2024. Total expenditures under the operating lease for the fiscal year ended June 30, 2021, were \$6,807,648.16. The following table represents future minimum lease payments:

<b><u>Fiscal Year Ending June 30</u></b>	<b><u>Amount</u></b>
2022	\$ 7,590,781.20
2023	7,590,781.20
2024	7,590,781.20
<b>Total Minimum Payments Required</b>	<b><u>\$ 22,772,343.60</u></b>

## 2. Capital Leases

The property and amounts of property being acquired under capital leases are as follows:

	<u>Asset Balances</u>
Phone System	\$ 693,694.24
Student Equipment - iPads	<u>1,575,267.42</u>
<b>Total</b>	<u><u>\$ 2,268,961.66</u></u>

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

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 558,501.13	\$ 529,211.12	\$ 29,290.01
2023	400,489.14	382,671.46	17,817.68
2024	400,334.28	391,124.71	9,209.57
2025	<u>400,103.39</u>	<u>399,740.48</u>	<u>362.91</u>
<b>Total Minimum Lease Payments</b>	<u><u>\$1,759,427.94</u></u>	<u><u>\$1,702,747.77</u></u>	<u><u>\$ 56,680.17</u></u>

The interest rate is 8.029 percent for the telephone system lease and 2.209 percent for the student iPads.

## I. Long-Term Liabilities

### 1. Certificates of Participation

The District entered into a financing arrangement on November 1, 2003, which was characterized as a master lease-purchase agreement, with the Okaloosa County School Board Leasing Corporation (Leasing Corporation) whereby the District secured financing of various educational facilities.

On November 16, 2016, the District entered into a financing arrangement under and pursuant to the master lease-purchase agreement, whereby the District refunded the Certificates of Participation, Series 2006 and advance refunded Certificates of Participation, Series 2007. The refinancing was accomplished through the issuance of \$29,393,000 in a Certificate of Participation, Series 2016, to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given a ground lease on certain District property to the Leasing Corporation. The ground lease associated with the Certificate of Participation, Series 2016, which refunded Certificate of Participation, Series 2006 and advance refunded Certificate of Participation, Series 2007, is a term certificate that ends as of the earlier of the date on which the Certificate of Participation, Series 2016, has been paid in full or provision for its payment has been made, or July 1, 2022. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the ground lease for the

benefit of the securers of the certificates for a period of time specified by the arrangements which may be up through the last day of the ground lease.

The District properties included in the ground lease include properties at Riverside Elementary School, Shoal River Middle School, Northwood Elementary School, Richbourg School, and Choctawhatchee High School, and land purchases for new school sites.

The lease payments are payable by the District semiannually, on July 1 and January 1, at an interest rate of 1.46 percent for the Certificate of Participation, Series 2016. The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 3,473,990.40	\$ 3,424,000.00	\$ 49,990.40

## 2. Bonds Payable

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

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:			
Series 2017A, Refunding	\$ 443,000	3 - 5	2028
Series 2020A, Refunding	76,000	2 - 5	2030
District Revenue Bonds:			
Series 2011	<u>2,205,000</u>	4.75 - 5.5	2040
<b>Total Bonds Payable</b>	<u>\$ 2,724,000</u>		

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

### State School Bonds

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

### District Revenue Bonds

The District authorized the issuance of the Refunding and Revenue Bond, Series 2011, to provide funds to pay the costs of certain capital improvements and to refund the outstanding Refunding Revenue Bonds, Series 1994. These bonds are authorized by Chapters 63-587 and 78-569, Laws of Florida, Special Acts of 1978, and are secured by sales tax revenues distributed to the District pursuant to Section 212.20(6)(d)6.a., Florida Statutes. As required by the bond resolution, the District has established the sinking fund and has accumulated and maintained adequate resources in the sinking fund.

The District has pledged a combined total of \$3,572,287.50 of sales tax revenues in connection with the 2011 District Revenue Bonds. During the 2020-21 fiscal year, the District recognized sales tax revenues totaling \$190,750 and expended \$189,158 (99.2 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 on July 1, 2040. Approximately 98.6 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds.

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

<b><u>Fiscal Year Ending June 30</u></b>	<b><u>Total</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
State School Bonds:			
2022	\$ 80,160.00	\$ 56,000.00	\$ 24,160.00
2023	81,360.00	60,000.00	21,360.00
2024	84,570.00	66,000.00	18,570.00
2025	86,270.00	71,000.00	15,270.00
2026	87,720.00	76,000.00	11,720.00
2027-2030	<u>203,240.00</u>	<u>190,000.00</u>	<u>13,240.00</u>
Total State School Bonds	<u>623,320.00</u>	<u>519,000.00</u>	<u>104,320.00</u>
District Revenue Bonds:			
2022	185,812.50	70,000.00	115,812.50
2023	187,487.50	75,000.00	112,487.50
2024	188,925.00	80,000.00	108,925.00
2025	190,125.00	85,000.00	105,125.00
2026	186,087.50	85,000.00	101,087.50
2027-2031	937,750.00	500,000.00	437,750.00
2032-2036	942,600.00	650,000.00	292,600.00
2037-2040	<u>753,500.00</u>	<u>660,000.00</u>	<u>93,500.00</u>
Total District Revenue Bonds	<u>3,572,287.50</u>	<u>2,205,000.00</u>	<u>1,367,287.50</u>
<b>Total</b>	<b><u>\$ 4,195,607.50</u></b>	<b><u>\$ 2,724,000.00</u></b>	<b><u>\$ 1,471,607.50</u></b>



### 3. 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
<b>GOVERNMENTAL ACTIVITIES</b>					
Obligations under Capital Lease	\$ 367,637.93	\$ 1,575,267.42	\$ 240,157.58	\$ 1,702,747.77	\$ 529,211.12
Bonds Payable	2,846,000.00	-	122,000.00	2,724,000.00	126,000.00
Certificates of Participation Payable from Direct Placements	9,334,000.00	-	5,910,000.00	3,424,000.00	3,424,000.00
Estimated Insurance Claims Payable	3,469,000.00	218,517.20	547,517.20	3,140,000.00	493,000.00
Compensated Absences Payable	27,005,054.77	3,742,581.86	3,531,029.97	27,216,606.66	2,379,595.00
Net Pension Liability (1)	169,491,614.00	96,792,545.00	68,247,000.00	198,037,159.00	585,351.25
Other Postemployment Benefits Payable	25,947,864.00	2,523,165.00	882,942.00	27,588,087.00	-
<b>Total Governmental Activities</b>	<b>\$ 238,461,170.70</b>	<b>\$ 104,852,076.48</b>	<b>\$ 79,480,646.75</b>	<b>\$ 263,832,600.43</b>	<b>\$ 7,537,157.37</b>

(1) Beginning balance has been restated due to the Florida Retirement System adjustment to the beginning net pension liability as described in Note II.

