



2024-2025 ANNUAL FINANCIAL REPORT

Year End June 30, 2025

Clay County District Schools
Business Affairs and Finance



**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
CLAY COUNTY DISTRICT SCHOOL BOARD
GREEN COVE SPRINGS, FLORIDA**

JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Clay County District School Board and
Superintendent
Green Cove Springs, Florida

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Clay County District School Board (the District) as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity 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 represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units' columns as of June 30, 2025. The financial statements for the aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors.

Basis for Opinions

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

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Clay County District School Board and
Superintendent
Green Cove Springs, Florida

INDEPENDENT AUDITOR'S REPORT

Emphasis of a Matter

As described in Note II to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Clay County District School Board and
Superintendent
Green Cove Springs, Florida

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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.

Purvis Gray

February 24, 2026
Ocala, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of the Clay County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended in June 30, 2025. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found immediately following the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2024-25 fiscal year are as follows:

- As of June 30, 2025, the assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by \$349,368,150 (net position).
- In total, net position increased \$9,984,979 during the 2024-25 fiscal year, which represents a 2.94 percent increase when compared to the 2023-2024 fiscal year.
- General revenues totaled \$476,809,967 or 92.93 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions totaled \$36,294,926, or 7.07 percent of all revenues.
- Expenses totaled \$503,119,913. Only \$36,294,926 of these expenses were offset by program specific charges, with the remainder paid from general revenues.
- The District's governmental funds reported a combined ending fund balance of \$105,004,449, a decrease of \$34,458,504, or 24.71 percent, in the 2024-25 fiscal year in comparison with the prior fiscal year's balance of \$139,462,954.
- At the end of the current fiscal year, the fund balance of the General Funds totals \$33,279,954, which is \$8,767,231, or 20.85 percent less than the prior fiscal year balance.
- The assigned and unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totaled \$21,672,482, which is 5.68 percent of total General Fund revenues.
- The District's capital assets increased by an amount of \$38,427,342, or 7.91 percent as compared to the June 30, 2024 balance.

DISTRICT SCHOOL BOARD OF CLAY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2025

- The District's capital asset-related debt decreased by a net amount of \$4,274,883, or 7.14 percent, as compared to the June 30, 2024 balance, mainly due to a redemption in principle.
- During the course of the 2024-25 fiscal year, the District amended its General Fund budget several times, which resulted in a decrease in total budgeted revenues of \$19,215,374, or 4.74 percent, due primarily from changes in State funding levels.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

- Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- Component units – The St. Johns Classical Academy, Inc., d/b/a St. Johns Classical Academy at Fleming Island and St. Johns Classical Academy at Orange Park; the Florida Charter Educational Foundation, Inc., d/b/a Clay Charter Academy; and the Northeast Florida Virtual

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Charter School Board, Inc., d/b/a Florida Cyber Charter Academy at Clay are legally separate organizations and component units that are included in the report because they meet the criteria for inclusion provided by generally accepted accounting principles. A separate column is used to emphasize that they are legally separate from the District.

The Clay County Education Foundation, Inc. is a separate not-for-profit corporation organized and operated as a direct-support organization to receive, hold, invest, and administer property and to make expenditures to and for the benefit of the District.

The District's charter schools are not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The charter schools operate under a charter approved by their sponsor, the Clay County District School Board. Pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District.

The Clay School Board Leasing Corporation (Leasing Corporation), although also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government. This blended component unit is presented as funds of the District. Separate financial statements for the Leasing Corporation are not published and a separate column is not used on the Statement of Net Position and Statement of Activities or within the basic financial statements.

Fund Financial Statements

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

DISTRICT SCHOOL BOARD OF CLAY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2025

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, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

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

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

Proprietary Funds. Proprietary funds may be established to account for activities in which a fee is charged for services. The District maintains two Internal Service Funds. Internal service funds are proprietary funds used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District used Internal Service Funds to account for its self-insured programs, which includes group medical, automobile liability, general liability, property loss coverages, and its workers' compensation program. The unrestricted net position of the Internal Service Fund totaled \$6,222,275 at June 30, 2025. Since these services predominately benefit government-wide functions, the Internal Service Funds have been included within governmental activities in the government-wide financial statements.

DISTRICT SCHOOL BOARD OF CLAY COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Fiscal Year Ended June 30, 2025

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's net pension liability, the District's contributions to pension plans, the District's total other postemployment benefits liability, and the District's progress in funding its obligation to provide other postemployment benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. The following is a summary of the District's net position as of June 30, 2025, compared to net position as of June 30, 2024:

	Net Position, End of Year	
	Governmental	
	Activities	
	<u>6/30/25</u>	<u>6/30/24</u>
Current and Other Assets	\$ 139,891,759	\$ 167,311,122
Capital Assets	523,950,826	485,523,484
Total Assets	663,842,585	652,834,606
Deferred Outflows of Resources	74,843,802	74,658,458
Long-Term Liabilities	334,884,651	355,793,237
Other Liabilities	20,758,716	14,341,180
Total Liabilities	355,643,367	370,134,417
Deferred Inflows of Resources	33,674,870	17,975,476
Net Position:		
Net Investment in Capital Assets	459,691,208	455,429,042
Restricted	81,910,667	91,797,126
Unrestricted (Deficit)	(192,233,726)	(207,842,998)
Total Net Position	\$ 349,368,150	\$ 339,383,171

DISTRICT SCHOOL BOARD OF CLAY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2025

The increase in Deferred Outflows of Resources is primarily due to the fluctuation in the net pension liability. As a participating employer in the Florida Retirement System (FRS), the District is required by Governmental Accounting Standards Board (GASB) Statement No. 68 to recognize its proportionate share of the collective net pension liability of the FRS cost-sharing multiple-employer defined benefits plans. Changes in the net pension liability are recognized through the statement of activities or reported as deferred outflows of resources or deferred inflows of resources on the statement of net position, depending on the nature of the change.

The largest portion of the District's net position (\$459,691,208) is investment in capital assets (e.g., land; buildings; furniture, fixtures and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources used to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The restricted portion of the District's net position (\$81,910,667) represents resources that are subject to external restrictions on how they may be used.

The unrestricted net position is a deficit of \$192,233,726 due primarily to the District's proportionate share of the collective net liabilities required to be reported by GASB Statement No. 68 and due to GASB Statement No. 75. GASB Statement No. 75 addresses accounting and financial reporting for postemployment benefits (OPEB) other than pensions provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; and requires governments to report a liability, deferred outflows of resources, deferred inflows of resources, and expenses on the face of the financial statements for the OPEB that they provide. The District has sufficient current assets to meet its current obligations.

The key elements of the changes in the District's net position for the fiscal year ended June 30, 2025, and June 30, 2024 are as follows:

DISTRICT SCHOOL BOARD OF CLAY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2025

	Operating Results for the Fiscal Year Ended Governmental Activities		Percent Change 2024 to 2025
	6/30/25	6/30/24	
Program Revenues:			
Charges for Services	\$ 6,078,154	\$ 6,434,620	-5.54%
Operating Grants and Contributions	27,473,580	17,453,647	57.41%
Capital Grants and Contributions	2,743,192	3,155,918	-13.08%
General Revenues:			
Property Taxes, Levied for Operational Purposes	92,729,131	90,232,689	2.77%
Property Taxes, Levied for Capital Projects	29,507,069	27,711,944	6.48%
Local Sales Tax	20,452,843	18,797,531	8.81%
Impact Fees	12,628,905	14,868,482	-15.06%
Grants and Contributions Not Restricted to Specific Programs	294,879,097	306,385,537	-3.76%
Unrestricted Investment Earnings	5,983,380	5,440,931	9.97%
Miscellaneous	20,629,542	21,478,890	-3.95%
Total Revenues	513,104,893	511,960,189	0.22%
Functions/Program Expenses:			
Instruction	282,126,259	274,293,676	2.86%
Student Support Services	25,062,148	23,796,649	5.32%
Instructional Media Services	5,483,491	5,286,879	3.72%
Instruction and Curriculum Development Services	10,049,602	7,453,950	34.82%
Instructional Staff Training Services	6,845,658	7,981,602	-14.23%
Instruction-Related Technology	6,526,960	5,476,676	19.18%
School Board	2,915,642	1,000,342	191.46%
General Administration	1,652,413	1,421,344	16.26%
School Administration	21,066,207	20,259,186	3.98%
Facilities Acquisition and Construction	27,845,842	24,429,362	13.99%
Fiscal Services	2,324,534	1,744,658	33.24%
Food Services	24,184,211	24,776,603	-2.39%
Central Services	4,087,566	4,312,575	-5.22%
Student Transportation Services	20,728,432	17,802,353	16.44%
Operation of Plant	37,378,656	33,443,722	11.77%
Maintenance of Plant	9,252,440	9,085,758	1.83%
Administrative Technology Services	1,845,576	1,772,174	4.14%
Community Services	11,288,963	10,458,536	7.94%
Interest and Fiscal Charges on Long-Term Debt	2,455,313	1,340,650	83.14%
Unallocated Depreciation Expense	-	19,040,915	-100.00%
Total Functions/Program Expenses	503,119,913	495,177,611	1.60%
Change in Net Position	9,984,979	16,782,579	-40.50%
Net Position - Beginning	346,192,604	329,410,025	5.09%
Adjustment to Beginning Net Position ¹	(6,809,433)	-	
Net Position - Beginning, as Restated	339,383,171	329,410,025	3.03%
Net Position - Ending	\$ 349,368,150	\$ 346,192,604	0.92%

Note: ¹ The beginning net position of the Clay County School District was decreased by \$6,809,433 due to implementation of GASB Statement No. 101, *Compensated Absences*.

DISTRICT SCHOOL BOARD OF CLAY COUNTY
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The State's Florida Education Finance Program (FEFP) and local property taxes provide the majority of the District's revenues for current operations. The FEFP funding formula is used to allocate State revenue sources for current District operations and utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on local property tax base. Student full-time equivalent (FTE) enrollment increased by 635.76 students, from 40,165.82 in the 2023-24 fiscal year to 40,801.58 in the 2024-25 fiscal year.

The State's FEFP revenues and local property taxes are included in general revenues, which provide about 92.93 percent of total revenues, whereas program revenues provide only about 7.07 percent. The majority of program revenues (63.69 percent) are in the food services activities.

