

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2024-177
March 2024

**HILLSBOROUGH COUNTY
DISTRICT SCHOOL BOARD**

For the Fiscal Year Ended
June 30, 2023



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2022-23 fiscal year, Van Ayres served as Interim Superintendent of the Hillsborough County Schools from June 27, 2023, Addison Davis served as Superintendent before that date, and the following individuals served as School Board Members:

	<u>District No.</u>
Nadia Combs, Chair	1
Dr. Stacy Hahn	2
Jessica Vaughn	3
Patricia "Patti" Rendon from 11-22-22	4
Melissa Snively through 11-21-22	4
Henry "Shake" Washington, Vice Chair	5
Karen Perez	6
Lynn Gray	7

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 Sarah R. Polo, CPA, and the audit was supervised by Anna A. McCormick, CPA.

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

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of the Hillsborough 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 Education Stabilization Fund, Adult Education, and Title I programs were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs.

AUDIT OBJECTIVES AND SCOPE

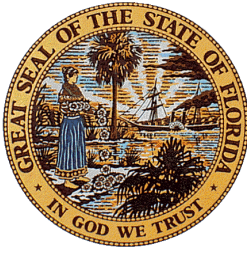
Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. Our audit objectives were also to obtain reasonable assurance about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

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements and material noncompliance with Federal awards requirements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements and accompanying Schedule of Expenditures of Federal Awards.
- Concluded whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

- Examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.
- Determined whether corrective actions were taken for the financial statement finding included in the prior audit report.

AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA
Auditor General

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Hillsborough County District School Board, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying 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 Hillsborough County District School Board, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows, thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns as of June 30, 2023. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the financial statements of the aggregate discretely presented component units, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*).

Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Budgetary Comparison Schedule – General and Major Special Revenue Funds**, **Schedule of Changes in the District's Total OPEB Liability and Related Ratios**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, **Schedule of Changes in Net Position Liability and Related Ratios – Early Retirement Plan**, **Schedule of District Contributions – Early Retirement Plan**, **Schedule of Investment Returns – Early Retirement Plan**, and **Notes to Required Supplementary Information** be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 26, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The School District of Hillsborough County's (the "District") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the District's basic financial statements. The District's 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 contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances in a manner similar to the corporate private sector.

The statement of net position details information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the assets plus deferred outflows of resources minus liabilities and deferred inflows of resources being reported as net position. This statement combines the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District has changed.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying obligation/event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or component units.

The government-wide financial statements include not only the District but its component units as well. The Hillsborough School Board Leasing Corporation, although legally separate, functions for all practical purposes, as a department of the District, and therefore has been included as an integral part of the primary government. Several separate public charter schools are included as discretely presented component units.

Key financial highlights included assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$1,662,226,892.48 (net position). Of this amount (\$1,118,567,032.80) represents a deficit unrestricted net position. This deficit balance decreased this year, but overall, is

attributed to the effects of the long-term liabilities. See Notes II.D.1., II.D.2., II.E., and II.H.3. to the financial statements for additional information.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. 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. Funds are established for various purposes and the Fund Financial Statements allow for the demonstration of sources and uses and/or budgeting compliance associated therewith. All funds of the District can be divided into three major categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds focus on the sources and uses of liquid resources and balances of spendable resources available at the end of the fiscal year.

This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Because the focus is narrower than that of government-wide financial statements, it is useful to compare it to the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term financial 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.

Reconciliation between the government-wide and the governmental fund financial information is necessary because of the different measurement focus (current financial resources versus economic resources); such reconciliation is reflected on the page following each statement. The flow of current financial resources reflects bond proceeds and interfund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation eliminates these transactions and incorporates the capital assets and long-term obligations (bonds and others) into the governmental activities column in the government-wide statements.

The District maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue – Other Fund, Special Revenue – Federal Education Stabilization Fund, and Capital Projects – Other Fund that are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation.

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

Proprietary Funds: The District maintains internal service funds as its only proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the

District's various functions. The District uses internal service funds to account for its group health insurance, workers' compensation, and general liability self-insurance activities.

Fiduciary Funds: Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties. The District has two types of Fiduciary Funds, a pension trust fund and custodial funds. The pension trust fund is used for the balances and activities of the early retirement program. The custodial funds are used for the balances and activities of the school's internal accounts. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The District excludes these activities from the government-wide financial statements because the District cannot use these assets to finance any of its ongoing operations.

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 other postemployment benefits and net pension liabilities and early retirement plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. In the case of the District, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$1,662,226,892.48 at the end of the current fiscal year.

By far, the largest portion of the District's net position reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt and deferred outflows used to acquire those assets that is still outstanding. The District uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The following is a summary of the District's net position as of June 30, 2023, compared to net position as of June 30, 2022:

Net Position, End of Year

	Governmental Activities	
	6-30-23	6-30-22
Current and Other Assets	\$ 1,091,771,414.14	\$ 910,815,736.74
Capital Assets	2,723,722,311.26	2,543,281,203.51
Total Assets	3,815,493,725.40	3,454,096,940.25
Deferred Outflows of Resources	488,884,240.62	477,645,092.13
Current and Other Liabilities	200,293,276.73	194,588,879.03
Long-Term Liabilities	2,201,191,604.18	1,690,895,876.22
Total Liabilities	2,401,484,880.91	1,885,484,755.25
Deferred Inflows of Resources	240,666,192.63	791,267,121.79
Net Position:		
Net Investment in Capital Assets	2,150,971,670.85	1,896,623,395.91
Restricted	629,822,254.43	586,711,574.14
Unrestricted (Deficit)	(1,118,567,032.80)	(1,228,344,814.71)
Total Net Position	\$ 1,662,226,892.48	\$ 1,254,990,155.34

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The District's net position increased by \$407,236,737.14 from last year due to current year operations and decreases in long-term debt. Specifically, cash increased due to increase in property tax revenues; long-term liabilities increased and deferred inflows of resources decreased due to the current year Florida Retirement System valuations; and the increase in net investment in capital assets was due to increases in expenditures for construction projects and renovation.

Governmental Activities

Governmental activities increased the District's net position by \$407,236,737.14. Key elements of this increase are as follows:

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-23	6-30-22
Program Revenues:		
Charges for Services	\$ 35,124,244.85	\$ 26,536,038.34
Operating Grants and Contributions	123,903,843.33	132,207,569.11
Capital Grants and Contributions	18,289,960.99	11,113,874.94
General Revenues:		
Property Taxes, Levied for Operational Purposes	603,947,743.14	553,901,141.81
Property Taxes, Levied for Capital Projects	227,066,542.23	191,026,488.85
Local Sales Taxes	227,613,704.14	229,876,196.63
Grants and Contributions Not Restricted to Specific Programs	1,698,643,368.05	1,508,262,327.95
Unrestricted Investment Earnings	30,472,434.36	1,460,792.58
Miscellaneous	169,943,252.63	212,155,272.18
Special Items	-	(234,547.14)
Total Revenues	3,135,005,093.72	2,866,305,155.25
Functions/Program Expenses:		
Instruction	1,512,189,662.44	1,326,488,174.32
Student Support Services	112,071,145.57	100,943,788.15
Instructional Media Services	25,051,453.59	22,601,949.56
Instruction and Curriculum Development Services	71,258,301.68	59,175,228.82
Instructional Staff Training Services	31,276,986.77	24,888,934.65
Instruction-Related Technology	45,447,761.06	38,408,974.02
Board	2,624,190.00	2,611,276.04
General Administration	25,064,864.00	17,298,639.97
School Administration	122,958,459.26	90,690,477.21
Facilities Acquisition and Construction	289,828,452.83	253,157,850.62
Fiscal Services	8,163,120.55	7,988,275.59
Food Services	148,221,997.97	119,712,343.95
Central Services	27,408,147.41	19,512,870.14
Student Transportation Services	73,463,903.89	63,883,807.54
Operation of Plant	157,045,033.14	134,510,437.44
Maintenance of Plant	31,783,051.48	26,803,213.77
Administrative Technology Services	147,272.66	186,008.97
Community Services	22,898,147.73	17,574,885.19
Unallocated Interest on Long-Term Debt	20,866,404.55	18,154,568.03
Total Functions/Program Expenses	2,727,768,356.58	2,344,591,703.98
Change in Net Position	407,236,737.14	521,713,451.27
Net Position - Beginning	1,254,990,155.34	733,276,704.07
Net Position - Ending	\$ 1,662,226,892.48	\$ 1,254,990,155.34

The decrease in operating grants and contributions of \$8,317,155.78 is a result of a decrease in food service activity. Property taxes for operational purposes increased \$50,056,742.33 and property taxes for capital projects increased \$36,040,053.38 during the year as a result of an increase in assessed values. The voter approved sales tax referendum added \$182,031,643.89 of revenue earmarked for

school renovations and major improvements. Grants and contributions not restricted to specific programs increased over the prior year due to an increase in Federal Education Stabilization funds. Instruction expenses increased primarily due to an increase in payments made to the charter schools.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$886,530,673.86, an increase of \$185,181,963.96 as compared to the prior year.

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$253,680,125.80, while the total fund balance was \$330,038,940.98. The fund balance of the District's General Fund increased by \$143,899,322.66 during the current fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14 percent of total General Fund expenditures, while total fund balance represents 18 percent of that same amount. The fund balance increase of \$143,899,322.66 in the current year was primarily due to increases in revenues from State programs and local taxes.

The Special Revenue – Other Fund is used to account for funds from the State or Federal Government which are restricted for Federal programs. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Special Revenue – Federal Education Stabilization Fund is used to account for certain Federal funding provided as emergency relief to school districts to address the impact of the COVID-19 on elementary and secondary schools. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Other Fund had a decrease in fund balance of \$16,423,126.69 from the prior year fund balance of \$257,186,767.51 to a current year fund balance of \$240,763,640.82. This change was primarily due to an increase in expenditures related to new construction, major renovations, and repairs.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the District revises its budget and brings amendments to the Board on a monthly basis. These amendments are needed to adjust to actual revenues and direct resources where needed. The Board approves the final amendment to the budget after year end.

Actual expenditures were \$119,698,418.20 below the final amended expenditure budget. Unexpended appropriations of \$119,698,418.20 were composed of the following: (1) \$70,389,913.39 in restricted programs, (2) \$5,968,901.79 categorized as non-spendable, and (3) \$43,339,603.02 in other unexpended budget items.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District’s investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$2,723,722,311.26 (net of accumulated depreciation). This investment in capital assets includes land; land improvements; construction in progress; improvements other than buildings; buildings and systems; furniture, fixtures, and equipment; other improvements; motor vehicles; and computer software.

	Governmental Activities	
	2023	2022
Land	\$ 163,103,086.42	\$ 163,103,086.42
Land Improvements	95,769,611.31	95,769,611.31
Construction in Progress	220,178,136.29	121,702,235.81
Improvements Other than Buildings	90,956,249.33	81,164,922.84
Buildings and Systems	2,067,415,841.44	1,996,509,833.32
Furniture, Fixtures and Equipment	37,814,261.79	29,897,250.97
Other Improvements	5,877,744.37	6,009,348.59
Motor Vehicles	42,127,752.91	48,832,219.54
Computer Software	479,627.40	292,694.71
Total Capital Assets, Net	\$ 2,723,722,311.26	\$ 2,543,281,203.51

This year’s addition of \$312,271,247.78 excluding transfers from construction in progress, is comprised of several renovation projects. The total of capital assets increased due to renovation and repair funded by the voter-approved sales tax referendum.

See Note II.C. to the financial statements for more information on the District’s capital assets.

Long-Term Debt

At the end of the current fiscal year, the District had total borrowed and bonded debt outstanding of \$576,690,207.74, which includes unamortized premiums of \$39,675,207.74.

	2023	2022
Bonds Payable	\$ 89,729,885.06	\$ 109,771,982.30
Certificates of Participation	486,960,322.68	536,885,825.31
Total Long-term Debt	\$ 576,690,207.74	\$ 646,657,807.61

The District’s total borrowed and bonded debt decreased by \$69,967,599.87 (net of repayment of principal on outstanding debt) during the current fiscal year. The decrease is approximately equal to the payment of principal.

The District's bond ratings are as follows:

	<u>Sales Tax Revenue Bonds</u>
	<u>Underlying</u>
Moody's	A2
Standard & Poor's	A
Fitch IBCA	A-

	<u>Certificates of Participation</u>
	<u>Underlying</u>
Moody's	A2
Standard & Poor's	A
Fitch IBCA	A-

Additional information on the District's long-term debt can be found in Notes II.H.1. through II.H.3. to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School District of Hillsborough Count's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report for additional financial information should be addressed to Accounting Services, 901 E. Kennedy Blvd., Tampa, Florida 33602, or call (813) 272-4292.