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

### J. Fund Balance Reporting

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

- **Nonspendable Fund Balance.** Nonspendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash.
- **Restricted Fund Balance.** Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance.
- **Assigned Fund Balance.** The assigned fund balance is the portion of fund balance that is intended to be used for specific purposes, but is neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as nonspendable, restricted, or committed. The District also classifies amounts as assigned that are constrained to be used for specific purposes based on actions of the Board and not included in other categories.
- **Unassigned Fund Balance.** The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes. The District has a contingency reserve of \$1,511,792 established informally through the budget process that is included in the unassigned fund balance. The contingency reserve is intended to help sustain the financial stability of the District during times of emergency spending such as disaster recovery and revenue shortfalls that could potentially occur after the current year's budget adoption.

## K. Interfund Receivables and Payables

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

<b>Funds</b>	<b>Interfund</b>	
	<b>Receivables</b>	<b>Payables</b>
Major:		
General	\$ 2,250,944.78	\$ -
Special Revenue - Federal Education		
Stabilization	-	1,208,975.03
Nonmajor Governmental	-	920,612.97
Custodial	-	121,356.78
<b>Total</b>	<b>\$ 2,250,944.78</b>	<b>\$ 2,250,944.78</b>

General Fund receivables represent temporary loans to other funds to cover disbursements and will be repaid within 1 year without interest.

## L. Revenues

### 1. Schedule of State Revenue Sources

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

<b>Source</b>	<b>Amount</b>
Florida Education Finance Program	\$ 113,180,033.00
Categorical Educational Programs:	
Class Size Reduction	35,508,958.00
Transportation	6,722,599.00
Instructional Materials	2,535,917.00
Voluntary Prekindergarten	347,886.40
Digital Classrooms	107,348.00
Workforce Development Program	2,339,670.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,104,529.77
Charter School Capital Outlay	718,672.00
Sales Tax Distribution (Section 212.20(6)(d)6.a., F.S.) (Debt Service)	190,750.00
Department of Juvenile Justice Supplemental	138,743.00
Food Service Supplement	100,267.00
Mobile Home License Tax	46,483.29
Miscellaneous	141,636.63
<b>Total</b>	<b>\$ 163,183,493.09</b>

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

## 2. Property Taxes

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

	<u>Millages</u>	<u>Taxes Levied</u>
<b><u>General Fund</u></b>		
Nonvoted School Tax:		
Required Local Effort	3.787	\$ 80,467,950.87
Basic Discretionary Local Effort	0.748	15,891,939.31
<b><u>Capital Projects - Local Capital Improvement Fund</u></b>		
Nonvoted Tax:		
Local Capital Improvements	1.500	31,874,635.11
<b>Total</b>	<u>6.035</u>	<u>\$ 128,234,525.29</u>

## M. Interfund Transfers

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major:		
General	\$ 12,574,066.67	\$ 13,976.07
Capital Projects - Local Capital Improvement	-	17,892,541.07
Nonmajor Governmental	6,064,252.47	731,802.00
<b>Total</b>	<u>\$ 18,638,319.14</u>	<u>\$ 18,638,319.14</u>

Transfers to the General Fund from the Capital Projects – Local Capital Improvement Fund were for maintenance and repair of school facilities and for the lease of computers for instructional purposes. Transfers to the General Fund from Nonmajor Governmental Funds were to fund charter school capital outlays and a charter school safety and security grant. Transfers to the Nonmajor Governmental Funds from the General Fund were for resurfacing the track at Fort Walton Beach High School, an additional parking lot at Destin Elementary School, batting cages at Crestview High School, sun shades at Plew Elementary School, and resurfacing the track at Niceville High School from donations received. Transfers to the Nonmajor Governmental Funds from the Capital Projects – Local Capital Improvement Fund were for payment of debt.

## V. LITIGATION

The District is involved in several pending and threatened legal actions, including litigation through an insurance provider with multiple plaintiffs regarding allegations of not reporting instances of child abuse. In the opinion of District management, after consulting with legal counsel, the range of potential loss from these claims and actions, over any amounts covered by insurance, should not materially affect the financial condition of the District.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Intergovernmental:				
Federal Direct	\$ 3,537,077.00	\$ 4,248,736.55	\$ 6,110,537.55	\$ 1,861,801.00
Federal Through State and Local	425,000.00	1,119,409.26	1,119,409.26	-
State	165,359,196.06	161,072,441.61	161,072,441.61	-
Local:				
Property Taxes	92,453,773.00	92,911,983.13	92,911,983.13	-
Miscellaneous	3,676,358.37	4,883,935.77	4,883,935.77	-
Total Local Revenues	96,130,131.37	97,795,918.90	97,795,918.90	-
<b>Total Revenues</b>	<b>265,451,404.43</b>	<b>264,236,506.32</b>	<b>266,098,307.32</b>	<b>1,861,801.00</b>
<b>Expenditures</b>				
Current - Education:				
Instruction	191,654,994.53	192,194,105.91	176,661,755.81	15,532,350.10
Student Support Services	10,510,484.91	11,181,359.11	10,287,941.29	893,417.82
Instructional Media Services	1,834,692.30	1,861,565.91	1,672,305.39	189,260.52
Instruction and Curriculum Development Services	3,477,996.65	2,926,646.83	2,839,434.88	87,211.95
Instructional Staff Training Services	2,155,069.95	1,762,370.58	1,722,090.36	40,280.22
Instruction-Related Technology	594,783.50	505,469.75	429,085.49	76,384.26
Board	1,448,390.20	2,318,571.70	1,556,503.85	762,067.85
General Administration	380,433.00	443,714.81	405,879.05	37,835.76
School Administration	21,195,557.12	22,445,960.76	21,525,973.02	919,987.74
Facilities Acquisition and Construction	889,942.68	1,863,996.42	1,250,442.82	613,553.60
Fiscal Services	2,726,721.19	3,063,087.56	2,385,482.57	677,604.99
Food Services	-	-	-	-
Central Services	7,939,584.58	7,992,764.43	3,743,694.73	4,249,069.70
Student Transportation Services	14,606,687.38	12,880,986.58	12,183,667.30	697,319.28
Operation of Plant	25,151,072.94	29,193,942.84	22,479,477.39	6,714,465.45
Maintenance of Plant	7,542,938.79	7,414,578.84	6,483,936.18	930,642.66
Administrative Technology Services	3,221,438.99	3,361,454.87	3,323,439.77	38,015.10
Community Services	1,887,589.29	1,607,109.72	818,423.24	788,686.48
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	6,859.00	6,859.00	-
Other Capital Outlay	-	318,548.18	318,548.18	-
Debt Service:				
Principal	240,157.58	240,157.58	240,157.58	-
Interest and Fiscal Charges	20,806.66	20,806.66	20,806.66	-
<b>Total Expenditures</b>	<b>297,479,342.24</b>	<b>303,604,058.04</b>	<b>270,355,904.56</b>	<b>33,248,153.48</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(32,027,937.81)</b>	<b>(39,367,551.72)</b>	<b>(4,257,597.24)</b>	<b>35,109,954.48</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	12,005,346.00	12,574,066.67	12,574,066.67	-
Loss Recoveries	-	610,714.02	610,714.02	-
Transfers Out	-	(13,976.07)	(13,976.07)	-
<b>Total Other Financing Sources</b>	<b>12,005,346.00</b>	<b>13,170,804.62</b>	<b>13,170,804.62</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(20,022,591.81)</b>	<b>(26,196,747.10)</b>	<b>8,913,207.38</b>	<b>35,109,954.48</b>
Fund Balances, Beginning	58,152,751.06	58,152,751.06	58,152,751.06	-
<b>Fund Balances, Ending</b>	<b>\$ 38,130,159.25</b>	<b>\$ 31,956,003.96</b>	<b>\$ 67,065,958.44</b>	<b>\$ 35,109,954.48</b>