Under the General Revenues category, revenues decreased by \$8,106,037, due to decreases in Florida Education Finance Program revenues and Impact Fees collected. Property Taxes Levied for Operational Purposes increased by \$2,496,442, or 2.77 percent from the 2023-24 fiscal year. Impact Fees decreased by \$2,239,577, or 15.06 percent from the 2023-24 fiscal year. Property Taxes Levied for Capital Projects revenues increased by \$1,795,125, or 6.48 percent from the 2023-24 fiscal year.

Overall, total governmental expenses increased by \$7,942,303, or 1.6 percent, during the 2024-25 fiscal year. Instructional expenses represent 56.08 percent of total government expenses and increased \$7,832,583, or 2.86 percent from the previous fiscal year. School Board expenses increased \$1,915,299, or 191.46 percent from the previous fiscal year. The increase in total expenses is mainly attributable to an increase in contractual obligations.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

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The total fund balances of governmental funds decreased by \$34,458,504 during the fiscal year to \$105,004,449 at June 30, 2025. The fund balance decrease is mainly attributable to the Capital Projects – Other Capital Projects Fund. Of the total fund balance, \$21,155,116 is assigned; \$517,366 is unassigned; \$2,067,058 is non-spendable; and \$81,264,909 is restricted. Only the \$21,672,482, or 20.64 percent is assigned and unassigned and available for spending at the District's discretion.

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, assigned and unassigned fund balance is \$21,672,482, while the total fund balance is \$33,279,954. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is \$21,672,482, or 5.68 percent of the total General Fund revenues, while the total fund balance, \$33,279,954 represents 8.72 percent of such revenues.

Total fund balance decreased by \$8,767,231, or 20.85 percent, during the fiscal year. The key factors impacting the change in fund balance are as follows:

- Total revenues increased by \$5,849,435, or 1.56 percent, mainly from an increase in State funding related to increases in student enrollment.
- Total expenditures increased by \$25,175,661, or 6.66 percent, due mainly to increased salary and benefit costs, school expansions, and utility and fuel price increases.

The Special Revenue – Other Fund has total revenues and expenditures of \$25,599,859 each, and the funding was mainly used for instruction. 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 Federal grants administered through the State's cash advance system and had total revenues and expenditures of \$2,576,752. This fund generally does not accumulate a fund balance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2025

The Capital Projects – Local Capital Improvement Fund has a total fund balance of \$14,337,934, which is restricted for the acquisition, construction, and maintenance of capital assets. This fund has revenues of \$29,518,894, expenditures of \$13,421,065, and transfers of \$17,776,448. Total fund balance decreased by \$1,448,093 in the current fiscal year. Expenditures were mainly for renovation/construction of school facilities and the purchase of furniture, fixtures, and equipment. Transfers out were to provide for debt service payments, to fund equipment purchases, to pay property insurance premiums, and to provide funding for certain expenditures of the District's maintenance and facilities departments.

The Capital Projects – Other Capital Projects Fund is mainly used to account for the financial resources received from local impact fees, local sales taxes, certificates of participation proceeds and other miscellaneous sources to be used for educational capital outlay needs, including new construction and renovation and remodeling projects. The total fund balance decreased \$25,472,828. The decrease is mainly due to funding of expansions at Lake Asbury Junior High and Oakleaf Junior High School.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2024-25 fiscal year, the District amended its General Fund budget several times, which resulted in a decrease in total budgeted revenues of \$19,215,374, or 4.74 percent. Budget revisions to estimated revenue occurred primarily from changes in estimated State funding levels. Final budgeted expenditures decreased by \$1,500,048, or .36 percent over the original budgeted amounts. The budget revisions were necessary to adjust planned expenditures based on actual resources and resource needs.

Actual General Fund expenditures were \$15,911,258, or 3.8 percent less than budget. The District continuously monitors the financial condition and reviews cost saving measures and incremental increases in expenditures to avoid budget shortfalls. The variance between the General Fund's budgeted and actual expenditures is a reflection of the District's practice to fully appropriate all potential obligations. Additionally, the actual ending fund balance was less than the estimated fund balance in the budget.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At June 30, 2025, the District had capital assets, net of accumulated depreciation, of \$523,950,826 as compared to \$485,523,484 at June 30, 2024. These capital assets include land, construction in progress, improvements other than buildings, buildings and fixed equipment, furniture, fixtures, and equipment; motor vehicles, leases, subscription-based IT arrangements, and audio visual materials and computer software. Capital assets increased by an amount of \$38,427,342, or 7.91 percent during the 2024-2025 fiscal year.

Major capital asset additions during the current fiscal year includes construction in progress totaling \$33,378,024 for two school expansions. Additional information on the District's capital assets can be found in subsequent notes to the financial statements.

Long-Term Debt

At June 30, 2025, the District had capital asset-related long-term debt outstanding of \$55,592,230 composed of bonds payable, leases payables, software subscription arrangements (SBITA) payable and Certificates of Participation. Additional information on the District's long-term debt can be found in Notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Assistant Superintendent for Business Services, Clay County District School Board 900 Walnut Street, Green Cove Springs, FL 32043.

CLAY COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government	
	Governmental Activities	Component Units
Assets		
Cash and Cash Equivalents	\$ 120,431,419.61	\$ 10,920,692.00
Investments	-	1,790,418.00
Accounts Receivable	1,657,036.34	970,233.00
Due from Other Agencies	10,248,583.85	551,661.00
Inventories	2,067,058.19	60,924.00
Capital Credits Receivable	5,487,661.00	-
Prepaid Items	-	134,437.00
Deposits Receivable	-	55,828.00
Capital Assets:		
Non-Depreciable Capital Assets	71,077,494.00	12,658,113.00
Depreciable Capital Assets, Net	452,873,332.00	30,803,310.00
Total Assets	663,842,584.99	57,945,616.00
Deferred Outflows of Resources		
Net Carrying Amount of Debt Refunding	-	1,199,241.00
Other Postemployment Benefits	2,224,613.00	-
Pensions	72,619,189.00	-
Total Deferred Outflows of Resources	74,843,802.00	1,199,241.00
Liabilities		
Salaries and Benefits Payable	4,365,477.33	668,050.00
Payroll Deductions and Withholdings	1,494,440.17	-
Accounts Payable	3,931,748.19	1,782,128.00
Current Notes Payable	-	380,000.00
Due to Other Agencies	128.64	219,094.00
Deposit Payable	217,551.71	-
Construction Contracts Payable	7,326,302.91	-
Construction Contracts Payable - Retainage	1,341,084.29	-
Accrued Health Claims Payable	2,081,983.00	-
Long-Term Liabilities:		
Portion Due Within One Year	20,204,884.00	249,171.00
Portion Due After One Year	314,679,767.04	57,558,171.00
Total Liabilities	355,643,367.28	60,856,614.00
Deferred Inflows of Resources		
Other Postemployment Benefits	2,264,035.00	-
Pensions	31,410,835.00	-
Total Deferred Inflows of Resources	33,674,870.00	-
Net Position		
Net Investment in Capital Assets	459,691,208.33	(13,261,353.00)
Restricted for:		
State Required Carryover Programs	4,694,174.20	-
Grants	5,491,998.64	-
Debt Service	436,731.64	-
Capital Projects	57,177,231.00	-
Food Service	9,183,584.00	-
Other Purposes	4,926,947.95	7,388,075.00
Unrestricted (Deficit)	(192,233,726.07)	4,161,521.00
Total Net Position	\$ 349,368,149.69	\$ (1,711,757.00)

See accompanying notes.

**CLAY COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
Instruction	\$ 282,126,259.30	\$ 697,210.39	\$ -
Student Support Services	25,062,148.02	-	-
Instructional Media Services	5,483,491.01	-	-
Instruction and Curriculum Development Services	10,049,602.39	-	-
Instructional Staff Training Services	6,845,658.35	-	-
Instruction-Related Technology	6,526,960.24	-	-
Board	2,915,641.76	-	-
General Administration	1,652,412.56	-	-
School Administration	21,066,207.39	-	-
Facilities Acquisition and Construction	27,845,841.50	-	-
Fiscal Services	2,324,533.59	-	-
Food Services	24,184,211.24	5,380,943.37	17,735,999.23
Central Services	4,087,565.59	-	-
Student Transportation Services	20,728,432.37	-	9,737,581.00
Operation of Plant	37,378,656.44	-	-
Maintenance of Plant	9,252,439.74	-	-
Administrative Technology Services	1,845,576.21	-	-
Community Services	11,288,962.72	-	-
Unallocated Interest on Long-Term Debt	2,455,313.07	-	-
Total Governmental Activities	\$ 503,119,913.49	\$ 6,078,153.76	\$ 27,473,580.23
Component Units			
Charter Schools and Foundation	\$ 26,640,312.00	\$ 867,291.00	\$ 899,674.00

General Revenues

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Local Sales Tax

Impact Fees

Grants and Contributions Not Restricted to

Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning of Year

Adjustment to Beginning Net Position

Net Position - Beginning, as Restated

Net Position - End of Year

See accompanying notes.

Program Revenues	Net (Expense) Revenue and Changes in Net Position	
	Primary Government	Component Units
Capital Grants and Contributions	Governmental Activities	
\$ -	\$ (281,429,048.91)	\$ -
-	(25,062,148.02)	-
-	(5,483,491.01)	-
-	(10,049,602.39)	-
-	(6,845,658.35)	-
-	(6,526,960.24)	-
-	(2,915,641.76)	-
-	(1,652,412.56)	-
-	(21,066,207.39)	-
2,743,191.73	(25,102,649.77)	-
-	(2,324,533.59)	-
-	(1,067,268.64)	-
-	(4,087,565.59)	-
-	(10,990,851.37)	-
-	(37,378,656.44)	-
-	(9,252,439.74)	-
-	(1,845,576.21)	-
-	(11,288,962.72)	-
-	(2,455,313.07)	-
<u>\$ 2,743,191.73</u>	<u>(466,824,987.77)</u>	<u>-</u>
<u>\$ 1,779,423.00</u>	<u>-</u>	<u>(23,093,924.00)</u>
	92,729,130.91	-
	29,507,068.59	-
	20,452,842.93	-
	12,628,905.26	-
	294,879,096.64	22,321,850.00
	5,983,380.33	110,342.00
	20,629,542.18	94.00
	<u>476,809,966.84</u>	<u>22,432,286.00</u>
	9,984,979.07	(661,638.00)
	346,192,603.62	(1,050,119.00)
	(6,809,433.00)	-
	<u>339,383,170.62</u>	<u>(1,050,119.00)</u>
	<u>\$ 349,368,149.69</u>	<u>\$ (1,711,757.00)</u>

See accompanying notes.