BASIC FINANCIAL STATEMENTS

Hillsborough County District School Board Statement of Net Position June 30, 2023

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Units</u>
ASSETS		
Cash	\$ 574,689,119.40	\$ 70,597,365.00
Investments	342,602,161.64	17,750,021.00
Accounts Receivable	5,647,285.08	2,412,721.00
Due from Other Agencies	161,522,289.11	21,977,748.00
Prepaid Items	-	3,719,971.00
Inventories	7,310,558.91	-
Other Current Assets	-	4,277,541.00
Capital Assets:		
Nondepreciable Capital Assets	479,050,834.02	22,197,955.00
Depreciable Capital Assets, Net	2,244,671,477.24	451,541,798.00
TOTAL ASSETS	<u>3,815,493,725.40</u>	<u>594,475,120.00</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	403,962,679.00	-
OPEB	68,970,629.00	-
Deferred Charge on Debt Refunding	15,950,932.62	-
Leases	-	3,186,978.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>488,884,240.62</u>	<u>3,186,978.00</u>
LIABILITIES		
Accrued Salaries and Benefits	994,545.70	8,919,352.00
Payroll Deductions and Withholdings	31,663,683.63	770,359.00
Accounts Payable	96,210,155.45	10,998,786.00
Construction Contracts Payable - Retainage Payable	10,165,464.28	-
Due to Other Agencies	14,818,569.09	340,374.00
Accrued Interest Payable	9,699,714.45	2,433,437.00
Deposits Payable	17,947.49	-
Unearned Revenue	36,723,196.64	2,300,957.00
Long-Term Liabilities:		
Portion Due Within 1 Year	96,252,701.63	20,219,800.00
Portion Due After 1 Year	2,104,938,902.55	474,127,270.00
TOTAL LIABILITIES	<u>2,401,484,880.91</u>	<u>520,110,335.00</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	113,883,602.00	-
OPEB	124,937,446.00	-
Deferred Charge on Debt Refunding	1,845,144.63	-
Leases	-	928,143.00
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>240,666,192.63</u>	<u>928,143.00</u>
NET POSITION		
Net Investment in Capital Assets	2,150,971,670.85	(5,939,536.00)
Restricted for:		
State Required Carryover Programs	44,734,298.25	-
Debt Service	130,047,688.57	6,222,846.00
Capital Projects	360,950,005.55	739,907.00
Food Service	64,152,381.64	-
Other Purposes	29,937,880.42	3,768,335.00
Unrestricted	(1,118,567,032.80)	71,832,068.00
TOTAL NET POSITION	<u>\$ 1,662,226,892.48</u>	<u>\$ 76,623,620.00</u>

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

**Hillsborough County District School Board
Statement of Activities
For the Fiscal Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Instruction	\$ 1,512,189,662.44	\$ 18,173,151.23	\$ -	\$ -
Student Support Services	112,071,145.57	-	-	-
Instructional Media Services	25,051,453.59	-	-	-
Instruction and Curriculum Development Services	71,258,301.68	-	-	-
Instructional Staff Training Services	31,276,986.77	-	-	-
Instruction-Related Technology	45,447,761.06	-	-	-
Board	2,624,190.00	-	-	-
General Administration	25,064,864.00	-	-	-
School Administration	122,958,459.26	-	-	-
Facilities Acquisition and Construction	289,828,452.83	-	-	16,784,792.95
Fiscal Services	8,163,120.55	-	-	-
Food Services	148,221,997.97	15,384,096.03	123,903,843.33	-
Central Services	27,408,147.41	-	-	-
Student Transportation Services	73,463,903.89	1,566,997.59	-	-
Operation of Plant	157,045,033.14	-	-	-
Maintenance of Plant	31,783,051.48	-	-	-
Administrative Technology Services	147,272.66	-	-	-
Community Services	22,898,147.73	-	-	-
Unallocated Interest on Long-Term Debt	20,866,404.55	-	-	1,505,168.04
Total Primary Government	\$ 2,727,768,356.58	\$ 35,124,244.85	\$ 123,903,843.33	\$ 18,289,960.99
Component Units				
Charter Schools	\$ 372,253,450.00	\$ 10,958,634.00	\$ 43,671,029.00	\$ 13,984,975.00

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

Transfers:

Charter School Transfer

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

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

Primary Government	
Governmental Activities	Component Units
\$ (1,494,016,511.21)	\$ -
(112,071,145.57)	-
(25,051,453.59)	-
(71,258,301.68)	-
(31,276,986.77)	-
(45,447,761.06)	-
(2,624,190.00)	-
(25,064,864.00)	-
(122,958,459.26)	-
(273,043,659.88)	-
(8,163,120.55)	-
(8,934,058.61)	-
(27,408,147.41)	-
(71,896,906.30)	-
(157,045,033.14)	-
(31,783,051.48)	-
(147,272.66)	-
(22,898,147.73)	-
(19,361,236.51)	-
<u>(2,550,450,307.41)</u>	<u>-</u>
-	<u>(303,638,812.00)</u>
603,947,743.14	-
227,066,542.23	-
227,613,704.14	-
1,698,643,368.05	32,589,194.00
30,472,434.36	-
169,943,252.63	263,491,205.00
-	<u>13,964,720.00</u>
<u>2,957,687,044.55</u>	<u>310,045,119.00</u>
407,236,737.14	6,406,307.00
<u>1,254,990,155.34</u>	<u>70,217,313.00</u>
<u>\$ 1,662,226,892.48</u>	<u>\$ 76,623,620.00</u>

**Hillsborough County District School Board
Balance Sheet – Governmental Funds
June 30, 2023**

	<u>General Fund</u>	<u>Special Revenue - Other Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>
ASSETS			
Cash	\$ 183,486,477.96	\$ 1,836,866.10	\$ 3,598,143.24
Investments	181,657,994.07	-	-
Accounts Receivable	4,638,212.99	4,081.10	-
Due from Other Funds	54,275,008.61	1,914,783.94	189,807.25
Due from Other Agencies	1,828,565.87	26,585,371.50	35,131,186.32
Inventories	5,968,901.79	-	-
TOTAL ASSETS	\$ 431,855,161.29	\$ 30,341,102.64	\$ 38,919,136.81
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	\$ 994,545.70	\$ -	\$ -
Payroll Deductions and Withholdings	31,663,683.63	-	-
Accounts Payable	37,197,165.51	4,532,154.86	1,839,970.00
Due to Other Funds	15,874,432.55	21,887,422.49	27,656,106.43
Due to Other Agencies	14,818,189.39	379.70	-
Deposits Payable	7,932.34	2,248.90	-
Unearned Revenue	1,260,271.19	3,918,896.69	9,423,060.38
Total Liabilities	101,816,220.31	30,341,102.64	38,919,136.81
Fund Balances:			
Nonspendable:			
Inventories	5,968,901.79	-	-
Restricted for:			
State Required Carryover Programs	65,710,663.51	-	-
Local Carryover Programs	4,679,249.88	-	-
Food Service	-	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Total Restricted Fund Balance	70,389,913.39	-	-
Unassigned Fund Balance	253,680,125.80	-	-
Total Fund Balances	330,038,940.98	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 431,855,161.29	\$ 30,341,102.64	\$ 38,919,136.81

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

Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ 159,797,248.73	\$ 208,459,963.99	\$ 557,178,700.02
18,418,653.86	110,367,646.89	310,444,294.82
6,065.30	750,962.80	5,399,322.19
78,871.00	3,974,533.35	60,433,004.15
91,757,135.92	5,801,322.40	161,103,582.01
-	1,341,657.12	7,310,558.91
<u>\$ 270,057,974.81</u>	<u>\$ 330,696,086.55</u>	<u>\$ 1,101,869,462.10</u>
\$ -	\$ -	\$ 994,545.70
-	-	31,663,683.63
28,079,606.70	9,035,071.09	80,683,968.16
1,207,101.02	4,736,275.62	71,361,338.11
-	-	14,818,569.09
7,626.27	139.98	17,947.49
-	1,196,507.80	15,798,736.06
<u>29,294,333.99</u>	<u>14,967,994.49</u>	<u>215,338,788.24</u>
-	1,341,657.12	7,310,558.91
-	-	65,710,663.51
-	-	4,679,249.88
-	64,152,381.64	64,152,381.64
-	130,047,688.57	130,047,688.57
240,763,640.82	120,186,364.73	360,950,005.55
<u>240,763,640.82</u>	<u>314,386,434.94</u>	<u>625,539,989.15</u>
-	-	253,680,125.80
<u>240,763,640.82</u>	<u>315,728,092.06</u>	<u>886,530,673.86</u>
<u>\$ 270,057,974.81</u>	<u>\$ 330,696,086.55</u>	<u>\$ 1,101,869,462.10</u>

**Hillsborough County District School Board
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023**

Total Fund Balances - Governmental Funds \$ 886,530,673.86

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. 2,723,722,311.26

The following deferred outflows are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflows Related to Refunding	\$	15,950,932.62	
Deferred Outflows Related to Other Postemployment Benefits		68,970,629.00	
Deferred Outflows Related to Pensions		403,962,679.00	488,884,240.62

The following deferred inflows are applicable to future periods and, therefore, are not reported in the funds.

Deferred Inflows Related to Refunding	\$	(1,845,144.63)	
Deferred Inflows Related to Other Postemployment Benefits		(124,937,446.00)	
Deferred Inflows Related to Pensions		(113,883,602.00)	(240,666,192.63)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 4,282,265.28

Long-term liabilities, including unamortized premiums, are not due and payable in the current period and, therefore, are not reported in the funds.

Other Postemployment Benefits Payable	\$	(188,400,813.00)	
Bonds Payable		(89,729,885.06)	
Certificates of Participation Payable		(486,960,322.68)	
Compensated Absences Payable		(186,600,727.44)	
Net Pension Liability		(1,228,969,479.00)	(2,180,661,227.18)

Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds. (9,699,714.45)

Accrued construction retainage payable is not due and payable in the current period and, therefore, is not reported in the funds. (10,165,464.28)

Net Position - Governmental Activities **\$ 1,662,226,892.48**

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

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**Hillsborough County District School Board
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Special Revenue - Other Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>
Revenues			
Intergovernmental:			
Federal Direct	\$ 3,269,982.34	\$ 4,583,537.86	\$ -
Federal Through State and Local State	3,315,039.65 1,227,817,854.70	178,099,542.42 1,880,990.01	259,310,766.28 -
Local:			
Property Taxes	603,947,743.14	-	-
Local Sales Taxes	-	-	-
Charges for Services	-	-	-
Miscellaneous	85,059,971.33	426,909.58	-
Total Local Revenues	<u>689,007,714.47</u>	<u>426,909.58</u>	<u>-</u>
Total Revenues	<u>1,923,410,591.16</u>	<u>184,990,979.87</u>	<u>259,310,766.28</u>
Expenditures			
Current - Education:			
Instruction	1,210,344,958.25	93,833,733.61	193,530,376.41
Student Support Services	53,325,634.37	16,515,358.03	41,356,258.30
Instructional Media Services	21,703,721.63	2,687,757.77	197,333.48
Instruction and Curriculum Development Services	27,623,362.68	40,226,481.55	1,404,663.66
Instructional Staff Training Services	12,279,578.40	16,665,068.72	1,771,719.26
Instruction-Related Technology Board	43,864,528.16 2,613,873.92	468,651.42 -	165,089.25 -
General Administration	6,433,143.42	7,525,066.10	10,131,522.00
School Administration	118,080,846.20	643,740.17	2,408,878.08
Facilities Acquisition and Construction	20,937,775.55	77,262.40	305,663.74
Fiscal Services	7,737,235.81	89,320.26	-
Food Services	1,295,857.14	-	-
Central Services	27,057,904.19	295,252.00	23,864.81
Student Transportation Services	68,389,159.08	2,365,836.17	2,399,292.70
Operation of Plant	155,847,953.77	515,330.31	26,383.07
Maintenance of Plant	31,562,760.87	-	-
Administrative Technology Services	191,201.18	-	-
Community Services	14,144,196.14	3,082,121.36	5,589,721.52
Fixed Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Other Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>1,823,433,690.76</u>	<u>184,990,979.87</u>	<u>259,310,766.28</u>
Excess of Revenues Over Expenditures	<u>99,976,900.40</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers In	43,922,432.26	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>43,922,432.26</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	143,899,332.66	-	-
Fund Balances, Beginning	186,139,608.32	-	-
Fund Balances, Ending	<u>\$ 330,038,940.98</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 7,853,520.20
-	122,526,830.33	563,252,178.68
20,403,816.61	19,628,812.17	1,269,731,473.49
-	227,066,542.23	831,014,285.37
195,669,183.03	31,944,521.11	227,613,704.14
-	15,384,096.03	15,384,096.03
121,602,986.50	13,065,968.40	220,155,835.81
<u>317,272,169.53</u>	<u>287,461,127.77</u>	<u>1,294,167,921.35</u>
<u>337,675,986.14</u>	<u>429,616,770.27</u>	<u>3,135,005,093.72</u>
-	-	1,497,709,068.27
-	-	111,197,250.70
-	-	24,588,812.88
-	-	69,254,507.89
-	-	30,716,366.38
-	-	44,498,268.83
-	-	2,613,873.92
-	-	24,089,731.52
-	-	121,133,464.45
45,797,541.31	82,771,570.77	149,889,813.77
-	-	7,826,556.07
-	145,655,267.87	146,951,125.01
-	-	27,377,021.00
-	-	73,154,287.95
-	-	156,389,667.15
-	-	31,562,760.87
-	-	191,201.18
-	-	22,816,039.02
290,769,591.78	32,753,221.42	323,522,813.20
341,421.74	-	341,421.74
-	61,754,000.00	61,754,000.00
-	22,245,077.96	22,245,077.96
<u>336,908,554.83</u>	<u>345,179,138.02</u>	<u>2,949,823,129.76</u>
<u>767,431.31</u>	<u>84,437,632.25</u>	<u>185,181,963.96</u>
-	64,525,123.75	108,447,556.01
<u>(17,190,558.00)</u>	<u>(91,256,998.01)</u>	<u>(108,447,556.01)</u>
<u>(17,190,558.00)</u>	<u>(26,731,874.26)</u>	<u>-</u>
<u>(16,423,126.69)</u>	<u>57,705,757.99</u>	<u>185,181,963.96</u>
<u>257,186,767.51</u>	<u>258,022,334.07</u>	<u>701,348,709.90</u>
<u>\$ 240,763,640.82</u>	<u>\$ 315,728,092.06</u>	<u>\$ 886,530,673.86</u>

**Hillsborough 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, 2023**

Net Change in Fund Balances - Governmental Funds \$ 185,181,963.96

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense during the current period. 177,248,687.90

The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net position differs by the cost of the disposed assets. (1,162,225.99)

Debt proceeds provide current financial resources of governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of payments of debt principal.