Special Revenue - Federal Education Stabilization Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 114,481.98	\$ 2,404,122.98	\$ 508,706.16	\$ (1,895,416.82)
4,963,980.82	16,784,846.80	10,417,044.57	(6,367,802.23)
-	-	-	-
-	-	-	-
-	-	-	-
5,078,462.80	19,188,969.78	10,925,750.73	(8,263,219.05)
3,699,888.83	14,778,061.15	7,848,088.49	6,929,972.66
191,764.34	390,097.07	388,185.76	1,911.31
-	27,156.89	27,156.89	-
8,280.00	110,104.37	88,571.31	21,533.06
255,403.78	609,573.80	212,436.80	397,137.00
-	-	-	-
-	486.74	486.74	-
148,441.00	537,548.08	319,936.09	217,611.99
36,064.00	206,244.78	206,244.78	-
-	1,086.29	1,086.29	-
-	3,386.68	3,386.68	-
-	14,447.52	14,447.52	-
-	10,965.73	10,965.73	-
880.00	320,509.97	320,509.97	-
736,877.50	643,691.79	643,691.79	-
-	73,227.19	73,227.19	-
863.35	76,224.19	76,224.16	0.03
-	1,342,024.04	646,971.04	695,053.00
-	-	-	-
-	44,133.50	44,133.50	-
-	-	-	-
-	-	-	-
5,078,462.80	19,188,969.78	10,925,750.73	8,263,219.05
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 1,732,520	\$ 395,530	\$ 382,155	\$ 367,917
Interest	601,980	569,293	592,119	605,174
Differences Between Expected and Actual Experience	-	(752,956)	-	-
Changes of Assumptions or Other Inputs	188,665	10,217,226	737,380	(571,454)
Benefit Payments	<u>(882,942)</u>	<u>(702,430)</u>	<u>(817,077)</u>	<u>(689,680)</u>
<b>Net Change in Total OPEB Liability</b>	<u>1,640,223</u>	<u>9,726,663</u>	<u>894,577</u>	<u>(288,043)</u>
Total OPEB Liability - Beginning	<u>25,947,864</u>	<u>16,221,201</u>	<u>15,326,624</u>	<u>15,614,667</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 27,588,087</u></u>	<u><u>\$ 25,947,864</u></u>	<u><u>\$ 16,221,201</u></u>	<u><u>\$ 15,326,624</u></u>
Covered-Employee Payroll	\$ 155,448,000	\$ 150,191,129	\$ 170,814,000	\$ 165,038,069
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	17.75%	17.28%	9.50%	9.29%

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

<b>Fiscal Year Ending June 30</b>	<b>District's Proportion of the FRS Net Pension Liability</b>	<b>District's Proportionate Share of the FRS Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2013	0.372293538%	\$ 64,088,287	\$ 138,484,841	46.28%	88.54%
2014	0.385995350%	23,551,648	145,656,503	16.17%	96.09%
2015	0.383592688%	49,546,140	150,972,191	32.82%	92.00%
2016	0.357619070%	90,299,095	153,198,985	58.94%	84.88%
2017	0.357405844%	105,718,251	158,184,698	66.83%	83.89%
2018	0.341657133%	102,908,900	155,298,879	66.27%	84.26%
2019	0.338187055%	116,466,913	158,519,995	73.47%	82.61%
2020	0.327373510%	141,888,504	159,606,940	88.90%	78.85%

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

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

<b>Fiscal Year Ending June 30</b>	<b>Contractually Required FRS Contribution</b>	<b>FRS Contributions in Relation to the Contractually Required Contribution</b>	<b>FRS Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>FRS Contributions as a Percentage of Covered Payroll</b>
2014	\$ 8,455,028	\$ (8,455,028)	\$ -	\$ 145,656,503	5.80%
2015	9,352,316	(9,352,316)	-	150,972,191	6.19%
2016	8,721,111	(8,721,111)	-	153,198,985	5.69%
2017	9,353,604	(9,353,604)	-	158,184,698	5.91%
2018	9,772,172	(9,772,172)	-	155,298,879	6.29%
2019	10,614,093	(10,614,093)	-	158,519,995	6.70%
2020	10,877,171	(10,877,171)	-	159,606,940	6.81%
2021	13,664,245	(13,664,245)	-	165,397,985	8.26%

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

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

<b>Fiscal Year Ending June 30</b>	<b>District's Proportion of the HIS Net Pension Liability</b>	<b>District's Proportionate Share of the HIS Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2013	0.476803072%	\$ 41,511,976	\$ 138,484,841	29.98%	1.78%
2014	0.490539910%	45,866,679	145,656,503	31.49%	0.99%
2015	0.497785311%	50,766,271	150,972,191	33.63%	0.50%
2016	0.496237127%	57,834,380	153,198,985	37.75%	0.97%
2017	0.496239465%	53,060,213	158,184,698	33.54%	1.64%
2018	0.475468825%	50,324,154	155,298,879	32.40%	2.15%
2019	0.473928728%	53,027,882	158,519,995	33.45%	2.63%
2020	0.459864091%	56,148,655	159,606,940	35.18%	3.00%

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

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

<b>Fiscal Year Ending June 30</b>	<b>Contractually Required HIS Contribution</b>	<b>HIS Contributions in Relation to the Contractually Required Contribution</b>	<b>HIS Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>HIS Contributions as a Percentage of Covered Payroll</b>
2014	\$ 1,680,425	\$ (1,680,425)	\$ -	\$ 145,656,503	1.15%
2015	1,902,845	(1,902,845)	-	150,972,191	1.26%
2016	2,543,532	(2,543,532)	-	153,198,985	1.66%
2017	2,625,866	(2,625,866)	-	158,184,698	1.66%
2018	2,577,961	(2,577,961)	-	155,298,879	1.66%
2019	2,631,432	(2,631,432)	-	158,519,995	1.66%
2020	2,649,981	(2,649,981)	-	159,606,940	1.66%
2021	2,745,883	(2,745,883)	-	165,397,985	1.66%

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**1. Budgetary Basis of Accounting**

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

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by State law and SBE rules.



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

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

*Changes of Assumptions.* The discount rate was changed from 2.21 percent as of the beginning of the measurement period to 2.16 percent as of the end of the measurement period. This change is reflected in the Schedule of Changes in the District's Total OPEB Liability and Related Ratios.

There are no assets accumulated in a trust to pay related benefits.