CLAY COUNTY DISTRICT SCHOOL BOARD
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue - Other Fund	Special Revenue - Federal Education Stabilization Fund
Assets			
Cash and Cash Equivalents	\$ 30,672,896.70	\$ -	\$ -
Accounts Receivable	737,516.38	-	-
Due from Other Funds	7,615,765.55	-	-
Due from Other Agencies	1,096,817.00	2,415,017.54	-
Inventories	1,421,299.85	-	-
Total Assets	<u>41,544,295.48</u>	<u>2,415,017.54</u>	<u>-</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Salaries and Benefits Payable	4,365,477.33	-	-
Payroll Deductions and Withholdings	1,494,440.17	-	-
Accounts Payable	2,018,366.21	83,473.03	-
Construction Contracts Payable	379,309.76	-	-
Construction Contracts Payable - Retainage	-	-	-
Due to Other Funds	6,618.92	2,331,544.51	-
Due to Other Agencies	128.64	-	-
Deposit Payable	-	-	-
Total Liabilities	<u>8,264,341.03</u>	<u>2,415,017.54</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable Revenue	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Non-Spendable:			
Inventory	1,421,299.85	-	-
Restricted:			
State Required Carryover Programs	4,694,174.20	-	-
Grants	5,491,998.64	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Food Services	-	-	-
School Internal Funds	-	-	-
Assigned	21,155,115.70	-	-
Unassigned	517,366.06	-	-
Total Fund Balances	<u>33,279,954.45</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 41,544,295.48</u>	<u>\$ 2,415,017.54</u>	<u>\$ -</u>

See accompanying notes.

Capital Projects - Non-Voted Capital Improvement Fund	Capital Projects - Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 15,091,944.86	\$ 45,317,540.58	\$ 14,095,370.47	\$ 105,177,752.61
-	-	42,023.96	779,540.34
-	-	6,618.92	7,622,384.47
-	3,330,047.82	3,406,701.49	10,248,583.85
-	-	645,758.34	2,067,058.19
<u>15,091,944.86</u>	<u>48,647,588.40</u>	<u>18,196,473.18</u>	<u>125,895,319.46</u>
-	-	-	4,365,477.33
-	-	-	1,494,440.17
754,010.49	929,406.43	26,185.03	3,811,441.19
-	6,376,395.38	570,597.77	7,326,302.91
-	1,341,084.29	-	1,341,084.29
-	-	-	2,338,163.43
-	-	-	128.64
-	-	217,551.71	217,551.71
<u>754,010.49</u>	<u>8,646,886.10</u>	<u>814,334.51</u>	<u>20,894,589.67</u>
-	-	(3,719.49)	(3,719.49)
-	-	(3,719.49)	(3,719.49)
-	-	645,758.34	2,067,058.19
-	-	-	4,694,174.20
-	-	-	5,491,998.64
-	-	436,731.64	436,731.64
14,337,934.37	40,000,702.30	2,838,594.80	57,177,231.47
-	-	8,537,825.43	8,537,825.43
-	-	4,926,947.95	4,926,947.95
-	-	-	21,155,115.70
-	-	-	517,366.06
<u>14,337,934.37</u>	<u>40,000,702.30</u>	<u>17,385,858.16</u>	<u>105,004,449.28</u>
<u>\$ 15,091,944.86</u>	<u>\$ 48,647,588.40</u>	<u>\$ 18,196,473.18</u>	<u>\$ 125,895,319.46</u>

See accompanying notes.

**CLAY COUNTY DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balances - Governmental Funds		\$ 105,004,449.28
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.		523,950,826.69
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.		6,222,274.77
Capital credits are not available to liquidate liabilities in governmental funds, but are accrued in governmental activities in the statement of net position.		5,487,661.00
Certain funding is not available to pay for current period expenditures and, therefore, is reported as unavailable revenue on the governmental fund statements. However, under full accrual, this amount increases net position in the statement of net position.		(3,719.49)
Deferred outflows of resources and deferred inflows of resources related to the other postemployment benefits are applicable to future periods and, therefore, are not reported in governmental funds:		
Deferred Outflows	\$ 2,224,613.00	
Deferred Inflows	<u>(2,264,035.00)</u>	(39,422.00)
Deferred outflows of resources and deferred inflows of resources related to the cost-sharing pensions are applicable to future periods and, therefore, are not reported in governmental funds:		
Deferred Outflows	72,619,189.00	
Deferred Inflows	<u>(31,410,835.00)</u>	41,208,354.00
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Lease Liability	(2,278,448.65)	
Software Subscription Arrangement Liability	(1,389,792.19)	
Bonds Payable	(1,265,000.00)	
Certificates of Participation Payable	(50,658,989.72)	
Compensated Absences Payable	(32,006,241.00)	
Net Pension Liability	(240,382,854.00)	
Other Postemployment Benefits Payable	<u>(4,480,949.00)</u>	(332,462,274.56)
Total Net Position - Governmental Activities		<u><u>\$ 349,368,149.69</u></u>

See accompanying notes.

CLAY COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue- Food Service Fund (Former Major Fund)	Special Revenue- Other Fund
Revenues			
Intergovernmental:			
Federal Direct	\$ 1,649,061.45		\$ -
Federal Through State and Local	2,702,823.22		25,599,858.62
State	271,740,018.72		-
Local:			
Property Taxes	92,729,130.91		-
Local Sales Taxes	-		-
Impact Fees	-		-
Charges for Services - Food Service	-		-
Miscellaneous	12,809,049.96		-
Total Revenues	381,630,084.26		25,599,858.62
Expenditures			
Current - Education:			
Instruction	252,817,620.82		15,865,740.21
Student Support Services	21,789,721.14		1,882,748.17
Instructional Media Services	5,233,421.56		1,054.45
Instruction and Curriculum Development Services	5,907,203.46		3,639,687.36
Instructional Staff Training Services	3,966,276.43		2,596,287.42
Instruction-Related Technology	6,321,806.24		-
Board	2,891,130.76		-
General Administration	626,906.26		944,793.00
School Administration	20,020,849.52		5,406.87
Facilities Acquisition and Construction	7,437,460.07		-
Fiscal Services	2,212,391.59		-
Food Services	310,888.67		375.94
Central Services	3,909,613.74		13,430.85
Student Transportation Services	17,764,221.23		41,083.47
Operation of Plant	36,705,065.78		1,282.14
Maintenance of Plant	8,955,586.74		-
Administrative Technology Services	1,754,288.75		664.46
Community Services	440,009.31		-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	418,593.55		-
Charter School Local Capital Improvement	-		-
Charter School Capital Outlay Sales Tax	-		-
Other Capital Outlay	3,011,061.36		607,304.28
Debt Service:			
Principal	649,205.57		-
Interest	54,026.18		-
Dues and Fees	-		-
(Total Expenditures)	403,197,348.73		25,599,858.62
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,567,264.47)		-
Other Financing Sources (Uses)			
Transfers In	12,717,393.79		-
Proceeds from Sale of Capital Assets	81,216.13		-
Insurance Loss Recoveries	1,423.35		-
Transfers (Out)	-		-
Total Other Financing Sources (Uses)	12,800,033.27		-
Net Change in Fund Balances	(8,767,231.20)		-
Fund Balances, Beginning of Year, as Previously Reported	42,047,185.65	9,097,593.78	-
Change Within Financial Reporting Entity (Major to Non-Major Fund)	-	(9,097,593.78)	-
Fund Balances, Beginning of Year, as Restated	42,047,185.65	-	-
Fund Balances, End of Year	\$ 33,279,954.45	\$ -	\$ -

See accompanying notes.

Federal Education Stabilization Fund	Capital Projects-Non-Voted Capital Improvement Fund	Capital Projects-Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,649,061.45
2,576,752.00	-	-	17,571,618.23	48,451,052.07
-	-	2,123,307.68	2,084,073.89	275,947,400.29
-	29,507,068.59	-	-	122,236,199.50
-	-	20,452,842.93	-	20,452,842.93
-	-	12,628,905.26	-	12,628,905.26
-	-	-	5,380,943.37	5,380,943.37
-	11,825.59	2,385,638.48	11,521,519.38	26,728,033.41
<u>2,576,752.00</u>	<u>29,518,894.18</u>	<u>37,590,694.35</u>	<u>36,558,154.87</u>	<u>513,474,438.28</u>
1,758,348.85	-	-	-	270,441,709.88
218,116.71	-	-	-	23,890,586.02
-	-	-	-	5,234,476.01
6,221.57	-	-	-	9,553,112.39
11,753.50	-	-	-	6,574,317.35
-	-	-	-	6,321,806.24
-	-	-	-	2,891,130.76
51,451.30	-	-	-	1,623,150.56
-	-	-	-	20,026,256.39
-	7,061,719.08	9,813,194.51	-	24,312,373.66
-	-	-	-	2,212,391.59
-	-	-	23,280,834.63	23,592,099.24
-	-	-	-	3,923,044.59
417,150.67	-	-	-	18,222,455.37
536.52	-	-	-	36,706,884.44
-	-	-	-	8,955,586.74
-	-	-	-	1,754,953.21
10,240.00	-	-	10,823,890.21	11,274,139.52
102,932.88	4,838,126.91	50,425,062.31	778,397.32	56,563,112.97
-	118,777.60	-	-	118,777.60
-	-	1,144,106.81	-	1,144,106.81
-	1,290,121.40	655,552.10	78,075.17	5,642,114.31
-	110,791.75	-	3,686,570.04	4,446,567.36
-	1,528.25	-	2,748,837.99	2,804,392.42
-	-	-	16,562.65	16,562.65
<u>2,576,752.00</u>	<u>13,421,064.99</u>	<u>62,037,915.73</u>	<u>41,413,168.01</u>	<u>548,246,108.08</u>
-	16,097,829.19	(24,447,221.38)	(4,855,013.14)	(34,771,669.80)
-	-	-	6,084,661.32	18,802,055.11
-	230,526.01	-	-	311,742.14
-	-	-	-	1,423.35
-	(17,776,448.11)	(1,025,607.00)	-	(18,802,055.11)
-	(17,545,922.10)	(1,025,607.00)	6,084,661.32	313,165.49
-	(1,448,092.91)	(25,472,828.38)	1,229,648.18	(34,458,504.31)
-	15,786,027.28	65,473,530.68	7,058,616.20	139,462,953.59
-	-	-	9,097,593.78	-
-	15,786,027.28	65,473,530.68	16,156,209.98	139,462,953.59
<u>\$ -</u>	<u>\$ 14,337,934.37</u>	<u>\$ 40,000,702.30</u>	<u>\$ 17,385,858.16</u>	<u>\$ 105,004,449.28</u>

See accompanying notes.