Bond Principal Payments	\$ 19,189,000.00	
Certificates of Participation Payments	42,565,000.00	61,754,000.00

Expenses in the statement of activities that do not require the use of current financial resources are and not reported in the governmental funds:

Other Postemployment Benefits	\$ (11,922,266.00)	
Interest Expense	952,285.55	
Compensated Absences Payable	6,238,425.56	
Pensions	(5,209,182.62)	
Amortization of Discount and Premium	426,626.52	(9,514,110.99)

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net expense of internal service funds is reported with governmental activities. (6,271,577.74)

Change in Net Position - Governmental Activities \$ 407,236,737.14

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

**Hillsborough County District School Board
Statement of Net Position – Proprietary Funds
June 30, 2023**

	Internal Service Funds
ASSETS	
Current Assets:	
Cash	\$ 17,510,419.38
Investments	32,157,866.82
Accounts Receivable	247,962.89
Due from Other Funds	10,928,333.96
Due from Other Agencies	418,707.10
Total Current Assets	61,263,290.15
LIABILITIES	
Current Liabilities:	
Accounts Payable	15,526,187.29
Unearned Revenue	20,924,460.58
Estimated Liability for Self-Insurance Program	8,750,658.71
Total Current Liabilities	45,201,306.58
Noncurrent Liabilities:	
Estimated Liability for Self-Insurance Program	11,779,718.29
TOTAL LIABILITIES	56,981,024.87
NET POSITION	
Unrestricted	\$ 4,282,265.28

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

**Hillsborough County District School Board
Statement of Revenues, Expenses, and Changes in Fund
Net Position – Proprietary Funds
For the Fiscal Year Ended June 30, 2023**

	Internal Service Funds
OPERATING REVENUES	
Premiums	\$ 186,030,683.35
Other	487,155.80
Total Operating Revenues	186,517,839.15
OPERATING EXPENSES	
Salaries	290,636.71
Employee Benefits	118,048.63
Purchased Services	72,070.54
Insurance Claims	10,532,527.43
Insurance Premiums	182,760,352.48
Total Operating Expenses	193,773,635.79
Operating Loss	(7,255,796.64)
NONOPERATING REVENUES	
Investment Income	984,218.90
Change in Net Position	(6,271,577.74)
Total Net Position - Beginning	10,553,843.02
Total Net Position - Ending	\$ 4,282,265.28

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

**Hillsborough County District School Board
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2023**

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Interfund Services Provided	\$ 187,658,565.10
Cash Payments to Suppliers for Goods and Services	(193,222,543.14)
Cash Payments to Employees for Services	(408,685.34)
Other Receipts	424,548.53
	Net Cash Used by Operating Activities
	(5,548,114.85)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(1,139,265.21)
Proceeds from Sales and Maturity of Investments	2,188,617.29
	Net Cash Provided by Investing Activities
	1,049,352.08
Net Decrease in Cash	(4,498,762.77)
Cash, Beginning	22,009,182.15
Cash, Ending	\$ 17,510,419.38
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	\$ (7,255,796.64)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Accounts Receivable	(54,962.89)
Due from Other Funds	(274,516.11)
Due from Other Agencies	9,292.90
Accounts Payable	402,030.31
Unearned Revenue	1,885,460.58
Estimated Liability for Self-Insurance Program	(259,623.00)
	Total Adjustments
	1,707,681.79
Net Cash Used by Operating Activities	\$ (5,548,114.85)

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

**Hillsborough County District School Board
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2023**

	Pension Trust Fund	Custodial Funds
ASSETS		
Cash	\$ -	\$ 19,897,357.87
Investments:		
United States Treasury Notes	7,409,433.30	-
State Board of Administration	-	886,886.20
Federated Government Obligations Fund - Money Market	132,200.65	-
Accounts Receivable	37,369.87	-
Inventories	-	219,299.36
TOTAL ASSETS	7,579,003.82	21,003,543.43
LIABILITIES		
Accounts Payable	-	554,973.65
NET POSITION		
Restricted for:		
Pension Benefits	7,579,003.82	-
Individuals and Organizations	-	20,448,569.78
TOTAL NET POSITION	\$ 7,579,003.82	\$ 20,448,569.78

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

Hillsborough County District School Board
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Fiscal Year Ended June 30, 2023

	<u>Pension Trust Fund</u>	<u>Custodial Funds</u>
ADDITIONS		
Contributions:		
Employer	\$ 1,124,837.00	\$ -
Student Group Collections	-	19,897,190.77
Total Contributions	<u>1,124,837.00</u>	<u>19,897,190.77</u>
Investment Earnings:		
Interest on Investments	141,908.72	-
Net Decrease in the Fair Value of Investments	(39,889.10)	-
Net Investment Earnings	<u>102,019.62</u>	<u>-</u>
Total Additions	<u>1,226,856.62</u>	<u>19,897,190.77</u>
DEDUCTIONS		
Employee Benefits	1,681,451.17	-
Purchased Services	30,623.00	-
Student Group Disbursements	-	19,080,000.00
Total Deductions	<u>1,712,074.17</u>	<u>19,080,000.00</u>
Change in Net Position	(485,217.55)	817,190.77
Net Position - Beginning	<u>8,064,221.37</u>	<u>19,631,379.01</u>
Net Position - Ending	<u>\$ 7,579,003.82</u>	<u>\$ 20,448,569.78</u>

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The School District of Hillsborough County, Florida (District) has direct responsibility for the operation, control, and supervision of the District schools and is considered a primary government for financial reporting purposes. The District is 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 Hillsborough County District School Board (Board), which is composed of seven elected members. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Hillsborough County.

The accompanying financial statements present the activities of the District and its component units. Criteria for determining if other entities are potential component units which should be reported within the District's financial statements are identified and described in the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity – Omnibus and GASB Statement No. 80, Blending Requirements for Certain Component Units - an amendment of GASB Statements No. 14 and No. 34*. The application of these criteria provides for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete.

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

Blended Component Unit. The Hillsborough School Board Leasing Corporation (Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note II.H.1. The governing board of the Corporation is the same as the Board. Financial records for the Corporation are maintained by the District and District staff is responsible for the day-to-day operation of the Corporation. Due to the substantive economic relationship between the District and the Corporation, the financial activities of the Corporation are included in the accompanying financial statements of the District in the Capital Projects – Other Fund. Separate financial statements of the Corporation are not published.

Discretely Presented Component Units. The component units column in the government-wide financial statements includes the financial data of the District's discretely presented component units for the fiscal year ended June 30, 2023. These component units consist of the District's charter schools. Charter schools are reported in a separate column to emphasize that they are legally separate from the District. While the District's officials are not financially accountable for the Charter Schools, it would be misleading to exclude them from the District's financial statements. None of the individual component units are considered to be major.

The District's charter schools, are separate not-for-profit corporations organized under Section 1002.33, Florida Statutes, to operate as public (as opposed to private) schools and are held responsible for prudent use of the public funds they receive. Each charter school is a separate component unit that operates under a charter approved by their sponsor, the Hillsborough County District School Board. There are 56 charter schools operating in the District that meet the criteria for presentation as a discretely presented component unit.

The individual charter schools are listed below. Further complete audited financial statements of the individual discretely presented component units can be obtained from their administrative offices. These schools include:

Advantage Academy of Hillsborough
304 West Prosser Drive
Plant City, FL 33563

Bell Creek Academy
13221 Boyette Road
Riverview, FL 33569

Bell Creek Academy High School
13221 Boyette Road
Riverview, FL 33569

Big Bend Academy of Math and Science
9906 Symmes Road
Riverview, FL 33578

BridgePrep Academy of Advanced Study
of Hillsborough
6303 South US Highway 301
Riverview, FL 33578

BridgePrep Academy of Riverview
6309 South US Highway 301
Riverview, FL 33578

BridgePrep Academy of Tampa
2418 W. Swann Avenue
Tampa, FL 33609

Brooks DeBartolo Collegiate High School
10948 N. Central Ave.
Tampa, FL 33612

Channelside Academy of Math & Science
1029 E. Twiggs St.
Tampa, FL 33602

Creekside Charter Academy
14029 US Highway 301
Riverview, FL 33578

Dr. Kiran C. Patel Elementary School
10739 Raulerson Ranch Road
Tampa, FL 33637

Dr. Kiran C. Patel High School
10721 Raulerson Ranch Road
Tampa, FL 33637

Excelsior Prep Charter School
2156 University Square Mall, Unit 260
Tampa, FL 33612

Florida Autism Center of Excellence
6310 E. Sligh Avenue
Tampa, FL 33617

Florida Connections Academy (Virtual)
5805 Breckenridge Pkwy, Suites E & F
Tampa, FL 33610

Focus Academy
304 Druid Hills Road
Temple Terrace, FL 33617

Henderson Hammock Charter School
10322 Henderson Road
Tampa, FL 33625

Hillsborough Academy of Math & Science
9659 W. Waters Avenue
Tampa, FL 33635

Horizon Charter School of Tampa
7235 W. Hillsborough Avenue
Tampa, FL 33634

IDEA Hope
5050 E. 10th Avenue
Tampa, FL 33619

IDEA Victory
11612 N. Nebraska Avenue
Tampa, FL 33612

Independence Academy
12902 E. US Highway 92
Dover, FL 33527

Kid's Community College Riverview South (K-12)
10030 Mathog Road
Riverview, FL 33578

Kid's Community College Riverview
Southeast
11519 McMullen Road
Riverview, FL 33569

Learning Gate Community School
16215 Hanna Road
Lutz, FL 33549

Legacy Preparatory Academy
302 E. Linebaugh Avenue
Tampa, FL 33612

Literacy/Leadership/Technology Academy
6771 Madison Avenue
Tampa, FL 33619

Literacy/Leadership/Technology
Academy South Bay
1090 30th Street NE
Tampa, FL 33619

Lutz Preparatory School
17951 N. US Highway 41
Lutz, FL 33549

Navigator Academy of Leadership Valrico
1101 E. Bloomingdale Avenue
Valrico, FL 33596

New Springs Schools
2410 E. Busch Boulevard
Tampa, FL 33612

Pepin Academies
3916 E. Hillsborough Avenue
Tampa, FL 33610

Pivot Charter School
3020 Falkenburg Road
Riverview, FL 33578

Plato Academy Tampa Charter School
4903 Ehrlich Road
Tampa, FL 33624

Riverview Academy High School
9906 Symmes Road
Riverview, FL 33578

Riverview Academy of Math and Science
9906 Symmes Road
Riverview, FL 33578

Seminole Heights Charter High School
4006 N. Florida Avenue
Tampa, FL 33603

Sports Leadership and Management
Academy (Apollo Beach)
5150 N. US Highway 41
Apollo Beach, FL 33572

Sports Leadership and Management
Academy (Elementary)
7116 Gunn Highway
Tampa, FL 33625

Terrace Community Middle School
11734 Jefferson Road
Thonotosassa, FL 33592

Trinity School for Children
2402 W. Osborne Avenue
Tampa, FL 33603

Victory Charter School Tampa
13901 Sheldon Road
Tampa, FL 33625

Village of Excellence Academy
8718 N. 46th Street
Temple Terrace, FL 33617

Walton Academy for the Performing Arts
4817 N. Florida Avenue
Tampa, FL 33603

West University Charter High School
11602 N. 15th Street
Tampa, FL 33612

Winthrop College Prep Academy
12802 S. US Highway 301
Riverview, FL 33578

Southshore Charter Academy
11667 Big Bend Road
Riverview, FL 33578

Sports Leadership and Management
Academy (Tampa)
7116 Gunn Highway
Tampa, FL 33625

Sunlake Academy of Math and Science
18681 N. Dale Mabry Highway
Lutz, FL 33548

The Collaboratory Preparatory Academy
6406 E. Chelsea Street
Tampa, FL 33610

Valrico Lake Advantage Academy
13306 Boyette Road
Riverview, FL 33569

Victory Charter School Tampa (6-12)
13901 Sheldon Road
Tampa, FL 33625

Village of Excellence Middle School
4600 E. Busch Boulevard
Tampa, FL 33617

Waterset Charter School
6540 Knowledge Lane
Apollo Beach, FL 33572

Winthrop Charter School
6204 Scholars Hill Lane
Riverview, FL 33578

Woodmont Charter School
10402 N. 56th Street
Temple Terrace, FL 33617

B. Basis of Presentation

The basic financial statements include the government-wide financial statements and fund financial statements.

Government-Wide Financial Statements. Government-wide financial statements include a Statement of Net Position and a Statement of Activities that display information about the primary government, the District, and its component units. These financial statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal service fund activities.

The Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the District's functions. The expense of individual functions is compared to the revenues generated by the function (for instance, through user charges or intergovernmental grants). Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges to other funds and to employees for workers' compensation and insurance. Operating expenses for the internal service funds include the cost of services and administrative costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Financial Statements. The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Because the focus of the governmental fund financial statements differs from the focus of the government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

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 – Other Fund – to account for funds from the State or Federal Government which are restricted for Federal programs.
- Special Revenue - Federal Education Stabilization Fund – to account for funds from the Elementary and Secondary School Emergency Relief (ESSER 1 & 2), other CARES Act Relief and other Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act Relief Fund.
- Capital Projects - Other Fund – to account for and report on other miscellaneous funds from various sources including Certificates of Participation.

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

- Internal Service Funds – to account for the District’s workers’ compensation, general and automobile liability self-insurance programs and the employee health insurance program.
- Pension Trust Fund – to account for resources used to finance the early retirement program.
- Custodial Funds – to account for the financial activities of various student groups, funds withheld to be paid at a later date, and deposits held by the District on behalf of others.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and deferred outflows of resources less liabilities and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide Financial Statements. The government-wide financial statements are presented 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 when the related cash flows have taken place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues, other than grant funds, reported in the governmental funds, to be available if they are collected within 60 days after year end. Grant funds are considered available if collection is expected in the upcoming fiscal year. Property taxes, sales taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted assets available to finance the program. It is the District's policy to first apply cost reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Assets, Liabilities, and Deferred Outflows/Inflows of Resources

1. Cash

Cash consists of petty cash funds and deposits held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and a multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The statement of cash flows for the Proprietary Funds considers cash as those accounts used as demand deposit accounts.

2. Investments

Investments of the general government consist of amounts placed with the State Board of Administration (SBA) Florida PRIME and Florida Public Assets for Liquidity Management (FL PALM) for participation in the State and local government investment pools, public fund certificate of deposit, those made by the SBA from the District's bond proceeds held and administered by the SBE, and those made locally.

District moneys placed with the SBA and FL PALM for participation in the government investment pools represent an interest in the pool rather than ownership of specific securities. Such investments are stated at fair value. Investments of the early retirement program and other locally made investments are also reported at fair value.

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 at the central warehouse, maintenance, technology repair and the bus garage are stated at cost based on a moving average. Food service inventories are stated at cost based on the first-in, first-out basis, except that United States Department of Agriculture surplus commodities 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. All other inventories are stated at cost on the last invoice price method, which approximates the first-in, first-out basis. The cost of inventories is recorded as expenditures when used rather than purchased.

4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets 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 purchased after

July 1, 2004, are defined by the District as those costing more than \$1,000 and having a useful life of more than 1 year; those purchased before July 1, 2004, are defined as those costing more than \$750 and having a useful life of more than 1 year. Donated assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	10 - 25 years
Buildings and Systems	15 - 50 years
Furniture, Fixtures, and Equipment	5 - 20 years
Other Improvements	50 years
Motor Vehicles	4 - 10 years
Computer Software	3 - 5 years

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

5. Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported in the government-wide statement of net position. Bond premiums, discounts, and gains and losses on refunding issuances are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains and losses on refunding issuances are netted and reported as deferred outflows of resources.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize bond premiums, discounts, gains and losses on refunding issuances during the current period. The face amount of debt issued, as well as any related premium and gain on refunding issuances are reported as an other financing source while discounts on debt issuances and losses on refunding issuances are reported as an other financing use.