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

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

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

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

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal CFDA Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
<b>Clustered</b>				
<b>Child Nutrition Cluster</b>				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	21002	\$ -	\$ 16,803.25
National School Lunch Program	10.555	21001, 21003	-	1,064,300.40
COVID-19 National School Lunch Program	COVID-19, 10.555	21001, 21003	-	459,157.75
Total National School Lunch Program	10.555		-	1,523,458.15
Summer Food Service Program for Children	10.559	20006, 20007, 21006, 21007	-	12,873,122.59
<b>Total Child Nutrition Cluster</b>			-	14,413,383.99
<b>Student Financial Assistance Cluster</b>				
United States Department of Education:				
Federal Pell Grant Program	84.063	N/A	-	798,070.11
<b>Special Education Cluster</b>				
United States Department of Education:				
Special Education - Grants to States:	84.027			
Florida Department of Education		263	-	6,625,321.36
University of South Florida		None	-	95,152.95
Total Special Education - Grants to States	84.027		-	6,720,474.31
Special Education - Preschool Grants:				
Florida Department of Education	84.173	267	-	303,838.39
<b>Total Special Education Cluster</b>			-	7,024,312.70
<b>Not Clustered</b>				
<b>United States Department of Agriculture</b>				
Florida Department of Financial Services:				
Schools and Roads - Grants to States	10.665	None	-	115.48
<b>United States Department of Defense</b>				
Public Law 110-417	12.UNK	N/A	-	1,347,543.24
Public Law 106-398	12.UNK	N/A	-	44,415.83
Air Force Junior Reserve Officers Training Corps	12.UNK	N/A	-	236,439.94
Army Junior Reserve Officers Training Corps	12.UNK	N/A	-	132,055.54
Competitive Grants: Promoting K-12 Student Achievement at				
Military-Connected Schools	12.556	N/A	-	381,908.38
Air Force Defense Research Sciences Program	12.800	N/A	-	25,298.04
<b>Total United States Department of Defense</b>			-	2,167,660.97
<b>United States Department of Education</b>				
Impact Aid	84.041	N/A	131,974.25	4,348,878.00
Education Stabilization Fund:	84.425			
Higher Education Emergency Relief Fund - Student Aid Portion	COVID-19, 84.425E	N/A	-	196,665.00
Higher Education Emergency Relief Fund - Institutional Portion	COVID-19, 84.425F	N/A	-	219,291.46
Higher Education Emergency Relief Fund - Fund for the				
Improvement of Postsecondary Education Formula Grant	COVID-19, 84.425N	N/A	-	92,749.70
Florida Department of Education:				
Governor's Emergency Education Relief Fund	COVID-19, 84.425C	123	-	1,065,649.32
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124	44,507.50	9,351,395.25
Total Education Stabilization Fund	84.425		44,507.50	10,925,750.73
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212, 223	351,540.49	6,350,605.72
Career and Technical Education - Basic Grants to States	84.048	161	-	413,996.47
Education for Homeless Children and Youth	84.196	127	-	100,603.72
Charter Schools	84.282	298	11,400.00	11,400.00
English Language Acquisition State Grants	84.365	102	-	68,322.54
Supporting Effective Instruction State Grants	84.367	224	-	888,190.15
Student Support and Academic Enrichment Program	84.424	241	-	470,094.88
<b>Total United States Department of Education</b>			539,422.24	23,577,842.21
<b>Total Expenditures of Federal Awards</b>			\$ 539,422.24	\$ 47,981,385.46

The accompanying notes are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Okaloosa County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position of the District.
- (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance for National School Lunch Program. Includes \$904,686.28 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Impact Aid. Expenditures include \$533,503 for grant number/program year S041B-2020-1256 and \$3,815,375 for grant number/program year S041B-2021-1256.
- (6) COVID-19 National School Lunch Program. The District incurred \$459,157.75 in expenditures for the National School Lunch Program grant in the 2019-20 fiscal year.



Sherrill F. Norman, CPA  
Auditor General

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Okaloosa County District School Board as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 6, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
January 6, 2022



Sherrill F. Norman, CPA  
Auditor General

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

### Report on Compliance for Each Major Federal Program

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

### *Management's Responsibility*

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

### *Auditor's Responsibility*

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

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

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

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

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

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name "Sherrill" and last name "Norman" clearly legible, and "F." as a middle initial.

Sherrill F. Norman, CPA  
Tallahassee, Florida  
January 6, 2022



# **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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## **SECTION I – SUMMARY OF AUDITOR'S RESULTS**

### **Financial Statements**

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

### **Federal Awards**

Internal control over major Federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major Federal programs:	
CFDA Numbers:	Name of Federal Program or Cluster:
10.553, 10.555, and 10.559	Child Nutrition Cluster
84.425	Education Stabilization Fund
Dollar threshold used to distinguish between type A and type B programs:	\$1,439,441
Auditee qualified as low risk auditee?	Yes

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

No matters are reported.

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

No matters are reported.

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

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

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

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

## Appendix B

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## Okaloosa County Property Appraiser

### Parcel Summary

Parcel ID 03-3N-23-0000-0001-0030  
Location Address 5660 JOHN GIVENS RD  
CRESTVIEW 32539  
Neighborhood NORTH COUNTY (100100.00)  
Brief COM SE COR SEC E165.12 FT N04 DEG W1878.25 FT ALG CURVE NWLY 39.20 FT S73 DEG W50.85 FT TO BEG S73 DEG W806.26 FT S16 DEG E 440 FT N73 DEG E713.95 FT N04 DEG E420.93 FT ALG CURVE  
Tax Description\* NWLY 28.69 FT TO POB AS OR  
*\*The Description above is not to be used on legal documents.*  
Property Use Code LIGHT MANU (004100)  
Sec/Twp/Rng 3-3N-23  
Tax District County (District 1)  
Millage Rate 9.6302  
Acreage 7.430  
Homestead N  
Acreage (GIS) 7.43  
Business Name IQOR/ASURION  
Fire District North Okaloosa Fire District

[View Map](#)

### Owner Information

Primary Owner  
[Scott Unlimited LLC](#)  
PO Box 1320  
Destin, FL 325401320

### Address Change Form

[Address Change Form](#)

### Valuation

	2023 Certified Values	2022 Certified Values	2021 Certified Values	2020 Certified Values	2019 Certified Values
Building Value	\$1,688,583	\$1,704,578	\$1,192,110	\$1,414,667	\$1,454,906
Extra Features Value	\$225,330	\$189,119	\$189,119	\$189,119	\$189,119
Land Value	\$240,039	\$236,220	\$220,774	\$218,588	\$218,588
Land Agricultural Value	\$0	\$0	\$0	\$0	\$0
Agricultural (Market) Value	\$0	\$0	\$0	\$0	\$0
Just (Market) Value	\$2,161,952	\$2,129,925	\$1,602,003	\$1,822,374	\$1,862,613
Assessed Value	\$1,938,423	\$1,762,203	\$1,602,003	\$1,822,374	\$1,862,613
Exempt Value	\$0	\$0	\$0	\$0	\$0
Taxable Value	\$1,938,423	\$1,762,203	\$1,602,003	\$1,822,374	\$1,862,613
Cap Diff/Portability Amount	\$223,529	\$367,722	\$0	\$0	\$0

\*Just (Market) Value" description - This is the value established by the Property Appraiser for ad valorem purposes. This value does not represent anticipated selling price.