**CLAY 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, 2025**

Net Change in Fund Balances - Governmental Funds \$ (34,458,504.31)

Amounts Reported for Governmental Activities in the Statement of Activities
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. 39,495,054.62

The loss on the disposal of capital assets during the current fiscal year is reported
in the statement of activities. In the governmental funds, the cost of these
assets was recognized as an expenditure in the fiscal year purchased. Thus,
the change in net position differs from the change in fund balance by the
undepreciated cost of the disposed assets. (1,067,712.69)

Certain funds due from other agencies were not available and, therefore, not
recognized as revenues in the governmental fund statements. However, these
funds were recognized as revenues under the full accrual basis of accounting
in the statement of activities. (951,644.55)

Long-term debt proceeds provide current financial resources to the
governmental funds, but issuing debt increases long-term liabilities in the
statement of net position. Repayment of long-term debt is an expenditure
in the governmental funds, but the repayment reduces long-term liabilities
in the statement of net position. This is the amount by which proceeds
exceed repayments in the current fiscal year:

New Lease Liabilities	\$	(537,327.05)	
Long-Term Debt Repayments		4,812,210.09	4,274,883.04

In the statement of activities, the cost of compensated absences is
measured by the amounts earned during the year, while in the
governmental funds, expenditures are recognized based on the amounts
actually paid for compensated absences. This is the net amount of
compensated absences earned in excess of the amount used in the
current period. (93,969.00)

Internal service funds are used by management to charge the cost of
certain activities to individual funds. The net revenue of internal service
funds is reported with governmental activities. 1,482,258.03

Capital credits revenues are accrued in the statement of activities, but do
not provide current financial resources and are not reported as revenues in
the governmental funds. This is the net increase in capital credits receivable
in the current fiscal year. 93,167.93

See accompanying notes.

**CLAY 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, 2025**

Governmental funds reported District other postemployment benefits (OPEB) contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned, net of employee contributions, as determined through an actuarial valuation, is reported as OPEB expenses.

Change in OPEB Liability	\$ (618,078.00)	
Change in Deferred Outflows of Resources - OPEB	548,872.00	
Change in Deferred Inflows of Resources - OPEB	133,700.00	\$ 64,494.00

Pension expenses related to the changes in net pension liability as reported in the statement of activities does not require the use of current financial resources and is not reported in the governmental funds.

FRS Pension Contribution	23,188,784.00	
HIS Pension Contribution	4,942,489.00	
FRS Pension Expense	(24,028,298.00)	
HIS Pension Expense	(2,956,023.00)	1,146,952.00

Change in Net Position - Governmental Activities		\$ 9,984,979.07
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See accompanying notes.

**CLAY COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025**

	Governmental Activities Internal Service Funds
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 14,687,667.49
Cash with Fiscal Agent	566,000.00
Accounts Receivable, net	877,495.72
Total Assets	16,131,163.21
Liabilities	
Current Liabilities:	
Accounts Payable	120,307.40
Estimated Insurance Claims Payable	971,373.18
Estimated Health Claims Payable	2,081,983.00
Due to Other Funds	5,284,221.04
Total Current Liabilities	8,457,884.62
Non-Current Liabilities:	
Estimated Insurance Claims Payable	1,451,003.82
Total Liabilities	9,908,888.44
Net Position	
Unrestricted	\$ 6,222,274.77

See accompanying notes.

CLAY COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Governmental Activities Internal Service Funds
Operating Revenues	
Charges for Service - Insurance Premiums	\$ 39,279,232.78
Other Revenue	5,367,946.46
Total Operating Revenues	44,647,179.24
Operating Expenses	
Salaries and Benefits	405,444.96
Insurance Claims	43,010,028.23
Purchased Services	175,676.13
Other Operating Expenses	83,195.37
Total Operating Expenses	43,674,344.69
Operating Income	972,834.55
Non-Operating Revenues	
Investment Income	175,766.12
Other Miscellaneous Local Sources	333,657.36
Total Non-Operating Revenues	509,423.48
Net Income (Loss)	1,482,258.03
Total Net Position, Beginning of Year	4,740,016.74
Total Net Position, End of Year	\$ 6,222,274.77

See accompanying notes.

**CLAY COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Governmental Activities Internal Service Funds</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 45,938,942.82
Payments to Suppliers for Goods and Services	(655,365.04)
Cash Payments to Insurance Claims	(37,866,152.19)
Net Cash Provided by Operating Activities	<u>7,417,425.59</u>
 Cash Flows from Non-Capital Financing Activities	
Grants	333,657.36
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>333,657.36</u>
 Cash Flows from Investing Activities	
Interest and Dividends Received	175,766.12
Net Cash Provided by Investing Activities	<u>175,766.12</u>
 Net Increase in Cash and Cash Equivalents	7,926,849.07
 Cash and Cash Equivalents, Beginning of Year	<u>7,326,818.42</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 15,253,667.49</u>
 <u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>	
Operating Income	<u>\$ 972,834.55</u>
Adjustments to Reconcile Operating Income to Net Cash	
Provided by (Used in) Operating Activities:	
(Increase) Decrease in Accounts Receivable	(568,495.72)
(Increase) Decrease in Due From Other Funds	1,860,259.30
Increase (Decrease) in Accounts Payable	8,951.42
Increase (Decrease) in Due to Other Funds	5,284,221.04
Increase (Decrease) in Estimated Liability for Claims	(140,345.00)
Total Adjustments	<u>6,444,591.04</u>
 Net Cash Provided by Operating Activities	<u>\$ 7,417,425.59</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Clay County School District (District) has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the District's transportation is allocated to the student transportation service function while remaining depreciation expense is allocated to the various functions.

B. Reporting Entity

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

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

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

Blended Component Units. Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The Clay County School Board Leasing Corporation

(Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in a subsequent note. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

Discretely Presented Component Units. The component units column in the government-wide financial statements include the financial data of the District's other component units. A separate column is used to emphasize that they are legally separate from the District. The District's component units consist of the Clay County Education Foundation (Foundation), and four charter schools.

The Foundation is a separate not-for-profit corporation organized and operated as a direct-support organization pursuant to Section 1001.453, Florida Statutes, to receive, hold, invest and administer property, and to make expenditures to and for the benefit of the District. Because of the nature and significance of its relationship with the District, the Foundation is considered a component unit.

The charter schools consist of: The St. Johns Classical Academy, Inc., d/b/a St. Johns Classical Academy at Fleming Island and St. Johns Classical Academy at Orange Park; the Florida Charter Educational Foundation, Inc., d/b/a Clay Charter Academy; and the Northeast Florida Virtual Charter School Board, Inc., d/b/a Florida Cyber Charter Academy at Clay. The charter schools are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. These charter schools operate under a charter approved by the Board.

In accordance with a ruling by and requirement of the FDOE, the charter schools are included as component units of the District. According to the FDOE, the charter schools are fiscally dependent on the District for their tax levy and the majority of their budget and create a financial burden on the District because the charter schools' full-time equivalent student enrollment is the basis for funding. In addition, the charter schools are designated as component units because it is considered misleading to exclude and because of the District's oversight responsibility.

The financial data reported on the accompanying statements was derived from the Foundation's and charter school's audited financial statements for the fiscal year ended June 30, 2025. The audit reports are filed in the District's administrative offices at 900 Walnut Street, Green Cove Springs, Florida 32043.

C. Basis of Presentation: Government-Wide Financial Statements

While separate government wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The effects of interfund activity have been eliminated from the government wide financial statements except for interfund services provided and used.

D. Basis of Presentation: Fund Financial Statements

The fund financial statements provide information about the District's funds 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.

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 certain Federal grant program resources.
- Special Revenue – Federal Education Stabilization Fund – to account for certain Federal grant program resources provided as emergency relief to address the impact of COVID-19 on elementary and secondary schools.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, motor vehicle purchases, property and casualty insurance premiums, bus purchases and debt service payments on certificates of participation.
- Capital Projects – Other Capital Projects Fund – to account for various financial resources received from local sales tax receipts, local impact fees, and other miscellaneous sources. These resources are to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, and debt service payments.

Additionally, the District reports the following proprietary fund type:

- Internal Service Funds – to account for the District's self-insured health and hospitalization programs, which includes the self-insured medical plan and the District's self-insured workers' compensation program.

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Property taxes, sales taxes, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The Clay County Education Foundation is accounted for under the not-for-profit basis of accounting and uses the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

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

1. Cash and Cash Equivalents

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

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

2. Investments

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

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

Investments made locally consist of amounts placed in money market mutual funds under a trust agreement in connection with certificates of participation financing arrangements and are 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 are stated at last invoice price, which approximates the first-in, first-out basis, except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than when purchased.

4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not

reported in the governmental fund financial statements. The District's capital assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other Than Buildings	25 years
Buildings and Fixed Equipment	25 - 50 years
Furniture, Fixtures, and Equipment	7 years
Motor Vehicles	10 years
Right to Use Leased Assets	5 - 10 years
Subscription-Based IT Arrangements	3 - 5 years
Audio Visual Materials, Computer Software and Intangible Assets	5-15 years

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

5. Leases

The District is a lessee for noncancelable leases of vehicles and equipment. The District recognizes a lease liability and an intangible right to use lease asset in the government-wide financial statements.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

6. Subscription-Based IT Arrangements (SBITA)

The District recognizes a SBITA liability and an intangible right to use asset in the government-wide financial statements. At the commencement of a SBITA, the District initially measures the liability at the present value of payments expected to be made during the subscription term. Subsequently, the liability is reduced by the principal portion of the subscription payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for subscription payments made at or before the commencement date, plus certain initial implementation cost. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

7. Pensions

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

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

8. Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Debt premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds and certificates of participation payable are reported net of the applicable premium or discount.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

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

9. Deferred Outflows/Inflows of Resources

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

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

10. Net Position Flow Assumption

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

11. Fund Balance Flow Assumptions

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

12. Fund Balance Policies

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

The District reports its governmental fund balances in the following categories:

Non-Spendable Fund Balance. Non-spendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. The District classifies its amounts reported as inventories and prepaid items as non-spendable.