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Changes in long-term liabilities for the current year are reported in a Note II.H.3.

6. Deferred Outflows/Inflows of Resources

In the government-wide financial statements, the District records deferred outflows of resources which represent the consumption of net assets by the District that is applicable to future periods. At June 30, 2023, deferred outflows of resources represent activity associated with debt

refundings as discussed in Notes II.H.1 and II.H.2., pension related items as discussed in Notes II.D.1. and II.D.3., and other postemployment benefits items discussed in Note II.E.

In addition to liabilities on the government-wide financial statements, the District records deferred inflows of resources which represent an acquisition of net assets that applies to future periods. At June 30, 2023, deferred inflows of resources represent activity associated with debt refundings as discussed in Notes II.H.1. and II.H.2, pension related items as discussed in Notes II.D.1. and II.D.3., and other postemployment benefits items as discussed in Note II.E.

E. Revenues and Expenditures/Expenses

1. State Revenue Sources

Revenues from State sources for current operations are primarily from the Florida Education Finance Program, which is 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 for a period of 9 months following the date of the original reporting. Such amendments may impact funding allocations for subsequent 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 District receives revenue from the State 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. The amounts not expended or encumbered as of the close of the fiscal year are usually carried forward into the following fiscal year to be expended for the same educational programs. The FDOE requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted for the balance of categorical educational program resources.

2. 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 taxes are assessed by the Hillsborough County Property Appraiser and are collected by the Hillsborough County Tax Collector.

The Board adopted the 2022 tax levy for the 2023 fiscal year on September 8, 2022. 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 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 in the fiscal year for which 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 Hillsborough County Tax Collector at fiscal year end which have not yet been remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued.

Millages and taxes levied for the current year are presented in a Note II.K.2.

3. Federal Revenue Sources

The District receives Federal assistance for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For Federal financial assistance 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.

4. Use of Estimates

The preparation of the financial statements requires management of the District to make a number of assumptions relating to the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash and Investments

At June 30, 2023, the District's deposits were entirely covered by Federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

As of June 30, 2023, the District had the following investments and maturities:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
United States Treasury Securities	7/13/2023 - 2/28/2027	\$ 27,623,036.34
State Board of Administration:		
Florida PRIME	37 Days	291,632,167.18
Debt Service Accounts	6 Months	114,558.45
Local Government Investment Pools - FL PALM	28 Days	31,083,801.48
Certificate of Deposit	7/16/2023	444,917.69
Wells Fargo Advantage Treasury		
Plus Money Market	N/A	132,200.65
Total Investments		<u>\$ 351,030,681.79</u>

Investments are reflected in the financial statements as follows:

Governmental funds	\$ 310,444,294.82
Internal service funds	32,157,866.82
Fiduciary funds:	
Pension trust	7,541,633.95
Custodial	886,886.20
Total Primary Government	\$ 351,030,681.79

Fair Value Measurement

The District categorizes its fair value measurements within the 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 has the following fair value measurements as of June 30, 2023:

- United States Treasury Securities of \$27,623,036.34 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs).
- Money markets of \$132,200.65 are valued using the quoted market prices (Level 1 inputs).
- Certificate of deposit of \$444,917.69 is valued using the quoted market prices (Level 1 inputs).
- State Board of Administration and local government investment pools of \$322,830,527.11 are valued using the net asset value of the pools.

Investments by Fair Value Level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
United States Treasury Securities	\$ 27,623,036.34	\$ -	\$ 27,623,036.34	\$ -
Money Market	132,200.65	132,200.65	-	-
Certificates of Deposit	444,917.69	444,917.69	-	-
Total Investments at Fair Value	28,200,154.68	577,118.34	27,623,036.34	-
Investments Measured at the Net Asset Value (NAV)				
State Board of Administration and Local Government Investment Pools	322,830,527.11			
Total Investments	\$ 351,030,681.79			

Interest Rate Risk

The District has a formal investment policy which states that the investment objectives are safety of capital, liquidity of funds, and investment income, in that order. The performance measurement objective shall be to exceed the SBA's Florida PRIME yield. The policy limits the type of investments and the length of investments of idle funds. The weighted average duration of the investment portfolio shall not exceed 5 years.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.” As of June 30, 2023, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

Credit Risk

Section 218.415(16), Florida Statutes, limits the types of investments that the District can hold. The District’s policy authorizes the following investments:

- The SBA Investment Pool, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided by 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(26), Florida Statutes;
- Direct obligations of the United States Treasury;
- Obligations of Federal agencies, government sponsored enterprises, and instrumentalities;
- Securities of, or other interest in, any open-end or closed-end management type investment company of trust registered under the Investment Company Act of 1940, 15 U.S. C. 80a-1;
- Short-term obligations commonly referred to as “money market instruments” including but not limited to commercial paper, provided such obligations carry the highest credit rating from a nationally recognized rating agency; and
- Asset-backed securities when either (a) the underlying asset is guaranteed by the issuer or (b) the security carries the highest quality rating by a nationally recognized rating agency.

The District’s investments in the SBA consist of Florida PRIME.

Florida PRIME and FL PALM are external investment pools that are not registered with the Securities Exchange Commission (SEC), but do operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940. Rule 2a-7 allows funds to use amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. Accordingly, the District’s investment in the

Florida PRIME and FL PALM are reported at the account balance which is considered fair value. Both are rated AAAM by Standard & Poor's.

The District's investments in United States Treasuries for the Pension Trust Fund and General Fund were rated either AA+ by Standard & Poor's or Aaa by Moody's Investors Services.

The District's investments in a Certificate of Deposit was in a qualified public depository.

Investments in the SBA Debt Service Account totaling \$114,558.45 are to provide for debt service payments on bonded debt issued by the SBA for the benefit of the District. These investments consist of United States Treasury securities, with maturity dates of 6 months or less and are reported at fair value. The District has no formal policy for managing interest rate risk or credit risk for this account but relies on policies developed by the State Board of Administration.

Custodial Credit Risk

The District's investment policy requires that securities purchased or otherwise acquired by the District shall be properly designated as an asset of the District. Also, Section 218.415(18), Florida Statutes, requires every security purchased under this section on behalf of the District to be properly earmarked and:

- If registered with the issuer or its agents, must be immediately placed for safekeeping in a location that protects the District's interest in the security;
- If in book-entry form, must be held for the credit of the District by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in Florida as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in Florida, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or
- If physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.

Of the District's investments, \$27,623,036.34 of United States Treasury Securities are not registered in the name of the District, but are held by the counterparty's trust department or agent and are not insured.

Concentration of Credit Risk

The District's investment policy has established permitted investment sectors which are designed to reduce concentration of credit risk to the District's investment portfolio.

Foreign Currency Risk

The District has no investments that are exposed to foreign currency risk at June 30, 2023. The District does not have a formal investment policy that limits its investment in foreign currency.

B. Due From Other Governmental Agencies

Amount due from other governmental agencies as of June 30, 2023, are shown below:

	Major Funds				Other Governmental Funds	Total
	General	Special Revenue - Other	Special Revenue - Federal Education Stabilization	Capital Projects - Other		
Federal Government:						
Miscellaneous	\$ 738,590.84	\$ 21,770,388.59	\$ 31,948,497.32	\$ -	\$ -	\$ 54,457,476.75
State Government:						
Food Reimbursement	-	-	-	-	2,222,827.70	2,222,827.70
Miscellaneous	794,392.74	44,427.17	-	14,478,410.02	111,625.00	15,428,854.93
Local Government:						
Hillsborough County						
Board of County Commissioners	94,277.99	4,683,412.09	-	77,278,725.90	38,135.76	82,094,551.74
Miscellaneous	201,304.30	87,143.65	3,182,689.00	-	3,428,733.94	6,899,870.89
Total	\$ 1,828,565.87	\$ 26,585,371.50	\$ 35,131,186.32	\$ 91,757,135.92	\$ 5,801,322.40	\$ 161,103,582.01

C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 163,103,086.42	\$ -	\$ -	\$ 163,103,086.42
Land Improvements	95,769,611.31	-	-	95,769,611.31
Construction in Progress	121,702,235.81	291,428,095.84	192,952,195.36	220,178,136.29
Total Capital Assets Not Being Depreciated	380,574,933.54	291,428,095.84	192,952,195.36	479,050,834.02
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	267,997,582.60	20,123,017.57	128,451.21	287,992,148.96
Buildings and Systems	3,344,714,877.07	172,829,177.79	217,744.14	3,517,326,310.72
Furniture, Fixtures, and Equipment	146,988,393.77	17,912,704.51	7,512,935.82	157,388,162.46
Other Improvements	6,788,006.87	-	-	6,788,006.87
Motor Vehicles	132,047,518.97	2,620,740.05	6,605,769.00	128,062,490.02
Computer Software	18,112,981.91	309,707.38	7,066,846.91	11,355,842.38
Total Capital Assets Being Depreciated	3,916,649,361.19	213,795,347.30	21,531,747.08	4,108,912,961.41
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	186,832,659.76	10,328,217.85	124,977.98	197,035,899.63
Buildings and Systems	1,348,205,043.75	101,923,169.67	217,744.14	1,449,910,469.28
Furniture, Fixtures, and Equipment	117,091,142.80	8,844,967.60	6,362,209.73	119,573,900.67
Other Improvements	778,658.28	131,604.22	-	910,262.50
Motor Vehicles	83,215,299.43	9,325,206.68	6,605,769.00	85,934,737.11
Computer Software	17,820,287.20	114,748.02	7,058,820.24	10,876,214.98
Total Accumulated Depreciation	1,753,943,091.22	130,667,914.04	20,369,521.09	1,864,241,484.17
Total Capital Assets Being Depreciated, Net	2,162,706,269.97	83,127,433.26	1,162,225.99	2,244,671,477.24
Governmental Activities Capital Assets, Net	\$ 2,543,281,203.51	\$ 374,555,529.10	\$ 194,114,421.35	\$ 2,723,722,311.26

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 5,418,738.88
Instructional Support Services	958,698.12
Student Transportation Services	73,295.40
Operation and Maintenance of Plant	249,124.10
Facilities Acquisition and Construction	122,854,072.41
School Administration	112,670.14
General Administration	34,845.01
Food Services	952,067.90
Community Services and Other	14,402.08
Total Depreciation Expense – Governmental Activities	<u>\$ 130,667,914.04</u>

D. Retirement Plans

1. FRS – State Retirement Programs

Summary of Significant Accounting Policies

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

The District’s FRS and HIS pension expense totaled \$129,241,139 for the fiscal year ended June 30, 2023.

General Information about the Pension Plans

Plan Description. All regular employees of the District are covered by the FRS. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the FRS Investment Plan.

Essentially all regular employees of participating employers are eligible and must enroll as members of the Plan. Employees in the Pension Plan vest at 6 years of service if enrolled in the plan prior to July 1, 2011. Enrollment after July 1, 2011, requires 8 years of service to vest. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. For enrollees prior to July 1, 2011, Pension Plan benefit payments are based on the member’s highest 5-year average annual salary (average final compensation) times the number of years of service. Enrollees after July 1, 2011, have benefit payments based on the member’s highest 8-year average annual salary. For regular class members enrolled before July 1, 2011,

the annual final compensation is multiplied by a percentage ranging from 1.60 percent at age 62 or with 30 years of service to 1.68 percent at age 65 or with 33 years of service. Regular class members enrolled after July 1, 2011, have an annual final compensation multiplied by a percentage ranging from 1.60 percent at age 65 or with 33 years of service to 1.68 percent at age 68 or with 36 years of service. Members are eligible for early retirement after 6 years of service; however, normal benefits are reduced by 5 percent for each year a member retires before age 62. As described in Note II.D.3., the District administers a single-employer retirement program that under certain conditions covers the difference in benefits between normal and early retirement.

The Plan provides retirement, disability, and death benefits and annual cost-of-living-adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

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.

The DROP was established effective July 1, 1998. 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 a Florida Retirement System employer. An employee may participate in the 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 Florida Retirement System Trust Fund and accrue interest.

Eligible FRS members may elect to participate in FRS Investment Plan in lieu of the Defined Benefit Plan. District employees participating in DROP are not eligible to participate in the FRS Investment Plan. This plan is funded by employer contributions that are based on salary and membership class (Regular, Elected County Officers, etc.). Contributions are directed to individual member accounts, and the ultimate benefit depends in part on the performance of investment funds chosen. Employees in the FRS Investment Plan vest after one year of service.

The benefit provisions and all other requirements of the Plan are established by Florida Statutes.

The contribution rates for the Plan are established by Section 121.71 of the Florida Statutes, and may be amended by the State of Florida.

As of June 30, 2023, the contribution rates were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
FRS, Regular (HA)	3.00	11.91
FRS, Elected County Officers (HI)	3.00	57.00
FRS, Senior Management Service Class (HM)	3.00	31.57
FRS, Special Risk (HB)	3.00	27.83
Teachers' Retirement System, Plan E (IE)	6.25	13.56
DROP – Applicable to Members from All of the Above Classes	0.00	18.60
FRS, Reemployed Retiree (UA)	3.00	5.89

Note: (A) Employer rates include the postemployment health insurance subsidy, which remained the same from the prior fiscal year. As of July 1, 2022, this amount totaled 1.66 percent.