### 2023 TRIM Notice

[Click Here to view the 2023 TRIM Notice \(PDF\)](#)

**Homestead Application**[Apply for Homestead Exemption](#)**Land Information**

Code	Land Use	Number of Units	Unit Type	Frontage	Depth
001700	1STORY OFF	7.43	AC	0	0

**Building Information**

Building 1  
Type LO-RISE OF  
Total Area 41,736  
Heated Area 38,000  
Exterior Walls MOD METAL;.  
Roof Cover CORG METAL;.  
Interior Walls DRYWL/PLAS;.  
Frame Type STEEL  
Floor Cover VINYL TILE; CARPET  
Heat AIR DUCTED  
Air Conditioning CENTRAL  
Bathrooms 0  
Bedrooms 0  
Stories 1  
Actual Year Built 1987  
Effective Year Built 1997

Building 2  
Type LT MANUF  
Total Area 1,040  
Heated Area 1,000  
Exterior Walls MOD METAL;.  
Roof Cover CORG METAL;.  
Interior Walls MINIMUM;.  
Frame Type STEEL  
Floor Cover CONC FINSH;.  
Heat AIR DUCTED  
Air Conditioning CENTRAL  
Bathrooms 0  
Bedrooms 0  
Stories 1  
Actual Year Built 1987  
Effective Year Built 1997

Building 3  
Type LT MANUF  
Total Area 1,000  
Heated Area 144  
Exterior Walls CONC BLOCK;.  
Roof Cover CORG METAL;.  
Interior Walls MINIMUM;.  
Frame Type MASONARY  
Floor Cover CONC FINSH;.  
Heat NONE  
Air Conditioning NONE  
Bathrooms 0  
Bedrooms 0

11/2/23, 4:14 PM

qPublic.net - Okaloosa County Property Appraiser - Report: 03-3N-23-0000-0001-0030

Stories 1  
 Actual Year Built 1987  
 Effective Year Built 1997

**Extra Features**

Code	Description	Number of Items	Length x Width x Height	Units	Unit Type	Effective Year Built
ASPHAT	ASPHALT C	1	0 x 0 x 0	156,265	SF	1987
CONCRE	CONCRETE C	1	0 x 0 x 0	5,017	SF	1987
WALKCM	WALKWAY C	1	0 x 0 x 0	2,114	SF	1987
SPRKL	SPRINKLER C	1	0 x 0 x 0	38,000	SF	1987
CANOPY	CANOPY	1	0 x 0 x 0	2	UT	2010

**Building Area Types**

Type	Description	Sq. Footage	Year
UST	UNF UTILITY	512	1987
FOP	F OPN PRCH	144	1987
BAS	BASE AREA	38,000	1987
CLP	LOAD PLATF	1,920	1987
CAN	CANOPY	1,160	1987

Type	Description	Sq. Footage	Year
BAS	BASE AREA	1,000	1987
CAN	CANOPY	40	1987

Type	Description	Sq. Footage	Year
FOP	F OPN PRCH	856	1987
BAS	BASE AREA	144	1987

**Sales**

Multi Parcel	Sale Date	Sale Price	Instrument	Book	Page	Qualification	Vacant/Improved	Grantor	Grantee
N	12/17/2012	\$100	WD	<a href="#">3072</a>	<a href="#">1286</a>	Unqualified (U)	Improved	SCOTT JOHN L JR & BEVERLY	SCOTT UNLIMITED LLC
N	07/01/1986	\$100	WD	<a href="#">1759</a>	<a href="#">1179</a>	Unqualified (U)	Improved		SCOTT JOHN L JR & BEVERLY
N	07/01/1986	\$225,000	WD	<a href="#">1353</a>	<a href="#">444</a>	Qualified (Q)	Improved		
N	08/01/1984	\$100	SD	<a href="#">1258</a>	<a href="#">933</a>	Unqualified (U)	Vacant		

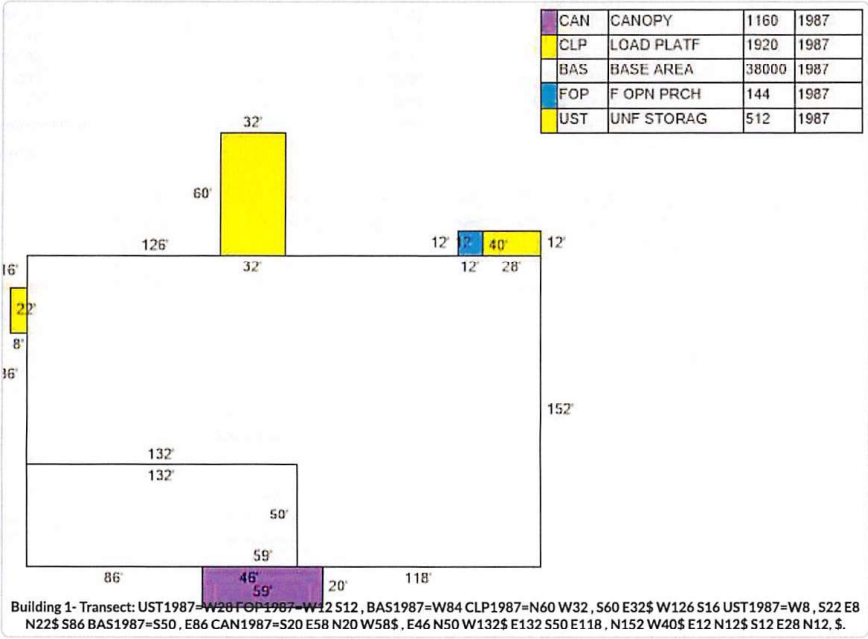
**Permits**

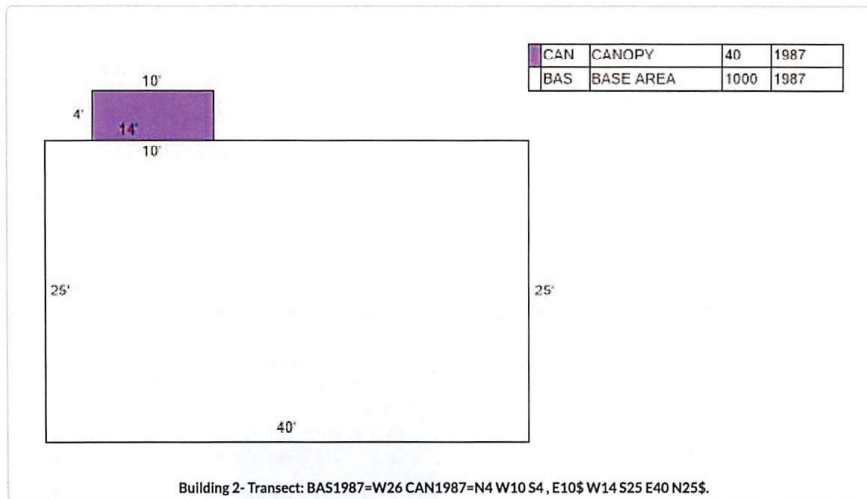
Permit Number	Type	Description	Issued	Amount
388540	0013	REMODEL	20150514	\$15,000
295835	0024	RE-ROOF	20060517	\$125,451
239385	0019	XFOB	20030106	\$0
239618	0019	XFOB	20021230	\$0
236568	0013	REMODEL	20021018	\$120,000
230681	0019	XFOB	20020423	\$10,000
139822	0019	XFOB	19990427	\$2,426
136442	0013	REMODEL	19981002	\$500,000
136294	0016	DEMOLISH	19980921	\$0