Restricted Fund Balance. Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance. The District classifies most of its fund balances as restricted, other than those in the General Fund. In the General Fund, unspent State Required Carryover (Categorical) Programs and earmarked educational funding that is legally or otherwise restricted are reported as restricted fund balance.

Committed Fund Balance. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the

District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances as of June 30, 2025.

Assigned Fund Balance. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has by Board Policy 5.02 authorized the Superintendent or the Superintendent's designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance. The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. This balance represents amounts that have not been restricted, committed, or assigned for specific purposes.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. State Revenue Sources

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

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

The District received allocations from the State under the School Hardening Grant program. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE.

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

3. District Property Taxes

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

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

The Board adopted the 2024 tax levy on September 12, 2024. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

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

4. Sales Tax Revenue/Capital Outlay Surtax

In November 2020, the voters of Clay County authorized a one-half cent school capital outlay surtax on sales in the County for 30 years, effective January 1, 2021, in accordance with Section 212.055(6), Florida Statutes. The surtax proceeds are to be used for fixed capital expenditures

or fixed capital costs associated with the construction, reconstruction, or improvement of public facilities which have a useful life expectancy of 5 or more years; any land acquisition, land improvement, design, and engineering costs related thereto.

5. Educational Impact Fees

Clay County imposes an educational impact fee based on an ordinance adopted by the County Commission in 2003. This ordinance was most recently amended in May 2014 when Ordinance 2014-10 revised certain provisions related to impact fee credits for donations of land and construction of improvements or additions; in September 2016 when Ordinance 2017-29 established, in part, revised the timing of when impact fees were required to be collected; and in February 2023 when Ordinance 2023-14 established, in part, revised fees to be collected. The educational impact fee is collected by the County for most new residential construction and each municipality within the County based on an interlocal agreement. The fees are to be used solely for the purpose of providing capital improvements to the public educational system necessitated by the new residential development and are not to be used for any expenditure that would be classified as a maintenance or repair expense. The authorized uses include, but are not limited to, land acquisition; facility design and construction costs; furniture and equipment; and payment of principal, interest, and related costs of indebtedness necessitated by new residential development.

6. Voted Additional Millage

In August 2022, the voters of Clay County approved the one-mill ad valorem tax for 4 years, effective July 1, 2023, in accordance with Section 1011.71(9), Florida Statutes. Revenues will be used to fund school safety and security for all schools and to provide for necessary operating expenses for the District.

7. Federal Revenue Sources

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

8. Compensated Absences

A compensated absence is leave (e.g., employee vacation leave and sick leave) for which employees may receive one or more (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits. In the government-wide financial statements, compensated absences are estimated and accrued as liabilities to the extent that it is more likely than not that the leave will be used for time off or

otherwise paid in cash or settled through noncash means. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

9. Proprietary Fund(s) Operating and Nonoperating Revenues and Expenses

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

10. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the financial statement date and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

II. ACCOUNTING CHANGES AND ERROR CORRECTIONS

A. Change in Accounting Principle.

The District implemented GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences and requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. At implementation on July 1, 2024, the beginning balance of the compensated absences liability was increased by \$6,809,433, which resulted in a decrease to the beginning net position by the same amount as shown in the table below.

Description	Amount
Beginning Net Position Prior to Restatement	\$ 346,192,604
Change in Compensated Absences Liability	(6,809,433)
Beginning Net Position as Restated	\$ 339,383,171

B. Changes to or within the Financial Reporting Entity.

Change from Major to Nonmajor Fund. The Special Revenue – Food Service Fund met the quantitative requirements for reporting as a major fund in the previous fiscal year. The fund did not meet those requirements for reporting as a major fund in the current fiscal year and as such is reported as a nonmajor fund. The effect of this change to or within the financial reporting entity is shown in the table below.

Fund	Reporting Units Affected by Restatements of Beginning Balances	
	Funds	
	Food Service- Other Food Service	Non-Major Governmental
Beginning Balances, as Previously Reported	\$ 9,097,594	\$ 7,058,616
Change from Major to Non-Major Fund	(9,097,594)	9,097,594
Beginning Balances, as Restated	\$ -	\$ 16,156,210

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

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

B. Investments

The District's investments at June 30, 2025, are reported as follows:

Investments	Maturities	Fair Value
First American Government Obligations		
Money Market Mutual Funds (1) (2)	42 Day Average	\$ 9,362,852
SBA:		
Florida PRIME (1)	47 Day Average	69,458,187
Florida Public Assets for Liquidity Management (1)	44 Day Average	10,491,603
Total Investments		\$ 89,312,642

(1) Investments with original maturities of three months or less are considered cash equivalents for financial reporting purposes.

(2) At June 30, 2025 investments totaling \$9,362,852 were held under a trust agreement in connection with certificates of participation financing arrangements.

Fair Value Measurement

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy authorizes the investment of temporarily idle funds to earn the maximum return for the period available. The policy also indicates a high priority shall be placed on the safety and liquidity of the funds. The trust agreement in connection with certificates of participation financing arrangements does not specifically limit investment maturities as a means of managing its exposure to fair value losses from increasing interest rates. The FL PALM and the First American Government Obligations money market mutual funds are designed to maintain a \$1 per share net asset value and provide immediate liquidity to meet cash flow needs.

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

For Florida PRIME, with regard to redemption rates, 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 funds. 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 funds, 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, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Credit Risk

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

The District's investments in the FL PALM and Florida PRIME are rated AAAM by Standard & Poor's. The District's investment in the First American Government Obligations money market mutual fund is rated AAAM by Standard & Poor's, Aaa-mf by Moody's Investor Services, and AAA-mmf by Fitch.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy addresses custodial credit risk in that all securities, with the exception of certificates of deposit, are held with a third-party custodian; and all securities purchased by and all collateral obtained by the District should be properly designated as an asset of the District. The securities must be held in an account separate and apart from the assets of the financial institution.

The District's investments in the money market mutual fund are held by the safekeeping agent in the name of the District.

C. Receivables

Capital Credits Receivable

The District participates in a nonprofit electric cooperative established under Chapter 425, Florida Statutes. In accordance with the statute, revenues in excess of operating expenses, unless otherwise determined by a vote of the membership, are distributed by the cooperative on a pro rata basis to its members. The policy of the Clay County Electric Cooperative, Inc. (Cooperative) is to credit the excess revenues to the members' accounts. Annually, the Cooperative makes payments for designated prior years' capital credits. During the fiscal year, the District received capital credits of \$142,369 related to portions of capital credits earned from the 1994 through 2023 fiscal years. At June 30, 2025, the accumulated credits to the District's accounts were \$5,487,661.

Due from other Agencies

The \$10,248,584 reported as due from other agencies primarily consists of \$2,764,613 due from the Florida Department of Revenue related to the one-half cent local sales tax; \$2,395,339 due from the FDOE for reimbursement of Federal grant expenditures; \$1,715,808 due from the Florida Department of Agriculture and Consumer Services for Food Service program cost reimbursements; and \$1,690,893 due from the Florida Department of Education for the Capital Outlay and Debt Service (CO&DS) Program.

D. Changes in Capital Assets

Changes in capital assets are presented in the table below

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 36,531,520	\$ -	\$ -	\$ 36,531,520
Construction in Progress	1,167,950	33,378,024	-	34,545,974
Total Capital Assets Not Being Depreciated	37,699,470	33,378,024	-	71,077,494
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	34,345,931	4,931,702	-	39,277,632
Buildings and Fixed Equipment	670,987,677	16,961,448	-	687,949,125
Furniture, Fixtures, and Equipment	28,449,629	3,461,356	641,208	31,269,776
Motor Vehicles	21,177,693	2,187,091	426,504	22,938,281
Leased Assets	9,085,483	-	-	9,085,483
Subscription-Based IT Arrangements	2,984,734	537,327	907,220	2,614,840
Audio Visual Materials and Computer Software	6,315,112	168,733	43,720	6,440,125
Total Capital Assets Being Depreciated	773,346,259	28,247,657	2,018,653	799,575,263
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	23,857,461	851,083	-	24,708,544
Buildings and Fixed Equipment	259,485,951	13,594,655	-	273,080,606
Furniture, Fixtures, and Equipment	17,621,571	2,624,489	-	20,246,060
Motor Vehicles	13,485,524	2,608,245	-	16,093,768
Leased Assets	5,466,234	1,921,916	-	7,388,150
Subscription-Based IT Arrangements	1,486,767	530,238	907,220	1,109,785
Audio Visual Materials and Computer Software	4,118,738	-	43,720	4,075,018
Total Accumulated Depreciation	325,522,245	22,130,626	950,940	346,701,931
Total Capital Assets Being Depreciated, Net	447,824,014	6,117,031	1,067,713	452,873,332
Governmental Activities Capital Assets, Net	\$ 485,523,484	\$ 39,495,055	\$ 1,067,713	\$ 523,950,826

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 13,261,699
Student Support Services	1,329,697
Instructional Media Services	282,626
Instruction and Curriculum Development Services	563,505
Instructional Staff Training Services	307,965
Instruction-Related Technology	232,846
Board	27,819
General Administration	33,211
School Administration	1,180,321
Facilities Acquisition and Construction	97,607
Fiscal Services	127,278
Food Services	672,033
Central Services	186,727
Student Transportation Services	2,608,245
Operation of Plant	762,446
Maintenance of Plant	336,922
Administrative Technology Services	102,855
Community Services	16,825
Total Depreciation Expense - Governmental Activities	\$ 22,130,627

E. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

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

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

The District's FRS and HIS pension expense totaled \$26,984,318 for the fiscal year ended June 30, 2025.

FRS Pension Plan

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

- *Regular* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers* – Members who hold specified elective offices in local government.
- *Special Risk* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or any age after 25 years of service. All members

enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate; however, certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
<i>Regular Class members initially enrolled before July 1, 2011</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class members initially enrolled on or after July 1, 2011</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2024-25 fiscal year were as follows:

http://www.dms.myflorida.com/workforce_operations/retirement/employers/contribution_rates.