The District's contributions to the FRS Pension Plan, net of employee contributions, for the fiscal year ended June 30, 2023, totaled \$105,860,536. This amount is equal to the required contributions for the fiscal year. Effective July 1, 2011, all members of FRS, except for DROP participants and reemployed retirees who are not eligible for renewed membership, are required to contribute 3 percent of their compensation to FRS. Amounts collected by the District, and remitted to the Plan for employee contributions, are not considered employer contributions for the Plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the District reported a liability of \$882,193,901 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on the District's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the District's proportionate share was 2.370976787 percent, which was a decrease of 0.086519064 percent from its proportionate share of 2.457495851 percent measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$120,091,799 for the FRS Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 41,899,115	\$ -
Change of Assumptions	108,645,870	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	58,251,146	-
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	36,272,782	30,228,863
District FRS Contributions Subsequent to the Measurement Date	105,860,536	-
Total	\$ 350,929,449	\$ 30,228,863

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$105,860,536, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ 49,762,040
2025	21,063,904
2026	(12,408,023)
2027	150,646,941
2028	5,775,188
Total	\$ 214,840,050

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

Valuation date	July 1, 2022
Measurement date	June 30, 2022
Discount rate	6.7 percent
Long-term expected rate of return, net of investment expense	6.7 percent
Inflation	2.4 percent
Salary increase, including inflation	3.25 percent
Mortality	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018
Actuarial cost method	Entry age

The actuarial assumptions that determined the total pension liability of the FRS Pension Plan as of June 30, 2022, were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Long-term expected rate of return: The long-term expected rate of return assumption of 6.7 percent consists of two building block components: (1) a real (in excess of inflation) return of 4.2 percent, consistent with the currently articulated real return target in the current Florida State Board of Administration’s investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; and (2) a long-term average annual inflation assumption of 2.4 percent as adopted in October 2022 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.7 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 6.7 percent reported investment return assumption differs from the 7 percent investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Total	100%			
Assumed inflation - Mean			2.4%	1.3%

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

Discount Rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.7 percent and is based on a projection of cash flows that assumed that employee contributions will be made at the current contribution rate and that contributions from participating members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the FRS Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate changed from 6.8 percent to 6.7 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 of the FRS Pension Plan calculated using the discount rate of 6.7 percent. Also presented is what the District's proportionate share of the FRS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.7 percent) or 1 percentage point higher (7.7 percent) than the current rate:

	1% Decrease (5.7%)	Current Discount Rate (6.7%)	1% Increase (7.7%)
District's Proportionate Share of the Net Pension Liability	\$ 1,525,693,693	\$ 882,193,901	\$ 344,151,506

Pension Plan Fiduciary Net Position. Detailed information about the FRS Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan Annual Comprehensive Financial Report. The annual comprehensive financial report of the FRS is available by mail at: State of Florida, Division of Retirement, Department of Management Services, 3189 Blair Stone Road, Tallahassee, Florida 32301; by telephone toll free (844) 377-1888 or (850) 907-6500; by e-mail at retirement@dms.fl.gov or at the Division's Web site (<http://www.dms.myflorida.com>).

General Information about the Health Insurance Subsidy (HIS)

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established to provide a monthly subsidy payment to retired members of any state-administered retirement system, or beneficiary entitled to receive benefits.

HIS Benefits Provided. The benefit of the HIS Plan is a monthly payment to assist retirees in paying their health insurance costs. This plan is administered by the Florida Department of Management Services within the Florida Retirement System. HIS benefits are not guaranteed and are subject to annual legislative appropriation.

For the fiscal year ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at a minimum of \$30 but not more than \$150 monthly per Section 112.363, Florida Statutes.

HIS Contributions. The HIS Plan is funded by required contributions from FRS participating employers. The funds are deposited in a separate trust fund and consequently paid from that trust fund. Employer contributions are a percentage of gross compensation for all FRS members. For the fiscal year ended June 30, 2023, the contribution rate was 1.66 percent of payroll per Section 112.363, Florida Statutes. Employees do not contribute to this plan.

The District's contributions to the HIS Plan totaled \$19,153,346 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the District reported a liability of \$335,896,088 for its proportionate share of the HIS Plan's net pension liability. The net pension

liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2022. At June 30, 2022, the District's proportionate share was 3.171344993 percent, which was a decrease of 0.147133021 percent from its proportionate share of 3.318478014 percent measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$9,149,340 for the HIS Plan. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 10,195,240	\$ 1,477,972
Change of Assumptions	19,253,780	51,962,910
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	486,306	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	3,560,699	30,213,857
District HIS Contributions Subsequent to the Measurement Date	19,153,346	-
Total	\$ 52,649,371	\$ 83,654,739

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$19,153,346, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ (13,925,119)
2025	(10,119,159)
2026	(5,884,846)
2027	(5,992,662)
2028	(9,939,741)
Thereafter	(4,297,187)
Total	\$ (50,158,714)

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

Valuation date	July 1, 2022
Measurement date	June 30, 2022
Discount rate	3.54 percent
Inflation	2.4 percent
Salary increase, including inflation	3.25 percent
Mortality	Generational PUB-2010 with Projection Scale MP-2018
Actuarial cost method	Entry age

The actuarial assumptions that determined the total pension liability of the HIS Pension Plan as of June 30, 2022, were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018. The only change was the discount rate. The discount rate increased from 2.16 percent to 3.54 percent. This change will continue to allow FRS to meet or exceed its assumed investment return in future years.

Discount Rate. Because the HIS Pension Plan is funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Conference (Bond Buyer General Obligation 20-Bond Municipal Bond Index). The discount rates used at the two dates differ due to changes in the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.54 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
District's Proportionate Share of the Net Pension Liability	\$ 384,292,703	\$ 335,896,088	\$ 295,848,886

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report. The annual comprehensive financial report of the FRS is available by mail at: State of Florida, Division of Retirement, Department of Management Services, 3189 Blair Stone Road, Tallahassee, Florida 32301; by telephone toll free (844) 377-1888 or (850) 907-6500; by e-mail at retirement@dms.fl.gov; or at the Division's Web site (<http://www.dms.myflorida.com>).

2. FRS – Defined Contribution Pension Plan

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

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

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	9.30
FRS, Elected County Officers	14.34
FRS, Senior Management Service	10.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2023, 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 \$30,919,261.34 for the fiscal year ended June 30, 2023.

3. Early Retirement Plan

Summary of Significant Accounting Policies

Pension. The Early Retirement Plan (Plan) is accounted for in a pension trust fund; therefore, it is accounted for in substantially the same manner as a proprietary fund with an economic resources measurement focus and the accrual basis of accounting. Employer contributions are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan.

Plan assets are valued at fair value, based on quoted market prices, for financial statement purposes. Separate statements are not issued for the Plan.

General Information About the Early Retirement Program

Plan Description. As authorized by Section 1012.685, Florida Statutes, the Board implemented an Early Retirement Plan (Plan), effective August 1, 1984. The Plan is a single-employer defined benefit plan. The purpose of the Plan is to provide eligible District employees, who elect to retire under the early retirement provisions of the FRS, described in Note II.D.1., with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age of 62. The District entered into an agreement with Wells Fargo Bank, N.A., designating the bank as the investment manager and custodian (Trustee) for the Plan assets. The Agreement also provides that monthly benefits be paid by the Trustee.

Eligibility. A member of the Plan was eligible upon attainment of age 55 to 59, completion of 25, but not more than 28 years of creditable service, at least 5 consecutive and uninterrupted years of service immediately preceding early retirement, and having applied for retirement under the FRS. The Board approved to eliminate new participants to the Plan on June 30, 2008. Certain employees were eligible to enter the Plan before July 1, 2010. As of July 1, 2010, the Plan was closed to any new participants.

Benefits Provided. The amount of the monthly benefit will be equal to the reduction imposed on the retirement benefit by the FRS due to early retirement. The benefit amount will be based on the initial benefit amount determined by the FRS prior to any cost of living adjustments and once established will remain unchanged, unless a specific increase is authorized by the Board.

Employees Covered by Benefit Terms. Based on an actuarial report as of June 30, 2023, employee membership data related to the Plan was as follows:

Retirees and Beneficiaries Currently Receiving Benefits: 449

Active Plan Participants: There are no longer any active plan participants.

Contributions. The District's Early Retirement Program was established by the Board on August 1, 1984. On July 1, 2010, the plan was closed to any new participants. Pursuant to the Plan Agreement, no contribution shall be required or permitted from any member. The District's annual contribution to the pension trust is determined through the budgetary process and with reference to actuarial determined contributions. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate of \$1,123,879 is the estimated amount necessary to finance the costs of benefits earned by

plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution is designed to accumulate sufficient assets to pay benefits when due.

Total contributions from the District to the Plan in the 2023 fiscal year amounted to \$1,124,837.

Net Pension Liability

In the 2023 fiscal year, the net pension liability decreased by \$375,627 for a liability in the amount of \$10,879,490:

Total Pension Liability	\$ 18,458,494
Plan Fiduciary Net Position	<u>7,579,004</u>
Net Pension Liability	<u>\$ 10,879,490</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	41.06%

The net pension liability of \$10,879,490 was added as a long-term liability on the Statement of Net Position in the Government-Wide Financial Statements. The plan fiduciary net position represents 41.06 percent of the total pension liability.

The computation of the total pension liability for the 2023 fiscal year was based on the same (a) benefit provisions, (b) actuarial funding method, and (c) other significant factors as used to determine annual required contributions in the previous year.

Actuarial Assumptions. Significant assumptions and other inputs used to measure the total pension liability are:

Valuation date	July 1, 2022
Measurement date	June 30, 2023
Actuarial Cost Method	Aggregate
Asset Valuation Method	Market value
Actuarial Assumptions:	
Investment rate of return	2.25 percent
Projected salary increases	N/A
Rate of inflation adjustment	2.50 percent

Mortality rates were based on the PUB-2010, adjusted for the headcount weighted teacher’s mortality, set forward one year for females and 2 years for males, projected using scale MP 2018.

Investments. The District oversees the management of the Plan. The Superintendent has established procedures to ensure that idle funds are invested as authorized by Florida Statute, to earn the maximum interest. Investments are reported at fair value. The primary objectives, in priority order, in investment activities shall be safety, liquidity, and yield.

The Plan’s investments at June 30, 2023, consisted of the following:

	Balance June 30, 2023	Percentage of Plan Net Position
U.S. Treasury Notes and Bonds	\$ 7,409,433.30	97.77%
Federation Prime Obligations Fund	132,200.65	1.74%
Accrued Income	<u>37,369.87</u>	<u>0.49%</u>
Total	<u>\$ 7,579,003.82</u>	<u>100.00%</u>

Long-term expected rate of return. The long-term expected rate of return on pension plan investments was confirmed appropriate using Aon’s (the District’s actuary) e-tool model assuming general inflation of 2.25 percent, which is a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class including in the pension plan’s target asset allocation as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Government Fixed Income	97.0%	1.1%
Cash	3.0%	1.1%

Rate of Return. For the fiscal year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.25 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Receivable. The Plan does not have receivables from long-term contracts with the District contribution.

Allocated insurance contracts. The Plan has no allocated insurance contracts that are excluded from plan assets.

Reserves. The Plan has no reserves that are required to be disclosed under paragraph 30e of GASB Statement No. 67, Financial Reporting for Pension Plans.

Deferred Retirement Option Program (DROP). The District does not offer a DROP to employees in the Early Retirement Program.

Total Pension Liability

The District’s total pension liability for the Plan for the current fiscal year were as follows:

<u>Total Pension Liability</u>	<u>2023</u>
Interest Cost	\$ 415,874
Differences between expected and actual experience	404,733
Benefit payments, including refunds of contributions	<u>(1,681,451)</u>
Net Change in Total Pension Liability	(860,844)
Total Pension Liability (Beginning)	<u>19,319,338</u>
Total Pension Liability (Ending)	<u>\$ 18,458,494</u>

Discount Rate. The discount rate used to measure the total pension liability was 2.25 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the difference between actuarially determined

contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following table presents the net pension liability of the District calculated using the discount rate of 2.25 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.25 percent) or 1 percentage point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Net Pension Liability	\$ 12,469,041	\$ 10,879,490	\$ 9,504,478

Pension Expense and Deferred Outflows of Resources Related to Pensions. For the fiscal year ended June 30, 2023, the District recognized a pension expense of \$782,192 for the Plan. At June 30, 2023 the District reported deferred outflows of resources related to the Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>\$ 383,859</u>

Amounts recognized in the deferred outflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ 128,015
2025	139,805
2026	99,663
2027	16,376
Total	<u>\$ 383,859</u>

E. Postemployment Health Care Benefits

General Information about the Plan

Plan Description. The Postemployment Health Care Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District, and eligible dependents, may continue to participate in the District's health and hospitalization plan for medical and prescription drug coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because

retiree healthcare costs are generally greater than active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. Eligible retirees are generally covered by one of three fully insured comprehensive medical programs from Blue Cross Blue Shield with the following designs:

Plan Type	Staff HMO	Select HMO	Coverage 1st Local	Coverage 1st National		HDHP PPO	
Deductible	\$ 250	\$ 500	\$ 1,250	\$ 1,250	\$ 3,250	\$ 2,800	\$ 5,600
Coinsurance	100%	100%	100%	100%	70%	90%	60%
Copayment	\$ 15	\$ 30	\$ 25	\$ 25	\$ -	\$ -	\$ -
Out of pocket limit	\$ 3,500	\$ 5,000	\$ 4,000	\$ 4,000	\$ 12,000	\$ 6,650	\$ 13,300

In addition to the plans described above, Medicare eligible retirees have the option to participate in a Medicare Advantage plan offered by Aetna. The employer has no liability for this plan because retirees pay the full cost with no cost sharing. Medicare eligible retirees coordinate benefits with Medicare on a “Coordination of Benefits” basis. That is, the OPEB Plan pays up to the amount it would pay as primary payer, except that it will not pay benefits already paid by Medicare (which is actually the primary payer) or if the retiree elects not to participate in Medicare Parts A and B, the hypothetical amount Medicare would have paid.

The chart below shows the monthly retiree cost of medical and drug:

Participants	Staff HMO	Select HMO	Coverage 1st Local	Coverage 1st National	HDHP PPO
Individual	\$ 817	\$ 854	\$ 701	\$ 737	\$ 714
Retiree plus spouse	\$ 1,529	\$ 1,596	\$ 1,305	\$ 1,368	\$ 1,333

Spouses of retirees or surviving spouses of retirees of the District who meet retirement criteria, and received pension benefits at termination may elect medical coverage. Retirees pay the full cost of dental and vision with no employer cost sharing in the implicit subsidy between active employees and retirees. Retirees pay the full cost with no implicit subsidy for life insurance.

Employees Covered by Benefit Terms. At May 1, 2023, the following employees were covered by the benefit terms:

Retirees or Dependents Receiving Benefits	631
Active Employees	23,469
Total	24,100

Healthcare plans are only available to retirees at the time of retirement. If the retiree does not elect to pay for continued coverage, their option to participate in a group plan is forfeited.