2023 Property Record Card

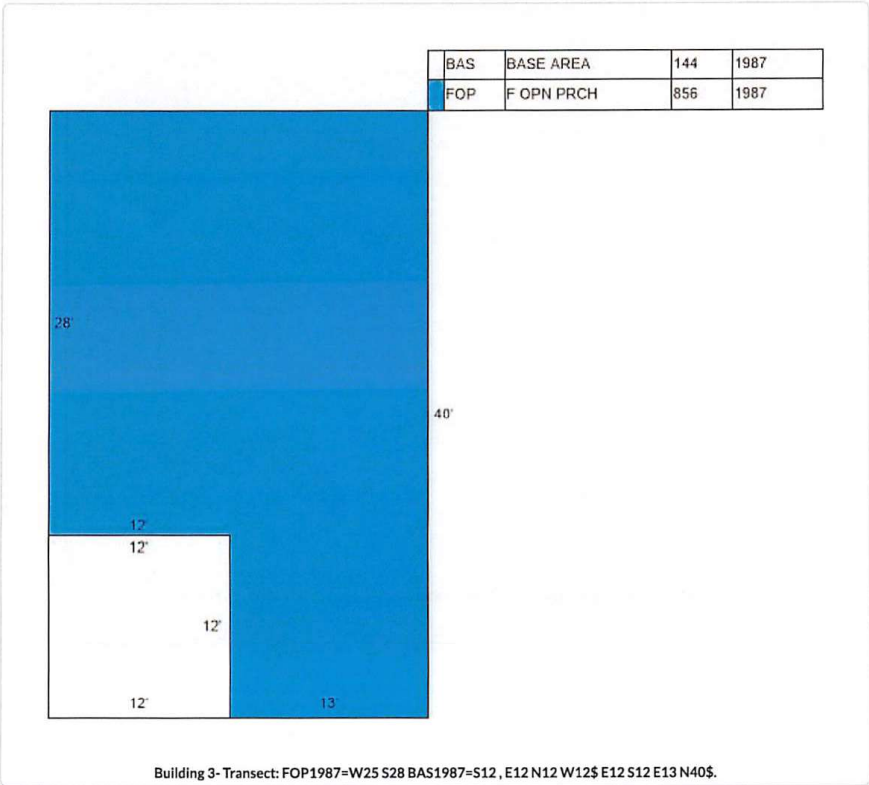
[Click Here to view the 2023 Property Record Card \(PDF\)](#)

Sketches









[Print Sketches](#)

### Generate Owner List by Radius

Distance:

100

Feet



Use Address From:

☒ Owner ☐ Property

Select export file format:

Address labels (5160)



☒ Show All Owners

☐ Show Parcel ID on Label

Skip Labels

0

International mailing labels that exceed 5 lines are not supported on the Address labels (5160). For international addresses, please use the .xlsx, .csv or .tab download formats.

Download

The Okaloosa County Property Appraiser's Office (OCPA) makes every effort to produce the most accurate information possible. No warranties, expressed or implied, are provided for the data herein, its use or interpretation. Just (Market) Value is established by the Property Appraiser for ad valorem tax purposes. It does not represent anticipated selling price. Current year assessments are as of January 1st and are based on previous year sales activity. All website information is subject to change.

[User Privacy Policy](#) | [GDPR Privacy Notice](#)

Last Data Upload: 11/2/2023, 9:12:26 AM

[Contact Us](#)

Developed by  
 **Schneider**  
GEOSPATIAL



## 5660 John Givens Rd

38,500 SF | Office Building | Crestview, FL | \$4,000,000 (\$104/SF)

Office Space / Florida / Crestview / 5660 John Givens Rd, Crestview, FL 32539

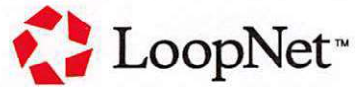


Call



Message





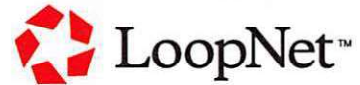
## 5660 John Givens Rd

38,500 SF | Office Building | Crestview, FL | \$4,000,000 (\$104/SF)



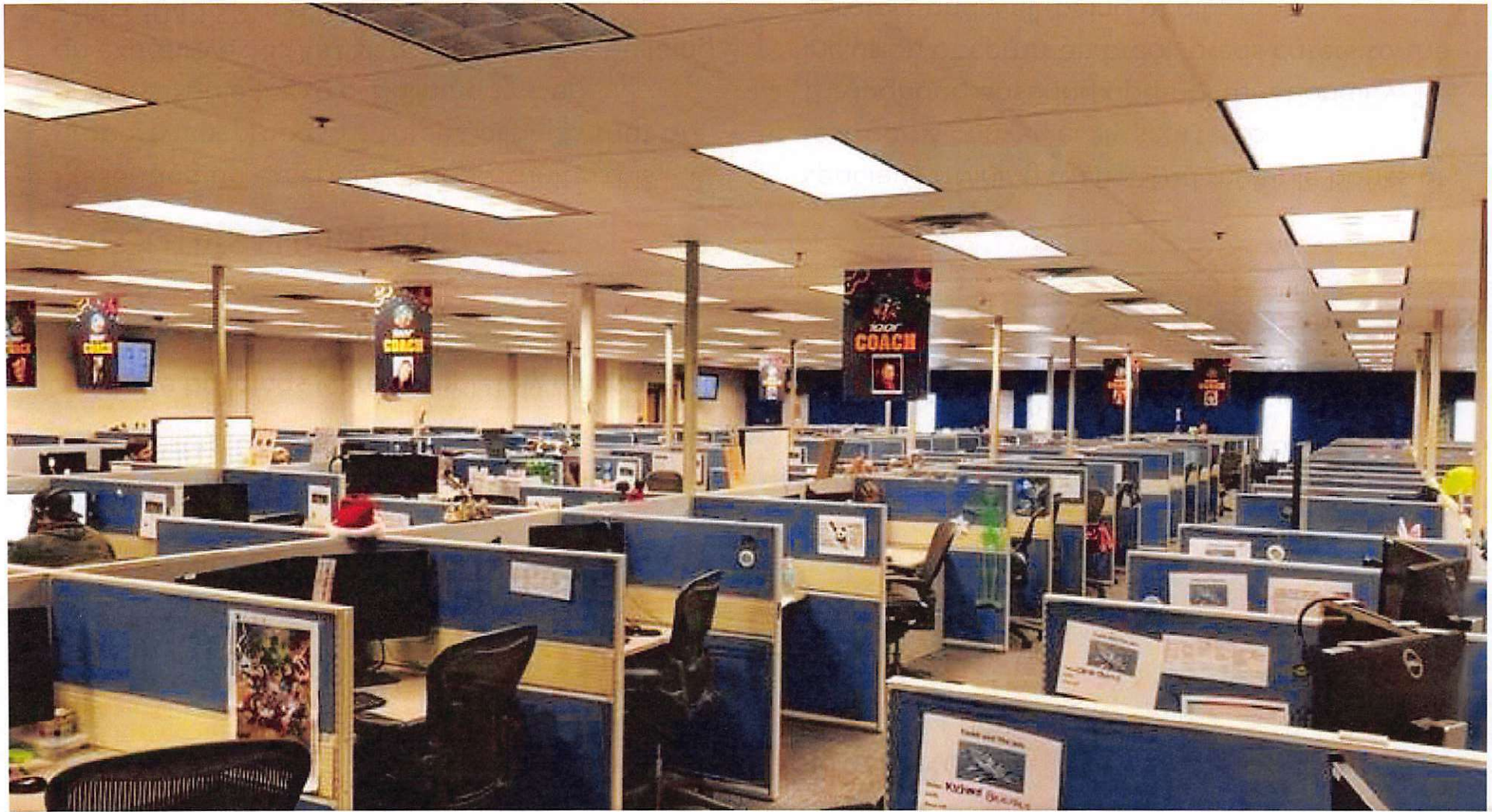
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## 5660 John Givens Rd