Class	Percent of Gross Salary	
	Employee	Employer ⁽¹⁾
FRS, Regular	3.00	13.63
FRS, Elected County Officers	3.00	58.68
DROP - Applicable to		
Members from All of the Above Classes	0.00	21.13
FRS, Reemployed Retiree	(2)	(2)

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

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

The District's contributions to the Plan totaled \$23,188,784 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the District reported a liability of \$156,310,948 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportionate share of the net pension liability was based on the District's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the District's proportionate share was .404063973 percent, which was a decrease of .016093152 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized a Plan pension expense of \$24,028,296. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 15,791,602	\$ -
Change of Assumptions	21,423,844	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	(10,389,239)
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	4,443,089	(8,400,499)
District FRS Contributions Subsequent to the Measurement Date	23,188,784	-
Total	\$ 64,847,319	\$ (18,789,738)

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$23,188,784, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2026	\$ (1,943,689)
2027	25,177,961
2028	(233,366)
2029	(1,259,123)
2030	1,127,014
Thereafter	-
Total	\$ 22,868,797

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.50 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

Salary increases were changed from 3.25 percent in the previous valuation to 3.50 percent.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which the mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

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:

Asset Class	Target Allocation ⁽¹⁾	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed Income	29.0%	5.7%	5.6%	3.9%
Global Equity	45.0%	8.6%	7.0%	18.2%
Real Estate (Property)	12.0%	8.1%	6.8%	16.6%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.6%	6.2%	8.7%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.5%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.7 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2024 valuation was unchanged from the previous valuation.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.7 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.7 percent) or 1 percentage point higher (7.7 percent) than the current rate:

	1% Decrease (5.7%)	Current Discount Rate (6.7%)	1% Increase (7.7%)
District's proportionate share of the net pension liability	\$ 274,945,484	\$ 156,310,948	\$ 56,929,361

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2025, the contribution rate was 2 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$4,942,489 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the District reported a net pension liability of \$84,071,906 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportionate share of the net pension liability was based on the District's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the District's proportionate share was .560442877 percent, which was a decrease of .00819395 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized the HIS Plan pension expense of \$2,956,022. 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	\$ 811,771	\$ (161,430)
Change of Assumptions	1,487,875	(9,953,035)
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	-	(30,406)
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	529,735	(2,476,226)
District HIS Contributions Subsequent to the Measurement Date	<u>4,942,489</u>	<u>-</u>
Total	<u><u>\$ 7,771,870</u></u>	<u><u>\$ (12,621,097)</u></u>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$4,942,489, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. 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>
2026	\$ (1,584,778)
2027	(1,861,386)
2028	(2,744,864)
2029	(2,113,916)
2030	(1,178,479)
Thereafter	<u>(308,293)</u>
Total	<u><u>\$ (9,791,716)</u></u>

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.50 percent, average, including inflation
Municipal Bond Rate	3.93 percent

Salary increases were changed from 3.25 percent in the previous valuation to 3.50 percent.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which the mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

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

Discount Rate. The discount rate used to measure the total pension liability was 3.93 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.65 percent to 3.93 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.93 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 (2.93 percent) or 1 percentage point higher (4.93 percent) than the current rate.

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
District's proportionate share of the net pension liability	\$ 95,705,060	\$ 84,071,906	\$ 74,414,508

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

2. FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member's account upon retirement. Benefit terms,

including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2024-25 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	11.30%

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, 2025, 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 \$10,482,972 for the fiscal year ended June 30, 2025.

F. Other Postemployment Benefit Obligations

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District that provides OPEB for all employees who satisfy the District's retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in the District's health

and hospitalization plan for medical, prescription drug, dental, and vision coverage. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The District does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB Plan does not issue a stand-alone report and is not included in the report of a public employee retirement system or entity. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms. At June 30, 2025, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	41
Active Employees	2,616
Total	<u>2,657</u>

Total OPEB Liability. The District's total OPEB liability of \$4,480,949 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

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

Inflation	2.5 percent
Salary Increases	4.50 percent, average, including inflation
Discount Rate	4.81 percent
Healthcare Cost Trend Rates	Health trends starting at 5.60% for Pre-Medicare Retirees and 5.98% for Post-Medicare Retirees, each decreasing to an ultimate rate of 4.50% for years 2030 and later.
Aging Factors	The aging curve is from the Society of Actuaries Age Cost Curve study and is age-adjusted to age 65.
Expenses	Administrative expenses are included in the per capita health costs.

The discount rate was based on the daily rate of Fidelity's 20-Year Municipal Bond AA Index, closest to but not later than the measurement date.

Mortality rates were based on PUB TH-2010 employee and healthy annuitants mortality table and PUB NS-2010 disabled retirees mortality table projected generationally using Scale MP-2021.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2024	<u>\$ 3,862,871</u>
Changes for the year:	
Service Cost	133,761
Interest	161,314
Differences Between Expected and Actual Experience	910,236
Changes in Assumptions or Other Inputs	(253,900)
Benefit Payments	<u>(333,333)</u>
Net Changes	<u>618,078</u>
Balance at June 30, 2025	<u><u>\$ 4,480,949</u></u>

Changes of assumptions or other inputs reflect an increase in the discount rate from 4.21 percent to 4.81 percent.

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 (3.81 percent) or 1 percentage point higher (5.81 percent) than the current rate:

	<u>1% Decrease (3.81%)</u>	<u>Current Discount Rate (4.81%)</u>	<u>1% Increase (5.81%)</u>
Total OPEB Liability	<u>\$ 4,915,094</u>	<u>\$ 4,480,949</u>	<u>\$ 4,097,909</u>

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 3,972,118</u>	<u>\$ 4,480,949</u>	<u>\$ 5,091,918</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$268,839. At June 30, 2025, 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	\$ 1,297,280	\$ 1,119,844
Changes of Assumptions and Other Inputs	927,333	1,144,191
Total	<u><u>\$ 2,224,613</u></u>	<u><u>\$ 2,264,035</u></u>

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

<u>Fiscal Year Ending June 30</u>	<u>Total</u>
2026	\$ (26,237)
2027	(26,237)
2028	(26,237)
2029	(26,237)
2030	(50,910)
Thereafter	116,436
Total	\$ (39,422)

G. Construction and Other Significant Commitments

Construction Contracts. The following is a schedule of major construction contract commitments at June 30, 2025:

<u>Projects</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Lake Asbury Junior High	\$ 19,559,380	\$ 16,908,403	\$ 2,650,978
Oakleaf Junior High	20,592,366	17,637,571	2,954,794
Total	\$ 40,151,746	\$ 34,545,974	\$ 5,605,772

Encumbrances. Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next fiscal year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2025:

<u>Major Funds</u>					
<u>General</u>	<u>Special Revenue - Other</u>	<u>Capital Projects - Local Improvement Fund</u>	<u>Capital Projects - Other Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 11,044,680	\$ 82,864	\$ 10,281,604	\$ 25,877,644	\$ 2,803,641	\$ 50,090,434

H. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Workers' compensation, automobile liability, general liability, and property loss coverages are being provided on a self-insured basis up to specified limits. The District established a Risk Management Internal Service Fund to account for and finance its uninsured risks of loss related to workers' compensation, automobile liability, general liability, and property loss coverages. The District has entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis, and aggregate excess coverage when total claims minus specific

excess coverage exceeds the loss fund established annually by the District. The District has contracted with an insurance administrator to administer these self-insurance programs, including the processing, investigating, and payment of claims.

The District's liability is limited from \$100,000 to \$200,000 per claim and \$200,000 per occurrence for automobile liability, general liability, and property loss coverages. The District's liability for workers' compensation is limited from \$125,000 to \$500,000 per occurrence, depending on the year of occurrence.

A liability in the amount of \$2,422,377 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2025.

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

Fiscal Year	Balance at Beginning of Fiscal Year	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2023-24	\$ 2,118,772	\$ 1,591,979	\$ (1,286,198)	\$ 2,424,553
2024-25	2,424,553	2,775,402	(2,777,578)	2,422,377

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

The District's health and hospitalization self-insurance program, which includes medical and prescription drug coverage, is being provided on a self-insured basis up to specified limits. The District has entered into an agreement with an insurance carrier wherein the total premium is divided, and the District retains on deposit a portion of the premium in a minimum premium account. The insurance carrier draws on this account to pay claims submitted by District employees and dependents.

The District has also entered into an agreement with an insurance company to provide specific excess coverage for claims amounts above \$300,000 per insured per year. The District's liability was limited by aggregate excess insurance for amounts above \$2 million.

A liability in the amount of \$2,081,983 was actuarially determined for estimated insurance claims payable for claims incurred but not reported (IBNR) for health and hospitalization coverage.

The following schedule represents the changes in claims liability for the current and previous fiscal years for the District health and hospitalization self-insurance program.

Fiscal Year	Balance at Beginning of Fiscal Year	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2023-24	\$ 2,457,104	\$ 32,093,976	\$ (32,330,928)	\$ 2,220,152
2024-25	2,220,152	37,117,604	(37,255,773)	2,081,983

The program is administered through the Internal Service Funds.

Other coverages deemed necessary by the Board were provided through purchased commercial insurance with minimum deductibles for each line of coverage.

I. Long-Term Liabilities

1. Certificates of Participation

Certificates of participation at June 30, 2025, are as follows:

Series	Amount Outstanding	Interest Rates (Percent)	Lease Term Maturity	Original Amount
Series 2024A	\$ 45,540,000	5.00%	2039	\$ 47,515,000
Unamortized Premium	5,118,990			
Total Certificates of Participation	\$ 50,658,990			

The District entered into a master financing arrangement on May 15, 1997, characterized as a lease-purchase agreement, with the Clay County School Board Leasing Corporation (Leasing Corporation) whereby the District secured financing of various educational facilities.

The financing was accomplished through the issuance of Certificates of Participation by the Leasing Corporation to third-party investors, to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District gave a ground lease on District properties to the Leasing 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 leases and to provide for the rent payments through to term, the District may be required to surrender the properties included under the Ground Lease Agreements for the benefit of the securers of the certificates for the remaining term of the ground lease or until the certificate is paid in full.

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

Certificates	Description of Properties
Series 2024A	Construction of an addition to Lake Asbury Junior High and Oakleaf Junior High School. The Series 2024A Project also includes the construction and equipping of Spring Park Elementary School.