Total OPEB Liability. The District’s total OPEB liability of \$188,400,813 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost method	Entry age
Inflation	2.10 percent
Salary increases	4.00 percent
Payroll Growth	3.00 percent
Discount rate	3.65 percent
Healthcare Cost Trend Rates	7.73 percent pre-65 and 7.76 percent post-65 for 2023-24 decreasing to 4.50 percent for 2034 and later years
Retirees' Share of Benefit-related Costs	20.00 percent of projected health insurance premiums for retirees

Discount rates were based on Bond Buyer GO 20-Bond Municipal Bond Index.

Mortality rates were based on the PUB-2010 mortality table adjusted for the headcount weighted teacher's mortality, set forward 1 year for females and 2 years for males, projected using Scale MP-2018. Disabled retirees were based on PubNS-2010 mortality table projected using Scale MP-2018.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2022	\$ 226,658,365
Changes for the year:	
Service Cost	16,748,974
Interest	8,496,654
Differences Between Expected and Actual Experience	(31,159,376)
Changes of Assumptions or Other Inputs	(25,506,617)
Benefit Payments	<u>(6,837,187)</u>
Net Changes	<u>(38,257,552)</u>
Balance at June 30, 2023	<u>\$ 188,400,813</u>

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

- The discount rate was changed from 3.54 percent as of the beginning of the measurement period to 3.65 percent as of June 30, 2023.
- The pre-65 medical enrollment changed from 30 percent to 20 percent based on recent plan experience.
- The Medicare-eligible enrollment changed from 7 percent to 3 percent based on recent plan experience.
- The medical claims costs and premiums were updated based on actual premium information provided for the valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$212,862,334	\$188,400,813	\$167,975,272

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates (7.7 percent pre-65 and 7.8 percent post-65 decreasing to 4.5 percent) that are 1 percentage point higher (8.7 percent pre-65 and 8.8 percent post-65 decreasing to 5.5 percent) or 1 percentage point lower (6.7 percent pre-65 and 6.8 percent post-65 decreasing to 3.5 percent):

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 160,555,259	\$ 188,400,813	\$ 223,797,836

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$18,760,246. At June 30, 2023, 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	\$ -	\$ 95,639,315
Changes of Assumptions or Other Inputs	68,970,629	29,298,131
Total	\$ 68,970,629	\$ 124,937,446

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>
2024	\$ (6,485,382)
2025	(6,485,382)
2026	(6,485,382)
2027	(6,485,382)
2028	(6,485,382)
Thereafter	(23,539,907)
Total	\$ (55,966,817)

F. Construction and Other Significant Commitments

Construction Contracts. The following is a summary of major construction contract commitments remaining at June 30, 2023:

Project	Contract Amount	Completed to Date	Balance Committed
Major Renovation - Including HVAC, Additions, etc.	\$ 447,463,701	\$ 121,505,480	\$ 325,958,221
Enterprise Resource Planning Software	3,174,506	2,658,696	515,810
Total	\$ 450,638,207	\$ 124,164,176	\$ 326,474,031

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. Workers' compensation, automobile liability, and general liability coverage are being provided on a self-insured basis up to specified limits. The District has chosen not to purchase excess coverage, but continues to retain \$4,000,000 to cover any excess claims. The Board has contracted with an insurance administrator to administer these self-insurance programs, including the processing, investigating, and payment of claims.

Settled claims resulting from the risks described above have yet to exceed commercial insurance coverage.

A liability in the amount of \$20,530,377 was actuarially determined using a discount rate of 1.5 percent to cover reported and unreported insurance claims payable at June 30, 2023. It is estimated that \$8,750,658.71 of the liability is current and due within 1 year. The remaining \$11,779,718.29 will be due in future years.

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

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2021-22	\$ 20,269,843	\$ 8,878,825	\$ (8,359,288)	\$ 20,789,380
2022-23	20,789,380	9,382,584	(9,641,587)	20,530,377

Claims and judgments are generally liquidated by the internal service funds that are funded by the General Fund and Special Revenue Funds.

H. Long-Term Liabilities

1. Obligations under Lease Purchase Agreement - Certificates of Participation

The District entered into various financing arrangements, each of which was characterized as a lease-purchase agreement, with the Hillsborough School Board Leasing Corporation

(Corporation), whereby the District secured financing of various education facilities through the issuance of Certificates of Participation to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given ground leases on District property to the Corporation, with a rental fee of \$10 per year. The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the 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 Agreements to the Trustee for the benefit of the securers of the Certificates of Participation to the end of the ground lease term.

Certificates of participation that are still part of the District's debt obligation are as follows:

<u>Certificates</u>	<u>Date of Certificates</u>	<u>Original Amount of Certificates</u>	<u>Remaining Amount of Certificates</u>
Series 2010 QSCB *	December 21, 2010	\$ 37,935,000	\$ 37,935,000
Series 2014A *	April 2, 2014	39,950,000	14,065,000
Series 2015A	August 20, 2015	100,625,000	81,680,000
Series 2016A	March 31, 2016	53,350,000	39,325,000
Series 2017A	May 25, 2017	32,445,000	16,495,000
Series 2017B	November 13, 2017	51,915,000	51,915,000
Series 2017C *	November 13, 2017	97,380,000	23,990,000
Series 2018	November 14, 2018	64,995,000	61,970,000
Series 2020A	May 21, 2020	56,700,000	56,700,000
Series 2020B	May 21, 2020	76,530,000	66,720,000
Total		\$ 611,825,000	\$ 450,795,000

* Outstanding direct placement debt.

The Series 2014A Certificates of Participation were issued in order to provide funds necessary to fully advance refund the Series 2002 Certificates of Participation and partially advance refund the Series 2004B Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed, and installed from the proceeds of the Series 2002 and Series 2004B Certificates of Participation.

The Series 2015A Certificates of Participation were issued in order to refund the Series 2005A and advance refund the Series 2006A Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed, and installed from the proceeds of the 2005A and 2006A Certificates of Participation.

The Series 2016A Certificates of Participation were issued in order to advance refund the Series 2007 Certificates of Participation and refinance the educational facilities that the District acquired, constructed, and installed from the proceeds of the 2007 Certificates of Participation.

The Series 2017A Certificates of Participation were issued in order to advance refund the Series 2006B Certificates of Participation and refinance the educational facilities that the District acquired, constructed, and installed from the proceeds of the 2006B Certificates of Participation.

The Series 2017B Certificates of Participation were issued in order to advance refund the Series 2012A Certificates of Participation and refinance the educational facilities that the District acquired, constructed, and installed from the proceeds of the 2012A Certificates of Participation.

The Series 2017C Certificates of Participation were issued in order to refund the Series 2008A Certificates of Participation and refinance the educational facilities that the District acquired, constructed, and installed from the proceeds of the 2008A Certificates of Participation.

The Series 2018 Certificates of Participation were issued in order to refund the Series 2015B Certificates of Participation and refinance the educational facilities that the District acquired, constructed, and installed from the proceeds of the 2015B Certificates of Participation.

The Series 2020A Certificates of Participation were issued in order to refund the Series 2010A Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the 2010A Certificates of Participation.

The Series 2020B Certificates of Participation were issued in order to refund the Series 2012A Certificates of Participation and refinance the educational facilities that the District acquired, constructed, and installed from the proceeds of the 2012A Certificates of Participation.

Due to the economic substance of the issuances of the Certificates of Participation as a financing arrangement on behalf of the Board, the financial activities of the Corporation have been blended in with the financial statements of the District. For accounting purposes, due to the blending of the Corporation within the District's financial statements, basic lease payments are reflected as debt service expenditures when payable to Certificate holders.

The lease payments for the Series 2014A, 2015A, 2016A, 2017A, 2017B, 2017C, 2018, 2020A, and 2020B Certificates are payable by the District, semi-annually, on July 1 and January 1 at interest rates of 2.56 percent, 2 to 5 percent, 5 percent, 4 to 5 percent, 5 percent, 5 percent, 5 percent, and 1.26 to 2.19 percent, respectively. The lease payments for the 2010-QSCB Certificates are due December 1, 2028. There is no interest to be paid on the QSCB as the Certificate holders receive Federal Tax Credits in lieu of interest payments. The District is required to reserve a portion of the lease payments each year for all Certificates of Participation.

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>
2024	\$ 61,326,119.64	\$ 44,435,000.00	\$ 16,891,119.64
2025	59,287,452.32	43,990,000.00	15,297,452.32
2026	59,256,895.07	45,215,000.00	14,041,895.07
2027	61,740,090.52	49,535,000.00	12,205,090.52
2028	59,393,145.74	49,510,000.00	9,883,145.74
2029-2032	233,288,321.88	218,110,000.00	15,178,321.88
Total Minimum Lease Payments	\$ 534,292,025.17	\$ 450,795,000.00	\$ 83,497,025.17

2. Bonds Payable

Bonds payable at June 30, 2023, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:			
Series 2014A	\$ 410,000	3 - 5	2025
Series 2017A	2,844,000	3 - 5	2028
Series 2019A	278,000	5	2029
Series 2020A	1,068,000	5	2030
District Revenue Bonds:			
Series 2015 Capital Improvement & Racetrack Revenue Refunding	3,670,000	3 - 4	2033
Series 2015B, Sales Tax Refunding	22,355,000	3 - 5	2027
Series 2017A, Sales Tax Refunding	55,595,000	2.49	2027
Total Bonds Payable	\$ 86,220,000		

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

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

Series 2015 Capital Improvement and Racetrack Revenue Refunding Bonds

These bonds are authorized by Chapter 71-680, Laws of Florida, which authorized the Board to pledge all of the portion of racetrack funds accruing annually to Hillsborough County, under the provisions of Chapters 550 and 551, Florida Statutes, as allocated to the Board pursuant to law, and Chapter 132, Florida Statutes, which authorized the refunding of the District Revenue Bonds of 1985. As required by the bond resolution, the District has established the sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

Sales Tax Revenue Bonds, Series 2015B and 2017A

These bonds are authorized by the Constitution and Laws of the State of Florida, including, particularly Chapter 1010, Florida Statutes, Chapter 212, Part I, Florida Statutes, and other applicable provisions of law. The bonds are secured by a pledge of the proceeds received pursuant to the Interlocal Agreement from the levy and collection by the County of the one-half cent local infrastructure sales surtax.

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

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds:			
2024	\$ 1,313,040.00	\$ 1,094,000.00	\$ 219,040.00
2025	1,060,340.00	896,000.00	164,340.00
2026	1,006,080.00	885,000.00	121,080.00
2027	713,830.00	637,000.00	76,830.00
2028	728,980.00	684,000.00	44,980.00
2029-2030	433,050.00	404,000.00	29,050.00
Total State School Bonds	5,255,320.00	4,600,000.00	655,320.00
District Revenue Bonds:			
2024	20,890,032.51	18,755,000.00	2,135,032.51
2025	21,053,578.01	19,625,000.00	1,428,578.01
2026	21,054,644.01	20,175,000.00	879,644.01
2027	21,059,165.76	20,720,000.00	339,165.76
2028	429,018.76	360,000.00	69,018.76
2029-2033	2,151,190.64	1,985,000.00	166,190.64
Total District Revenue Bonds	86,637,629.69	81,620,000.00	5,017,629.69
Total	\$ 91,892,949.69	\$ 86,220,000.00	\$ 5,672,949.69

3. Changes in Long-Term Liabilities

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

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
GOVERNMENTAL ACTIVITIES					
Estimated Insurance Claims Payable	\$ 20,789,380.00	\$ 9,382,583.64	\$ 9,641,586.64	\$ 20,530,377.00	\$ 8,750,658.71
Other Postemployment Benefits Payable	226,658,365.00	-	38,257,552.00	188,400,813.00	-
Compensated Absences Payable	192,839,153.00	30,906,897.19	37,145,322.75	186,600,727.44	15,004,443.05
Net Pension Liability					
State - FRS	185,635,881.00	696,558,020.00	-	882,193,901.00	-
State - HIS	407,061,221.38	-	71,165,133.38	335,896,088.00	-
Early Retirement Program	11,255,117.00	-	375,627.00	10,879,490.00	-
Certificates of Participation Payable	493,360,000.00	-	42,565,000.00	450,795,000.00	44,435,000.00
Bonds Payable	105,409,000.00	-	19,189,000.00	86,220,000.00	19,849,000.00
Total Governmental Activities	1,643,008,117.38	736,847,500.83	218,339,221.77	2,161,516,396.44	88,039,101.76
Plus unamortized premiums:					
Certificates of Participation	43,525,825.31	-	7,360,502.63	36,165,322.68	7,360,502.63
Bonds Payable	4,362,982.30	-	853,097.24	3,509,885.06	853,097.24
Total Long-Term Debt	\$ 1,690,896,924.99	\$ 736,847,500.83	\$ 226,552,821.64	\$ 2,201,191,604.18	\$ 96,252,701.63

Internal service funds predominately serve the governmental funds and, accordingly, long-term liabilities of those funds are included in the governmental activities. For the governmental activities, compensated absences, net pension liability, and other postemployment benefits are generally liquidated with resources of the General and Special Revenue Funds. The estimated liability for long-term claims are generally liquidated with resources of the Worker's Compensation and the General and Automobile liability programs Internal Service Funds.

I. Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions (GASB 54) with the intention of providing more

structured classification of fund balance reporting. The reporting standards established a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or are legally or contractually required to remain intact. Examples of this classification are prepaid item, inventories, and principal of an endowment fund. The District has inventories that are considered nonspendable. The District does not have any other nonspendable fund balances.

GASB 54 provides a hierarchy of spendable fund balances, based on spending constraints:

- Restricted – fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed – fund balances that contain self-imposed constraints by the Board, (the District's highest level of decision-making authority). The Board has not established a policy to commit fund balance, therefore, no such balance is reported.
- Assigned – fund balances that contain self-imposed constraints of the Government to be used for a particular purpose. The District has a policy approved by the Board that designates administrative staff (the Superintendent and Chief Business officer) to determine the assignments.
- Unassigned – fund balance of the General Fund that is not constrained for a particular purpose.

The District has classified its fund balances based on the GASB 54 hierarchy as follows:

- Nonspendable – The District has inventories totaling \$7,310,558.91 that are classified as nonspendable.
- Spendable – The District has classified the spendable fund balances as restricted and unassigned. The District currently has no funds classified as committed or assigned.
 - Restricted. Federal Laws, Florida Statutes, and local constraints require that certain revenues be specifically used for certain expenditures. These funds have been included in the restricted category of fund balances. The restricted fund balance total is \$625,539,989.15 and represents \$64,152,381.64 for Food Service, \$65,710,663.51 for State programs, \$4,679,249.88 for local programs, \$130,047,688.57 for Debt Service, and \$360,950,005.55 for Capital Projects.
 - Unassigned. The District has \$253,680,125.80 in unassigned fund balance. At the end of the fiscal year, the unassigned fund balance in the General Fund is 12.9 percent of total General Fund revenues (including other financing sources and uses). After removing charter school pass through funds from the Florida Department of Education, the unassigned fund balance in the General Fund is 15 percent of total General Fund Revenues.