38,500 SF | Office Building | Crestview, FL | \$4,000,000 (\$104/SF)



Message





## 5660 John Givens Rd

38,500 SF | Office Building | Crestview, FL | \$4,000,000 (\$104/SF)



### INVESTMENT HIGHLIGHTS

Currently Used as a Call Center. Could be converted back to Industrial

All the buildings were completely renovated in 2011

Multiple Call Center Stations, Conference Rooms, Private Offices, Break Room and Workout Room

### EXECUTIVE SUMMARY

Presenting an exceptional opportunity, this property encompasses three buildings that are now available for sale. Building 1 offers an expansive 38,000 SF of space, while Building 2 offers 1040 SF and Building 3 offers 1000 SF. Impeccably maintained over the years, Recent Roof inspection shows, roof system is in Excellent condition. This facility showcases a

spacious training rooms and multiple banks of restrooms conveniently scattered throughout, ensuring optimal functionality. The inclusion of common break areas caters to the comfort and well-being of all employees. All buildings are completely Fire Protected with an automatic fire sprinkler systems, an alarm system, and all the

Message

5660 John Givens Rd

38,500 SF | Office Building | Crestview, FL | \$4,000,000 (\$104/SF)

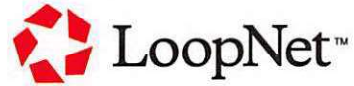
ATTACHMENTS

[5660\\_John\\_Givens\\_Rd\\_Sale\\_Brochure](#) ↓

PROPERTY FACTS

Sale Type	Owner User
Property Type	Office
Property Subtype	Industrial Live/Work Unit
Building Size	38,500 SF
Building Class	B
Year Built	1987
Price	\$4,000,000
Price Per SF	\$104
Tenancy	Multiple
Building Height	1 Story
Typical Floor Size	38,500 SF

Message



## 5660 John Givens Rd

38,500 SF | Office Building | Crestview, FL | \$4,000,000 (\$104/SF)



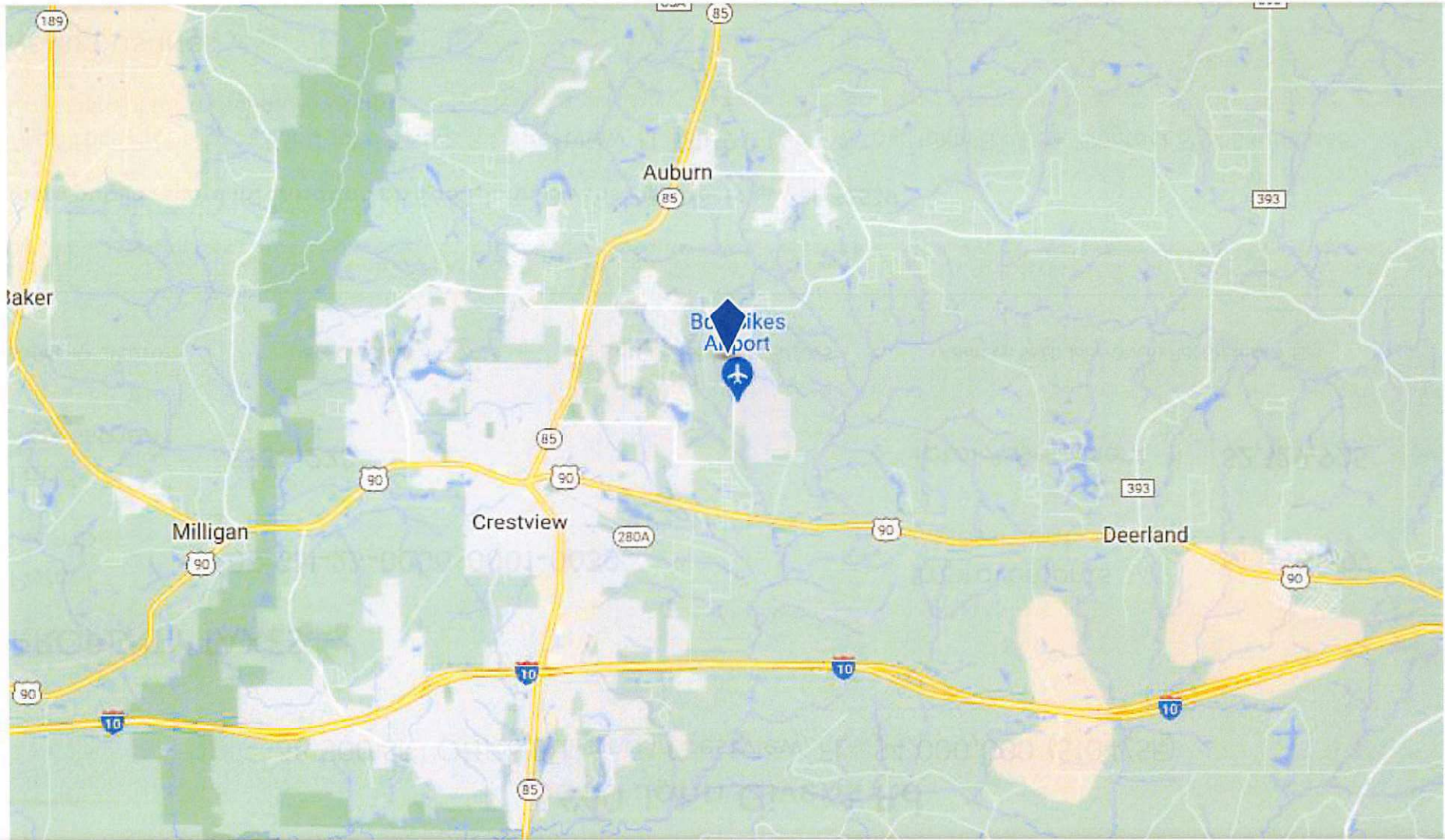
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## 5660 John Givens Rd

38,500 SF | Office Building | Crestview, FL | \$4,000,000 (\$104/SF)



Message



## 5660 John Givens Rd

38,500 SF | Office Building | Crestview, FL | \$4,000,000 (\$104/SF)

### PROPERTY TAXES

Parcel Number      **03-3N-23-0000-0001-0030**

Improvements Assessment      **\$1,893,697**

Land Assessment      **\$236,228**

Total Assessment      **\$2,129,925**

Listing ID: 29022026

Date Created: 7/17/2023

Last Updated: 10/26/2023

Address: 5660 John Givens Rd, Crestview, FL

### [More public record information on 5660 John Givens Rd, Crestview, FL 32539](#)

The Office Property at 5660 John Givens Rd, **Crestview**, FL **32539** is currently available For Sale. Contact SVN SouthLand Commercial for more information.

### NEARBY LISTINGS

[758 N Ferdon Blvd, Crestview FL](#)

[998 S Ferdon Blvd, Crestview FL](#)

[426 W James Lee Blvd, Crestview FL](#)

Message



## 5660 John Givens Rd

38,500 SF | Office Building | Crestview, FL | \$4,000,000 (\$104/SF)

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Message

## Appendix C

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# ACCREDITED INSTITUTION

**Okaloosa Technical College**  
*1976 Lewis Turner Blvd., Ft. Walton Beach, FL*

*is accredited by the  
Commission of the Council on Occupational Education  
and is entitled to the recognition and privileges resulting therefrom.*

*Dr. Lois Richards RN*

**Dr. Lois Richards RN**  
**Chair**



*Gary Puckett*

**Gary Puckett**  
**Executive Director**

ID#: 104700  
Effective Date: July 1, 2022  
Expiration Date: June 30, 2023



## 104700 - Okaloosa Technical College

Campus Id #	Campus Type	Chief Administrative Officer Name
104700	Main Campus	Jon Williams
Chief Administrative Officer Email	Phone	Fax
williamsj2@Okaloosaschools.com	8508333500	8508333466
Status	Date Candidate Status Granted	Date of Candidate Initial
Active	1978-11-11	Accreditation 1979-11-11
Next Team Visit Year	Self Study Workshop Date	Reaffirmation Delayed From Date
2024-11-11	2015-11-02	
Final Approval Date		

## COE Approved Programs

Changes to this list must be submitted in accordance with COE policies and procedures as outlined in the latest [Handbook of Accreditation and Policies and Rules manuals](#). Use Council application forms found on the Council website under [Documents/Applications and Forms](#).

CIP Code	Program Description	Secondary Students Only	Quarter Hours	Semester Hours	Clock Hours	Instructional Delivery Method	Degree	Teachout End Date	Status	New?
11.1003	Applied Cybersecurity	No	0	0	750	T			Active	No
47.0604 1	Automotive Service Technology 1	No	0	0	1050	T			Active	No
47.0604 2	Automotive Service Technology 2	No	0	0	750	T			Active	No
46.0415	Building Trades and Construction Design Technology	No	0	0	900	T			Active	No
46.0201	Carpentry	No	0	0	1200	T			Active	No
11.0901	Computer Systems and Information Technology	No	0	0	900	T			Active	No
12.0403	Cosmetology	No	0	0	1200	T			Active	No
46.0302	Electrician	No	0	0	1500	T			Active	No
15.0501	Heating, Ventilation, Air-Conditioning/Refrigeration 1	No	0	0	750	T			Active	No
15.0501	Heating, Ventilation, Air-Conditioning/Refrigeration 2	No	0	0	600	T			Active	No
47.0616	Marine Service Technologies	No	0	0	1350	T			Active	No
17.0605	Practical Nursing	No	0	0	1350	T			Active	No
12.0503	Professional Culinary Arts & Hospitality	No	0	0	1200	T			Active	No
15.1703	Solar Photovoltaic System Design, Installation and Maint-Entry Level	No	0	0	600	T			Active	No
99.0007	Specialized Career Instruction - Comprehensive	No	0	0	900	T			Active	No
15.1202	Technology Support Services	No	0	0	600	T			Active	No
48.0508	Welding Technology	No	0	0	1050	T			Active	No

## **Appendix D**

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**NON-BINDING  
CONFIDENTIAL LETTER OF INTENT**

**Buyer:** The School Board of Okaloosa County, Florida  
120 Lowrey Place SE  
Fort Walton Beach, Florida 32548

**Seller:** Scott Unlimited, LLC  
P. O. Box 1320  
Destin, Florida 32540

**Property Address:** 5660 John Givens Parkway, Crestview, FL 32539

**Property Description:** 40,040 +/- SF on 7.49 +/- Acres

**Purchase Price:** \$4,000,000 (Subject to Appraisal paid by Buyer)

**Escrow Deposit:** \$100,000 Refundable During Initial Sixty (60) Day Inspection Period

**Inspection Period:** Sixty (60) Day Inspection from date of final School Board approval of Contract and Thirty (30) Days to Close thereafter.

**Closing Costs:**

Title Insurance/Commitment	Buyer
Costs Related to Financing	Buyer
Doc Stamps on Deed	Seller
Recording Fees	Seller
Real Estate Fees	Seller
Survey	Buyer
Environmental Reports:	Buyer
Buyer to select closing agent	

**Real Estate Fees:** Brokerage services provided by Michael Carro with SVN Southland and Marc Strauss with Marcus & Millichap. Fees paid by Seller

**Special Instructions:** Property to be sold "As Is" and Free of any Liens. Buyer will be seeking full funding from Grants to purchase the Property and will be subject to their timelines and approvals. If Grant funding is not received in sufficient time to fund the Closing transaction, then the Buyer shall be entitled to terminate the Contract and receive a full refund of the Escrow Money Deposit. Purchase

Contract will be subject to School Board approval after a properly noticed public hearing.

This non-binding letter of intent shall expire if not signed without amendment by Seller and returned by buyer's agent no later than 5:00 PM CST **October 26, 2023**.

The parties below agree to the terms and conditions of this non-binding letter of intent and agree to move toward a binding agreement.

BUYER:


The School Board of Okaloosa County, Florida

By:   
Diane Kelley, Chairman

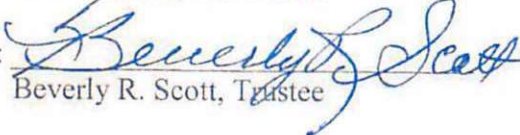
Date: 10-23-2023

SELLER:

Scott Unlimited, LLC

By:   
John L. Scott, Jr., Trustee

Date: 10-13-23

By:   
Beverly R. Scott, Trustee