The District applies resources for expenditures to restricted, then assigned, and then unassigned when expenditures are incurred which could use any of the fund balance classifications.

J. Interfund Receivables and Payables

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 54,275,008.61	\$ 15,874,432.55
Special Revenue - Other	1,914,783.94	21,887,422.49
Special Revenue - Federal Education Stabilization	189,807.25	27,656,106.43
Capital Projects - Other	78,871.00	1,207,101.02
Nonmajor Governmental	3,974,533.35	4,736,275.62
Internal Service	10,928,333.96	-
Total	\$ 71,361,338.11	\$ 71,361,338.11

The majority of interfund receivables and payables are established during the closing period. The receivable in the General Fund is for payback of direct/indirect charges for June of the prior fiscal year. The amounts in the Capital Projects – Other Fund and nonmajor funds is mostly due to the movements of expenditures between capital project funds. The amount in the Internal Service Fund is due to movement of revenue to other funds. The amounts payable are expected to be paid within a period of less than 13 months, as allowable under Section 1011.09, Florida Statutes.

K. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District’s State revenue sources for the 2022-23 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 942,675,721.00
Categorical Educational Program	245,981,627.61
Workforce Development Program	35,502,979.00
Charter School Capital Outlay	17,190,558.00
Capital Outlay and Debt Service (Motor Vehicle License Tax)	9,553,592.46
Food Service Supplement	1,377,013.00
Mobile Home License Tax	544,524.82
Sales Tax Distribution (previously called Pari-Mutuel Tax)	446,500.00
State Board of Education Bond Interest	139,509.81
Miscellaneous	16,319,447.79
Total	\$ 1,269,731,473.49

2. Property Taxes

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

<u>General Fund</u>	<u>Millages</u>	<u>Taxes Levied</u>
Nonvoted School Tax:		
Required Local Effort	3.239	\$ 511,947,465.74
Basic Discretionary Local Effort	0.748	118,226,830.62
<u>Capital Projects - Local Capital Improvement Fund</u>		
Nonvoted Tax:		
Local Capital Improvements	1.500	237,085,890.28
Total	5.487	\$ 867,260,186.64

L. 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	\$ 43,922,432.26	\$ -
Capital Projects - Other	-	17,190,558.00
Nonmajor Governmental	64,525,123.75	91,256,998.01
Total	\$ 108,447,556.01	\$ 108,447,556.01

The transfer from nonmajor governmental funds (Local Capital Improvement Fund) was primarily to cover capital outlay, debt service, and property liability insurance expenditures that were paid by other funds.

III. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Litigation

The District is involved in several pending and threatened legal actions. In the opinion of District management, the range of potential loss from all such claims and actions should not materially affect the financial condition of the District.

B. Grants and Contracts

The District participates in various Federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable Federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a Federal audit may become a liability of the District.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule General and Major Special Revenue Funds For the Fiscal Year Ended June 30, 2023

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 1,950,000.00	\$ 3,269,982.34	\$ 3,269,982.34	\$ -
Federal Through State and Local	6,500,000.00	3,315,039.65	3,315,039.65	-
State	1,221,044,262.00	1,231,545,965.18	1,227,817,854.70	(3,728,110.48)
Local:				
Property Taxes	605,578,823.00	603,947,743.14	603,568,807.29	(378,935.85)
Miscellaneous	59,345,000.00	85,023,149.88	85,438,907.18	415,757.30
Total Local Revenues	664,923,823.00	688,970,893.02	689,007,714.47	36,821.45
Total Revenues	1,894,418,085.00	1,927,101,880.19	1,923,410,591.16	(3,691,289.03)
Expenditures				
Current - Education:				
Instruction	1,339,763,595.28	1,289,488,901.21	1,210,344,958.25	79,143,942.96
Student Support Services	88,285,622.37	57,845,013.31	53,325,634.37	4,519,378.94
Instructional Media Services	19,591,219.83	22,815,514.39	21,703,721.63	1,111,792.76
Instruction and Curriculum Development Services	23,981,890.47	35,807,175.23	27,623,362.68	8,183,812.55
Instructional Staff Training Services	4,873,833.92	18,830,055.88	12,279,578.40	6,550,477.48
Instruction-Related Technology	39,943,704.41	44,436,068.40	43,864,528.16	571,540.24
Board	2,357,535.32	3,017,767.91	2,613,873.92	403,893.99
General Administration	5,684,503.40	7,453,654.08	6,433,143.42	1,020,510.66
School Administration	104,062,824.36	119,840,933.68	118,080,846.20	1,760,087.48
Facilities Acquisition and Construction	21,673,244.44	21,897,527.66	20,937,775.55	959,752.11
Fiscal Services	15,377,480.54	8,534,683.97	7,737,235.81	797,448.16
Food Services	199,697.08	1,301,438.16	1,295,857.14	5,581.02
Central Services	21,601,406.14	31,607,086.44	27,057,904.19	4,549,182.25
Student Transportation Services	60,633,931.48	70,289,211.62	68,389,159.08	1,900,052.54
Operation of Plant	141,383,339.16	157,362,392.51	155,847,953.77	1,514,438.74
Maintenance of Plant	27,932,974.40	33,439,889.74	31,562,760.87	1,877,128.87
Administrative Technology Services	182,530.10	191,202.46	191,201.18	1.28
Community Services	2,345,728.85	18,973,592.31	14,144,196.14	4,829,396.17
Total Expenditures	1,919,875,061.55	1,943,132,108.96	1,823,433,690.76	119,698,418.20
Excess (Deficiency) of Revenues Over Expenditures	(25,456,976.55)	(16,030,228.77)	99,976,900.40	116,007,129.17
Other Financing Sources (Uses)				
Transfers In	45,000,000.00	43,922,432.00	43,922,432.26	0.26
Transfers Out	(2,733,738.32)	(3,745,358.00)	-	3,745,358.00
Total Other Financing Sources (Uses)	42,266,261.68	40,177,074.00	43,922,432.26	3,745,358.26
Net Change in Fund Balances	16,809,285.13	24,146,845.23	143,899,332.66	119,752,487.43
Fund Balances, Beginning	186,139,608.32	186,139,608.00	186,139,608.32	0.32
Fund Balances, Ending	\$ 202,948,893.45	\$ 210,286,453.23	\$ 330,038,940.98	\$ 119,752,487.75

Special Revenue - Other Fund				Special Revenue - Federal Education Stabilization Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 910,482.00	\$ 9,229,843.68	\$ 4,583,537.86	\$ (4,646,305.82)	\$ -	\$ -	\$ -	\$ -
151,318,393.52	220,590,127.87	178,099,542.42	(42,490,585.45)	484,261,586.82	553,876,465.12	259,310,766.28	(294,565,698.84)
-	2,484,408.00	1,880,990.01	(603,417.99)	-	-	-	-
-	-	-	-	-	-	-	-
-	566,514.31	426,909.58	(139,604.73)	-	-	-	-
-	566,514.31	426,909.58	(139,604.73)	-	-	-	-
152,228,875.52	232,870,893.86	184,990,979.87	(47,879,913.99)	484,261,586.82	553,876,465.12	259,310,766.28	(294,565,698.84)
78,061,625.52	117,588,787.02	93,833,733.61	23,755,053.41	259,087,264.49	424,445,567.41	193,530,376.41	230,915,191.00
13,113,878.75	19,150,589.59	16,515,358.03	2,635,231.56	149,997,008.04	55,287,523.68	41,356,258.30	13,931,265.38
858,937.98	3,167,564.85	2,687,757.77	479,807.08	562,858.82	624,502.53	197,333.48	427,169.05
36,787,562.46	47,904,577.07	40,226,481.55	7,678,095.52	4,157,851.41	7,655,771.21	1,404,663.66	6,251,107.55
14,913,326.43	24,869,226.44	16,665,068.72	8,204,157.72	14,610,899.04	14,109,510.95	1,771,719.26	12,337,791.69
537,151.55	866,570.49	468,651.42	397,919.07	6,196,000.06	7,811,042.00	165,089.25	7,645,952.75
-	-	-	-	100,000.00	-	-	-
6,310,149.27	8,991,647.31	7,525,066.10	1,466,581.21	17,943,221.90	20,356,319.71	10,131,522.00	10,224,797.71
-	668,430.12	643,740.17	24,689.95	3,442,246.37	6,267,500.83	2,408,878.08	3,858,622.75
20,000.00	593,376.00	77,262.40	516,113.60	22,305,663.74	305,663.74	305,663.74	-
86,983.74	111,447.09	89,320.26	22,126.83	-	-	-	-
-	-	-	-	9,900.00	1,107,925.58	-	1,107,925.58
80,000.00	481,360.31	295,252.00	186,108.31	53,490.47	251,850.47	23,864.81	227,985.66
520,637.52	2,739,928.41	2,365,836.17	374,092.24	2,334,395.06	6,976,058.11	2,399,292.70	4,576,765.41
58,492.09	1,150,926.57	515,330.31	635,596.26	3,460,787.42	739,364.22	26,383.07	712,981.15
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
880,130.21	4,586,462.59	3,082,121.36	1,504,341.23	-	7,937,864.68	5,589,721.52	2,348,143.16
152,228,875.52	232,870,893.86	184,990,979.87	(47,879,913.99)	484,261,586.82	553,876,465.12	259,310,766.28	(294,565,698.84)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service Cost	\$ 16,748,974	\$ 16,924,825	\$ 15,998,541	\$ 12,053,165	\$ 11,072,796	\$ 11,939,817
Interest	8,496,654	4,665,569	4,901,613	6,342,532	6,530,837	6,476,707
Differences Between Expected and Actual Experience	(31,159,376)	(20,148,169)	(31,618,398)	(15,259,065)	(17,872,534)	(12,513,779)
Changes of Assumptions or Other Inputs	(25,506,617)	31,145,582	11,756,879	37,736,200	15,722,184	(12,406,762)
Benefit Payments	(6,837,187)	(9,953,105)	(5,587,183)	(2,875,426)	(5,074,173)	(4,508,527)
Net Change in Total OPEB Liability	<u>(38,257,552)</u>	<u>22,634,702</u>	<u>(4,548,548)</u>	<u>37,997,406</u>	<u>10,379,110</u>	<u>(11,012,544)</u>
Total OPEB Liability - Beginning	<u>226,658,365</u>	<u>204,023,663</u>	<u>208,572,211</u>	<u>170,574,805</u>	<u>160,195,695</u>	<u>171,208,239</u>
Total OPEB Liability - Ending	<u>\$ 188,400,813</u>	<u>\$ 226,658,365</u>	<u>\$ 204,023,663</u>	<u>\$ 208,572,211</u>	<u>\$ 170,574,805</u>	<u>\$ 160,195,695</u>
Covered-Employee Payroll	\$ 1,151,399,626	\$ 1,156,332,563	\$ 1,174,944,382	\$ 1,169,899,584	\$ 1,108,181,513	\$ 1,110,758,831
Total OPEB Liability as a Percentage of Covered-Employee Payroll	16.36%	19.60%	17.36%	17.83%	15.39%	14.42%

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

Fiscal Year Ending June 30	District's Proportion of the FRS Net Pension Liability	District's Proportionate of the FRS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	2.675744615%	\$ 163,259,770	\$ 1,064,282,519	15.34%	96.09%
2015	2.763289665%	356,915,921	1,134,992,341	31.45%	92.00%
2016	5.541959515%	964,675,632	1,145,023,748	84.25%	84.88%
2017	2.465541496%	729,290,632	1,149,179,153	63.46%	83.89%
2018	2.345782073%	706,561,721	1,110,758,831	63.61%	84.26%
2019	2.274434221%	783,283,481	1,108,181,513	70.68%	82.61%
2020	2.285616343%	990,619,806	1,169,889,584	84.68%	78.85%
2021	2.457495851%	185,635,881	1,174,944,382	15.80%	96.40%
2022	2.370976787%	882,193,901	1,156,332,563	76.29%	82.89%

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

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

Fiscal Year Ending June 30	Contractually Required FRS Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	District's Covered Payroll	FRS Contributions as a Percentage of Covered Payroll
2014	\$ 58,610,162	\$ (58,610,162)	\$ -	\$ 1,064,282,519	5.51%
2015	67,371,349	(67,371,349)	-	1,134,992,341	5.94%
2016	61,989,736	(61,989,736)	-	1,145,023,748	5.41%
2017	64,502,458	(64,502,458)	-	1,149,179,153	5.61%
2018	67,273,588	(67,273,588)	-	1,110,758,831	6.06%
2019	71,543,364	(71,543,364)	-	1,108,181,513	6.46%
2020	75,940,903	(75,940,903)	-	1,169,889,584	6.49%
2021	93,619,974	(93,619,974)	-	1,174,944,382	7.97%
2022	101,173,893	(101,173,893)	-	1,156,332,563	8.75%
2023	105,860,536	(105,860,536)	-	1,151,399,626	9.19%

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

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

Fiscal Year Ending June 30	District's Proportion of the HIS Net Pension Liability	District's Proportionate Share of the HIS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	3.581709108%	\$ 334,898,541	\$ 1,064,282,519	31.47%	0.99%
2015	3.739257446%	381,345,440	1,134,992,341	33.60%	0.50%
2016	3.707982372%	432,149,985	1,145,023,748	37.74%	0.97%
2017	3.604627649%	385,423,419	1,149,179,153	33.54%	1.64%
2018	3.399934641%	359,852,899	1,110,758,831	32.40%	2.15%
2019	3.313155226%	370,708,914	1,108,181,513	33.45%	2.63%
2020	3.370317361%	411,510,260	1,169,889,584	35.18%	3.00%
2021	3.318478014%	407,061,221	1,174,944,382	34.65%	3.56%
2022	3.171344993%	335,896,088	1,156,332,563	29.05%	4.81%

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

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

Fiscal Year Ending June 30	Contractually Required HIS Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	District's Covered Payroll	HIS Contributions as a Percentage of Covered Payroll
2014	\$ 12,269,731	\$ (12,269,731)	\$ -	\$ 1,064,282,519	1.15%
2015	14,293,769	(14,293,769)	-	1,134,992,341	1.26%
2016	19,005,773	(19,005,773)	-	1,145,023,748	1.66%
2017	19,066,752	(19,066,752)	-	1,149,179,153	1.66%
2018	18,428,926	(18,428,926)	-	1,110,758,831	1.66%
2019	18,397,796	(18,397,796)	-	1,108,181,513	1.66%
2020	19,421,560	(19,421,560)	-	1,169,889,584	1.66%
2021	19,506,042	(19,506,042)	-	1,174,944,382	1.66%
2022	19,189,308	(19,189,308)	-	1,156,332,563	1.66%
2023	19,153,346	(19,153,346)	-	1,151,399,626	1.66%

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

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**Schedule of Changes in Net Pension
Liability and Related Ratios – Early Retirement Plan
Last 10 Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Pension Liability:					
Interest	\$ 415,874	\$ 449,072	\$ 487,153	\$ 595,796	\$ 591,171
Differences Between Expected and Actual Experience	404,733	(229,923)	(439,993)	355,517	(242,941)
Changes of Assumptions	-	-	-	827,272	(505,662)
Benefit Payments, Including Refunds of Member Contributions	<u>(1,681,451)</u>	<u>(1,707,625)</u>	<u>(1,771,312)</u>	<u>(1,811,535)</u>	<u>(1,837,661)</u>
Net Change in Total Pension Liability	(860,844)	(1,488,476)	(1,724,152)	(32,950)	(1,995,093)
Total Pension Liability, Beginning (A)	19,319,338	20,807,814	22,531,966	22,564,916	24,560,009
Total Pension Liability, Ending	<u>\$ 18,458,494</u>	<u>\$ 19,319,338</u>	<u>\$ 20,807,814</u>	<u>\$ 22,531,966</u>	<u>\$ 22,564,916</u>
Plan Fiduciary Net Position:					
Employer Contributions	\$ 1,124,837	\$ 1,132,899	\$ 1,130,000	\$ 1,090,000	\$ 1,195,000
Net Investment Income	102,020	(214,239)	15,889	298,094	340,359
Benefit Payments, Including Refunds of Member Contributions	(1,681,451)	(1,707,625)	(1,771,312)	(1,811,535)	(1,837,661)
Administrative Expense	<u>(30,623)</u>	<u>(33,268)</u>	<u>(35,050)</u>	<u>(11,859)</u>	<u>(37,516)</u>
Net Change in Plan Fiduciary Net Position	(485,217)	(822,233)	(660,473)	(435,300)	(339,818)
Plan Fiduciary Net Position, Beginning	8,064,221	8,886,454	9,546,927	9,982,227	10,322,045
Plan Fiduciary Net Position, Ending (B)	<u>\$ 7,579,004</u>	<u>\$ 8,064,221</u>	<u>\$ 8,886,454</u>	<u>\$ 9,546,927</u>	<u>\$ 9,982,227</u>
Net Pension Liability, Ending (A)-(B)	<u>\$ 10,879,490</u>	<u>\$ 11,255,117</u>	<u>\$ 11,921,360</u>	<u>\$ 12,985,039</u>	<u>\$ 12,582,689</u>
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	41.06%	41.74%	42.71%	42.37%	44.24%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability As a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Benefit Changes:

As of July 1, 2010, the Supplemental Early Retirement Pension Plan was closed to any new participants.

2018	2017	2016	2015	2014
\$ 620,996	\$ 654,392	\$ 891,553	\$ 855,451	\$ 958,050
44,936	(78,680)	(89,247)	(9,066)	(96,760)
-	-	1,845,696	2,180,253	-
<u>(1,891,507)</u>	<u>(1,931,650)</u>	<u>(1,958,864)</u>	<u>(2,031,448)</u>	<u>(2,023,059)</u>
(1,225,575)	(1,355,938)	689,138	995,190	(1,161,769)
25,785,584	27,141,522	26,452,384	25,457,194	26,618,963
<u>\$ 24,560,009</u>	<u>\$ 25,785,584</u>	<u>\$ 27,141,522</u>	<u>\$ 26,452,384</u>	<u>\$ 25,457,194</u>
\$ 1,170,000	\$ 1,185,000	\$ 1,114,742	\$ 1,410,653	\$ 1,355,705
21,068	(11,048)	260,643	122,078	80,327
(1,891,507)	(1,931,650)	(1,958,864)	(2,031,448)	(2,023,059)
<u>(11,900)</u>	<u>(40,901)</u>	<u>(42,425)</u>	<u>(44,794)</u>	<u>(12,540)</u>
(712,339)	(798,599)	(625,904)	(543,511)	(599,567)
11,034,384	11,832,983	12,458,887	13,002,398	13,601,965
<u>\$ 10,322,045</u>	<u>\$ 11,034,384</u>	<u>\$ 11,832,983</u>	<u>\$ 12,458,887</u>	<u>\$ 13,002,398</u>
<u>\$ 14,237,964</u>	<u>\$ 14,751,200</u>	<u>\$ 15,308,539</u>	<u>\$ 13,993,497</u>	<u>\$ 12,454,796</u>
42.03%	42.79%	43.60%	47.10%	51.08%
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

**Schedule of District Contributions – Early Retirement Plan
Last 10 Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 1,123,879	\$ 1,103,458	\$ 1,130,072	\$ 1,071,899	\$ 1,169,710
Contributions in Relation to the Actuarially Determined Contribution	<u>1,124,837</u>	<u>1,103,458</u>	<u>1,130,072</u>	<u>1,090,000</u>	<u>1,195,000</u>
Contributions Deficiency (Excess)	<u>\$ (958)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,101)</u>	<u>\$ (25,290)</u>
Covered Payroll (A)	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll (A)	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

(A) As of July 1, 2010, the Supplemental Early Retirement Pension Plan was closed to any new participants.

Valuation Date: Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Aggregate
Asset Valuation Method	Market Value
Inflation	2.5%
Salary Increases	N/A
Investment Rate of Return	2.25%
Retirement Age	N/A
Mortality	Rates were based on the PUB-2010, adjusted for the headcount weighted teacher's mortality, set forward one year for females and two years for males, projected using scale MP 2018.

2018	2017	2016	2015	2014
\$ 1,150,507	\$ 1,147,174	\$ 1,054,194	\$ 1,095,221	\$ 1,402,918
1,170,000	1,185,000	1,114,742	1,410,653	1,401,167
\$ (19,493)	\$ (37,826)	\$ (60,548)	\$ (315,432)	\$ 1,751
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

Schedule of Investment Returns – Early Retirement Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	2.25%	2.25%	2.25%	2.25%	2.75%	2.50%	2.50%	2.50%	3.50%	3.50%

1. Budgetary Basis of Accounting

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

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

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

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of Assumptions. In 2023, the discount rate was changed from 3.54 percent to 3.65 percent, the pre-65 medical enrollment changed from 30 percent to 20 percent, the Medicare-eligible enrollment changed from 7 percent to 3 percent, and the medical claims costs and premiums were updated.

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

Changes of Assumptions. In 2022, the long-term expected rate of return was decreased from 6.8 percent to 6.7 percent.

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

Changes of Assumptions. In 2022, the municipal bond rate used to determine total pension liability was increased from 2.16 percent to 3.54 percent; the demographic assumptions for the Special Risk class were updated to reflect plan changes; and the election assumption for vested terminated members was updated from 20 percent to 50 percent to reflect recent experience.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Hillsborough County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Clustered				
Child Nutrition Cluster				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	23002	\$ -	\$ 27,669,648.28
National School Lunch Program	10.555	23001, 23003	-	87,850,263.70
Summer Food Service Program for Children	10.559	22006, 22007, 23006, 23007	-	2,296,798.09
Fresh Fruit and Vegetable Program	10.582	23004	-	590,365.53
Total Child Nutrition Cluster			-	118,407,075.60
Student Financial Assistance Cluster				
United States Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	87,689.35
Federal Pell Grant Program	84.063	N/A	-	2,095,804.27
Total Student Financial Assistance Cluster			-	2,183,493.62
Special Education Cluster				
United States Department of Education:				
Florida Department of Education:				
Special Education - Grants to States	84.027	262, 263	-	58,970,673.65
COVID-19 Special Education - Grants to States	COVID-19, 84.027	262, 263	-	8,280,396.19
Total Special Education - Grants to States	84.027		-	67,251,069.84
Special Education - Preschool Grants	84.173	267	-	1,178,225.29
COVID-19 Special Education - Preschool Grants	COVID-19, 84.173	267	-	230,357.05
Total Special Education - Preschool Grants	84.173		-	1,408,582.34
Total Special Education Cluster			-	68,659,652.18
Head Start Cluster				
United States Department of Health and Human Services:				
Hillsborough County Board of County Commissioners:				
Head Start	93.600	19-1168	-	13,129,861.85
Not Clustered				
United States Department of Agriculture				
Florida Department of Health:				
Child and Adult Care Food Program	10.558	4272	-	4,119,754.73
United States Department of Defense				
National Defense Education Program	12.006	N/A	-	815,317.43
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	N/A	-	461,562.76
Total United States Department of Defense			-	1,276,880.19
United States Department of Justice				
Public Safety Partnership and Community Policing Grants	16.710	N/A	-	233,985.00
STOP School Violence	16.839	N/A	-	590,620.16
Total United States Department of Justice			-	824,605.16
United States Department of Labor				
Florida Department of Education:				
National Farmworker Jobs Program	17.264	405	-	273,709.60
United States National Endowment for the Humanities				
COVID-19 Promotion of the Humanities Public Programs	COVID-19, 45.164	N/A	-	25.28
United States Department of Education				
Impact Aid	84.041	N/A	-	487,056.00
Indian Education Grants to Local Educational Agencies	84.060	N/A	-	5,145.49
School Safety National Activities	84.184	N/A	-	23,474.31

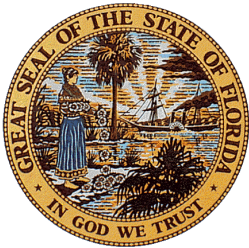
(Continued)

**Hillsborough County District School Board
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Not Clustered (Continued)				
United States Department of Education (Continued)				
Education Stabilization Fund:	84.425			
Higher Education Emergency Relief Fund - Institutional Portion	COVID-19, 84.425F	N/A	\$ -	\$ 1,551,482.34
Higher Education Emergency Relief Fund - Fund for the Improvement of Postsecondary Education Formula Grant	COVID-19, 84.425N	N/A	-	66,996.55
Florida Department of Education:				
Governor's Emergency Education Relief Fund	COVID-19, 84.425C	123	-	1,352,634.28
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124, 128	-	35,496,864.10
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425U	121	-	205,394,370.31
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund - Homeless Children & Youth Fund	COVID-19, 84.425W	122	-	1,306,934.04
Total Education Stabilization Fund	84.425		-	245,169,281.62
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	-	3,704,824.52
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	-	74,208,284.45
Migrant Education - State Grant Program	84.011	217	-	2,493,358.75
Career and Technical Education - Basic Grants to States	84.048	161	-	3,063,303.03
Education for Homeless Children and Youth	84.196	127	-	189,488.08
Charter Schools	84.282	298	285,871.20	285,871.20
English Language Acquisition State Grants	84.365	102	-	4,806,995.66
Supporting Effective Instruction State Grants	84.367	224	-	8,305,335.36
School Improvement Grants	84.377	126	-	711,104.05
Student Support and Academic Enrichment Program	84.424	241	-	5,283,565.02
Total United States Department of Education			285,871.20	348,737,087.54
United States Department of Health and Human Services				
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	N/A	-	269,939.09
United States Department of Homeland Security				
Citizenship Education and Training	97.010	N/A	-	87,874.53
Total Expenditures of Federal Awards			\$ 285,871.20	\$ 557,969,959.37

The notes below are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Hillsborough County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
- (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance – National School Lunch Program. Includes \$10,387,177.87 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 are related to grant number/program S041B 20231249.
- (6) Head Start. Expenditures include \$3,091,281.36 for grant number/program year 04CH011252/03 and \$10,038,580.49 for grant number/program year 04CH011252/04.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Hillsborough County District School Board as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 26, 2024, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

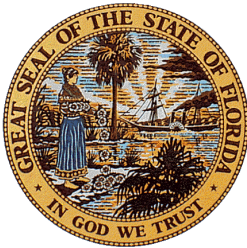
Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 26, 2024



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Hillsborough County District School Board's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2023. The District's major Federal programs are identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

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

Basis for Opinion on Each Major Federal Program

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

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

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

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The District's basic financial statements include the operations of Bridge Prep Academy of Riverview, Creekside Charter Academy, Florida Connections Academy, Henderson Hammock Charter School, Hillsborough Academy of Math & Science, IDEA Hope, IDEA Victory, Independence Academy, Learning Gate Community School, New Springs Schools, Pepin Academies, Riverview Academy of Math and Science, SouthShore Charter Academy, Sports Leadership and Management Academy (Tampa), Sunlake Academy of Math and Science, Village of Excellence Academy, Waterset Charter School, Winthrop Charter School, and Woodmont Charter School (Charter Schools) as part of the reported aggregate discretely presented component units on the accompanying basic financial statements. These Charter Schools expended Federal awards which are not included in the District's **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** during the fiscal year ended June 30, 2023. Our compliance audit, described in the ***Opinion on Each Major Federal Program*** section of our report, did not include the operations of these Charter Schools because the Charter Schools engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements

referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 26, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major Federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor’s report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major Federal programs:

Assistance Listing Numbers:	Name of Federal Program or Cluster:
84.425	Education Stabilization Fund
84.002	Adult Education – Basic Grants to States
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low risk auditee? Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

School Board
 Nadia T. Combs, Chair
 Henry "Shake" Washington, Vice Chair
 Lynn L. Gray
 Stacy A. Hahn, Ph.D.
 Karen Perez
 Patricia "Patti" Rendon
 Jessica Vaughn



Interim Superintendent of Schools
 Van Ayers

September 25, 2023

Audit Report No. (Finding No.)	Program/Area	Brief Description	Status	Comments
MSL CPA, P.A. (2022-001)	Fiduciary Activities	The District's annual financial report did not include all required statements for its Fiscal Year 2021 fiduciary activities, including restricted net position for its custodial funds.	Fully Corrected	

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