The lease payments are payable by the District semiannually on July 1 and January 1, and must be remitted by the District as of the 15th day of the month preceding the payment dates:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 4,602,000	\$ 2,325,000	\$ 2,277,000
2027	4,600,750	2,440,000	2,160,750
2028	4,598,750	2,560,000	2,038,750
2029	4,600,750	2,690,000	1,910,750
2030	4,601,250	2,825,000	1,776,250
2031-2035	23,006,000	16,390,000	6,616,000
2036-2039	18,398,250	16,310,000	2,088,250
Total Minimum Lease Payments	64,407,750	45,540,000	18,867,750
Unamortized Premium	5,118,990	5,118,990	-
Total Certificates of Participation Payable	\$ 69,526,740	\$ 50,658,990	\$ 18,867,750

2. Bonds Payable

Bonds payable at June 30, 2025, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
District Sales Tax Revenue Bonds:			
Series 2010, Refunding	\$ 1,265,000	4.50% - 5.00%	2032

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

District Sales Tax Revenue Bonds

These bonds were issued to refund the District Revenue Bonds, Series 1995, and to finance costs of various capital improvements in the District. These bonds are authorized by Chapter 65-1383, Laws of Florida, and Chapter 70-631, Laws of Florida, which provide that the bonds be secured by the portion of the pari-mutuel tax proceeds distributed annually to Clay County from the State's Pari-Mutuel Tax Collection Trust Fund pursuant to Chapter 550, Florida Statutes (effective July 1, 2000, tax proceeds are distributed pursuant to Section 212.20(6)(d)7.a., Florida Statutes (2001), now Section 212.20(6)(d)6.a., Florida Statutes). The annual distribution is remitted by the Florida Department of Financial Services to the District. As required by the bond resolution, the Board has established a sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

The District has pledged a total of \$1,525,713 of sales tax distribution revenues in connection with the District Revenue Bond, Series 2010, described above. During the 2024-25 fiscal year, the District recognized sales tax distribution revenues totaling \$223,250 and expended \$218,325 (98 percent) of these revenues for debt service directly collateralized by these revenues. The pledged sales tax distribution revenues are committed until final maturity of the debt in 2032.

Approximately 98 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2025, are as follows.

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
District Revenue Bonds:			
2026	\$ 216,575	\$ 155,000	\$ 61,575
2027	219,213	165,000	54,213
2028	216,375	170,000	46,375
2029	218,300	180,000	38,300
2030	219,750	190,000	29,750
2031-2032	435,500	405,000	30,500
Total	<u>\$ 1,525,713</u>	<u>\$ 1,265,000</u>	<u>\$ 260,713</u>

3. Lease(s) Payable

Lease arrangements consist of ninety (90) 77 passenger school buses and ten (10) 65 passenger school buses. The value of the right to use buses is \$7,732,790.46 with accumulated amortization of \$5,034,004.65. The District has the option to purchase the buses for \$1 at the end of the lease. Also, there is a lease for GPS equipment and software. The value of the right to use GPS equipment and software is \$553,984.74 with accumulated amortization of \$332,390.85. Finally, there is a lease for Xerox printing equipment. The value of the Xerox lease is \$798,708 with accumulated amortization of \$99,838.46.

Lease agreements are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance June 30, 2025</u>
Buses	9/10/2019	7 years	\$ 1,615,559	1.7140%	\$ 7,732,790	\$ 1,588,335
GOS & Software	7/1/2021	5 years	112,320	0.6873%	553,985	111,553
Xerox Printer	10/1/2023	6 years	144,000	2.6200%	798,708	578,560
Total Lease Agreements						<u>\$ 2,278,449</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,871,879	\$ 1,830,289	\$ 41,591
2027	144,000	133,858	10,142
2028	144,000	137,408	6,592
2029	144,000	141,051	2,949
2030	36,000	35,843	157
Total	<u>\$ 2,339,879</u>	<u>\$ 2,278,449</u>	<u>\$ 61,431</u>

4. Subscription-Based IT Arrangement Liability

The District has several software arrangements that require recognition under GASB Statement No. 96. The assets will be amortized over the lease term, which ranges from 2 to 6 years:

Description	Date	Terms	Right-to-Use Asset Value	Accumulated Amortization	Imputed Rate
SitelImprove	10/1/2022	3 years	\$ 20,454	\$ 20,454	3.3780%
PowerSchool/Accounting	8/1/2022	6 years	2,048,250	901,413	2.6957%
Documentation	7/1/2022	3 years	8,809	8,809	2.3543%
Sentinel One	7/1/2024	3 years	537,327	179,109	3.0670%
Total Agreements			\$ 2,614,840	\$ 1,109,785	

There are no residual value guarantees in the arrangement provisions.

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

Fiscal Year Ending June 30	Total	Principal	Interest
2026	\$ 538,198	\$ 510,244	\$ 27,954
2027	554,346	524,643	29,703
2028	373,788	354,905	18,883
Total	\$ 1,466,332	\$ 1,389,792	\$ 76,540

5. Changes in Long-Term Liabilities

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

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Certificates of Participation Payable:					
Certificates of Participation 2024A	\$ 47,515,000	\$ -	\$ 1,975,000	\$ 45,540,000	\$ 2,325,000
Plus: Unamortized Premium	5,484,632	-	365,642	5,118,990	365,642
Total Certificates of Participation Payable	52,999,632	-	2,340,642	50,658,990	2,690,642
Bonds Payable	1,415,000	-	150,000	1,265,000	155,000
Other Long-Term Liabilities:					
Lease Payable	4,077,843	-	1,799,394	2,278,449	1,830,289
Subscription Based IT Arrangement Payable	1,374,639	537,327	522,174	1,389,792	510,244
Compensated Absences Payable	31,912,272	13,807,972	13,714,003	32,006,241	13,714,003
Net Pension Liability	257,726,428	1,844,951	19,188,525	240,382,854	-
Total OPEB Liability	3,862,871	1,205,311	587,233	4,480,949	333,333
Estimated Insurance Claims Payable	2,424,553	2,775,402	2,777,578	2,422,377	971,373
Total Governmental Activities	\$ 355,793,238	\$ 20,170,962	\$ 41,079,549	\$ 334,884,651	\$ 20,204,884

The change in compensated absences payable is presented as a net change.

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

J. Net Position – Net Investment in Capital Assets

In the government-wide statement of net position, the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources is net position. Generally accepted accounting principles require that net position be subdivided into the following three categories: net investment in capital assets, restricted net position, and unrestricted net position.

The composition of net investment in capital assets as of June 30, 2025, is shown in the table below

Description	Amount
Total Capital Assets, Net of Accumulated Depreciation	\$ 523,950,826
Less Related Debt, Net of Unspent Proceeds:	
Certificates of Participation Payable	\$ 50,658,990
Bonds Payable	1,265,000
Lease & SBITA Payable	3,668,241
Construction and Retainage Payable	8,667,387
Total Related Debt, Net of Unspent Proceeds	<u>(64,259,618)</u>
Total Net Investment in Capital Assets	<u>\$ 459,691,208</u>

K. Fund Balance Reporting

The following is a schedule of fund balances by category at June 30, 2025. The major Special Revenue funds – Other and Federal Education Stabilization did not have a fund balance at June 30, 2025. Additionally, there were no committed fund balances at June 30, 2025.

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General	Capital Projects - Local Capital Improvement	Capital Projects - Other Capital Projects		
Fund Balances:					
Non-Spendable:					
Inventories	\$ 1,421,300	\$ -	\$ -	\$ 645,758	\$ 2,067,058
Total Non-Spendable	<u>1,421,300</u>	<u>-</u>	<u>-</u>	<u>645,758</u>	<u>2,067,058</u>
Restricted for:					
State Required Carryover Programs	4,694,174	-	-	-	4,694,174
Grants	5,491,999	-	-	-	5,491,999
Debt Service	-	-	-	436,732	436,732
Capital Projects	-	14,337,934	40,000,702	2,838,595	57,177,231
Food Service	-	-	-	8,537,825	8,537,825
School Internal Funds	-	-	-	4,926,948	4,926,948
Total Restricted Fund Balance	<u>10,186,173</u>	<u>14,337,934</u>	<u>40,000,702</u>	<u>16,740,100</u>	<u>81,264,909</u>
Assigned for:					
Operating Purchase Obligations	4,020,043	-	-	-	4,020,043
Operating Programs and Services	1,524,274	-	-	-	1,524,274
FY25-26 Budget Shortfall for Scholarships	2,400,000	-	-	-	2,400,000
1 mill Safety & Security Hardening	5,554,627	-	-	-	5,554,627
1 mill Safety & Security Infrastructure	5,656,172	-	-	-	5,656,172
1 mill Employee Benefits	2,000,000	-	-	-	2,000,000
Total Assigned Fund Balance	<u>21,155,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,155,116</u>
Unassigned Fund Balance	<u>517,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>517,366</u>
Total Fund Balances	<u>\$ 33,279,954</u>	<u>\$ 14,337,934</u>	<u>\$ 40,000,702</u>	<u>\$ 17,385,858</u>	<u>\$ 105,004,449</u>

L. Interfund Receivables and Payables

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 7,615,766	\$ 6,619
Special Revenue - Other	-	2,331,545
Non-Major Governmental	6,619	-
Proprietary Funds - Internal Service Funds	-	5,284,221
Total	\$ 7,622,384	\$ 7,622,384

The outstanding interfund balances result mainly from expenditures and reimbursements timing differences being adjusted between funds. The interfund amounts represent temporary loans from one fund to another and are expected to be repaid within one year

M. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2024-25 fiscal year:

Source	Amount
Florida Education Finance Program (FEFP):	\$ 227,561,602
Categorical Educational Program - Class Size Reduction	36,845,279
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,657,422
Workforce Education Performance Incentives	1,151,504
Charter School Capital Outlay	1,025,607
Voluntary Prekindergarten Program	815,167
Miscellaneous	6,890,819
Total	\$ 275,947,400

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

2. Property Taxes

The following is a summary of millages and taxes levied on the 2024 tax roll for the 2024-25 fiscal year:

	Millage Rates	Taxes Levied
General Fund		
Non-Voted School Tax:		
Required Local Effort	3.024	\$ 66,276,190
Basic Discretionary Local Effort	0.748	16,393,714
Votes School Tax:		
Additional Operating	1.000	21,916,729
Non-Voted Tax:		
Local Capital Improvements	1.500	32,875,094
Total	6.272	\$ 137,461,727

Actual property taxes collected totaled 96 percent of total taxes levied. The Clay County Tax Collector is not required by law to make an accounting to the School Board of the difference between taxes levied and taxes collected. However, because of discounts allowed for early payments and other reasons for non-collection, the School Board budget estimates an anticipated 4 percent shortfall between taxes levied and taxes collected

N. Interfund Transfers

The following is a summary of interfund transfers reported in the fund financial statements for the year ended June 30, 2025. The major Capital Projects fund and the Special Revenue – Federal Education Stabilization fund had no transfers during the fiscal year:

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 12,717,394	\$ -
Capital Projects - Local Improvement Fund	-	17,776,448
Capital Projects - Other Capital Projects	-	1,025,607
Non-Major Governmental	6,084,661	-
Total	\$ 18,802,055	\$ 18,802,055

Interfund transfers represent permanent transfers of moneys between funds. The transfers out of the Capital Projects – Local Capital Improvement Fund were to provide for debt service payments, property insurance premiums, and to fund certain expenditures of the District’s facilities and maintenance departments. The transfers out of the Capital Projects – Other Capital Projects Fund were to transfer revenue to the General Fund for subsequent disbursement to charter schools. The transfers out of the nonmajor governmental funds were to support the General Fund for expenses related to school food service operations.

IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District’s legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

**CLAY COUNTY DISTRICT SCHOOL BOARD
BUDGETARY COMPARISON SCHEDULE
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental:				
Federal Direct	\$ 900,000	\$ 1,649,061	\$ 1,649,061	\$ -
Federal Through State and Local State	2,525,000	2,752,742	2,702,823	(49,919)
	294,551,305	276,588,116	271,740,019	(4,848,098)
Local:				
Property Taxes	93,118,506	91,423,692	92,729,131	1,305,439
Miscellaneous	14,661,377	14,127,202	12,809,050	(1,318,152)
Total Revenues	405,756,188	386,540,814	381,630,084	(4,910,730)
Expenditures				
Current - Education:				
Instruction	265,026,934	258,370,100	252,817,621	5,552,480
Student Personnel Services	21,902,591	23,402,564	21,789,721	1,612,843
Instructional Media Services	4,889,821	5,267,926	5,233,422	34,505
Instruction and Curriculum				
Development Services	5,671,676	5,943,226	5,907,203	36,023
Instructional Staff Training Services	4,803,772	4,641,841	3,966,276	675,564
Instruction-Related Technology	6,988,790	7,077,001	6,321,806	755,195
School Board	1,512,086	3,431,595	2,891,131	540,465
General Administration	557,478	608,466	626,906	(18,441)
School Administration	17,888,838	20,139,220	20,020,850	118,371
Facilities Acquisition and Construction	16,482,039	11,442,669	7,437,460	4,005,209
Fiscal Services	2,047,954	2,332,115	2,212,392	119,723
Food Services	136,554	310,889	310,889	-
Central Services	4,243,307	4,164,817	3,909,614	255,203
Student Transportation Services	16,766,758	19,343,355	17,764,221	1,579,134
Operation of Plant	36,551,665	37,534,099	36,705,066	829,033
Maintenance of Plant	9,747,438	9,456,449	8,955,587	500,862
Administrative Technology Services	1,588,197	1,757,115	1,754,289	2,827
Community Services	373,102	455,472	440,009	15,463
Fixed Capital Outlay:				
Facilities Acquisition and Construction	418,594	418,594	418,594	-
Other Capital Outlay	3,011,061	3,011,061	3,011,061	-
Debt Service:				
Principal	-	-	649,206	(649,206)
Interest	-	-	54,026	(54,026)
(Total Expenditures)	420,608,655	419,108,577	403,197,349	15,911,227
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,852,467)	(32,567,762)	(21,567,264)	11,000,498
Other Financing Sources (Uses)				
Transfers In	6,000,000	12,717,394	12,717,394	-
Transfers (Out)	(40,600)	-	-	-
Proceeds from Sale of Capital Assets	85,000	81,216	81,216	-
Loss Recoveries	5,000	1,423	1,423	-
Total Other Financing Sources (Uses)	6,049,400	12,800,033	12,800,033	-
Net Change in Fund Balances	(8,803,067)	(19,767,729)	(8,767,231)	11,000,498
Fund Balances, Beginning of Year	42,047,186	42,047,186	42,047,186	-
Fund Balances, End of Year	\$ 33,244,119	\$ 22,279,456	\$ 33,279,954	\$ 11,000,498

**CLAY COUNTY DISTRICT SCHOOL BOARD
BUDGETARY COMPARISON SCHEDULE
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Special Revenue - Other Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental:				
Federal Through State and Local	\$ 26,759,842	\$ 28,418,643	\$ 25,599,859	\$ (2,818,784)
Total Revenues	<u>26,759,842</u>	<u>28,418,643</u>	<u>25,599,859</u>	<u>(2,818,784)</u>
Expenditures				
Current - Education:				
Instruction	15,906,828	17,856,200	15,865,740	1,990,460
Student Personnel Services	1,848,166	2,500,948	1,882,748	618,200
Instructional Media Services	-	4,363	1,054	3,309
Instruction and Curriculum				
Development Services	2,695,500	3,721,985	3,639,687	82,298
Instructional Staff Training Services	5,340,058	2,961,328	2,596,287	365,041
General Administration	877,713	983,116	944,793	38,323
School Administration	-	4,322	5,407	(1,085)
Food Services	-	376	376	-
Central Services	22,092	31,293	13,431	17,862
Student Transportation Services	67,946	352,765	41,083	311,681
Operation of Plant	1,539	1,282	1,282	-
Administrative Technology Services	-	664	664	-
Fixed Capital Outlay:				
Other Capital Outlay	-	-	607,304	(607,304)
(Total Expenditures)	<u>26,759,842</u>	<u>28,418,643</u>	<u>25,599,859</u>	<u>2,818,784</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CLAY COUNTY DISTRICT SCHOOL BOARD
BUDGETARY COMPARISON SCHEDULE
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Special Revenue - Federal Education Stabilization Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental:				
Federal Through State and Local	\$ 2,215,754	\$ 2,215,754	\$ 2,576,752	\$ 360,998
Total Revenues	<u>2,215,754</u>	<u>2,215,754</u>	<u>2,576,752</u>	<u>360,998</u>
Expenditures				
Current - Education:				
Instruction	1,559,607	1,485,591	1,758,349	(272,758)
Student Personnel Services	158,544	138,977	218,117	(79,140)
Instruction and Curriculum				
Development Services	1,203	31,215	6,222	24,994
Instructional Staff Training Services	33,354	13,216	11,754	1,463
General Administration	43,711	37,026	51,451	(14,425)
Student Transportation Services	294,852	365,597	417,151	(51,554)
Operation of Plant	1,425	74	537	(462)
Community Services	20,125	41,125	10,240	30,885
Fixed Capital Outlay:				
Facilities Acquisition and Construction	102,933	102,933	102,933	-
(Total Expenditures)	<u>2,215,754</u>	<u>2,215,754</u>	<u>2,576,752</u>	<u>(360,998)</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS⁽¹⁾**

Measurement Year Ended June 30,	Service Cost	Interest on the Total OPEB Liability	Difference Between Expected and Actual Experience of the Total OPEB Liability	Changes in Assumptions and Other Inputs	Benefit Payments
2025	\$ 133,761	\$ 161,314	\$ 910,236	\$ (253,900)	\$ (333,333)
2024	130,230	160,107	-	(30,108)	(284,799)
2023	163,039	191,227	(819,770)	(17,791)	(280,642)
2022	249,638	106,609	-	(1,062,151)	(248,351)
2021	238,888	101,440	(442,738)	794,173	(240,912)
2020	447,382	200,672	469,785	(298,330)	(797,760)
2019	386,770	171,035	(784,077)	1,194,874	(448,703)
2018	418,487	133,076	570,023	(273,607)	(964,632)

Measurement Year Ended June 30,	Net Change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	Estimated Covered- Employee Payroll	Total OPEB Liability as a Percentage of Covered- Employee Payroll
2025	\$ 618,078	\$ 3,862,871	\$ 4,480,949	\$ 252,880,446	1.77%
2024	(24,570)	3,887,441	3,862,871	237,280,541	1.63%
2023	(763,937)	4,651,378	3,887,441	225,324,948	1.73%
2022	(954,255)	5,605,633	4,651,378	213,536,838	2.18%
2021	450,851	5,154,782	5,605,633	207,071,651	2.71%
2020	21,749	5,133,033	5,154,782	202,201,335	2.55%
2019	519,899	4,613,134	5,133,033	190,978,921	2.69%
2018	(116,653)	4,729,787	4,613,134	186,148,834	2.48%

Note:

(1) The amounts presented for each fiscal year were determined as of June 30. The District implemented GASB Statement No. 75 for the fiscal year ended June 30, 2018. As a result, this schedule will present 10 years of information as available.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM (FRS) DEFINED BENEFIT PENSION PLAN
LAST 10 FISCAL YEARS ⁽¹⁾⁽²⁾

Fiscal Year Ended June 30,	District's Proportion of the FRS Net Pension Liability	District's Proportionate Share of the FRS Net Pension Liability	District's Covered Payroll ⁽²⁾	District's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2024	0.404063973%	\$ 156,310,948	\$ 237,280,541	65.88%	83.70%
2023	0.420157125%	167,419,316	225,324,948	74.30%	82.38%
2022	0.443869391%	165,155,084	213,536,838	77.34%	82.89%
2021	0.438963056%	33,158,670	207,071,651	16.01%	96.40%
2020	0.403630173%	174,939,265	202,201,335	86.52%	78.85%
2019	0.389803501%	134,242,899	190,978,921	70.29%	82.61%
2018	0.393729747%	118,593,441	186,148,834	63.71%	84.26%
2017	0.401400834%	118,731,673	186,245,454	63.75%	83.89%
2016	0.414077561%	104,554,909	182,993,112	57.14%	84.88%
2015	0.458113222%	59,171,467	186,699,223	31.69%	92.00%

Notes:

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

(2) The covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM (FRS) DEFINED BENEFIT PENSION PLAN
LAST 10 FISCAL YEARS ⁽¹⁾⁽²⁾

Fiscal Year Ended June 30,	FRS Contractually Required Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	District's Covered Payroll ⁽²⁾	FRS Contributions as a Percentage of Covered Payroll
2025	\$ 23,188,784	\$ (23,188,784)	\$ -	\$ 252,880,446	9.17%
2024	22,880,661	(22,880,661)	-	237,280,541	9.64%
2023	20,212,260	(20,212,260)	-	225,324,948	8.97%
2022	18,940,715	(18,940,715)	-	213,536,838	8.87%
2021	16,722,496	(16,722,496)	-	207,071,651	8.08%
2020	13,410,842	(13,410,842)	-	202,201,335	6.63%
2019	12,086,721	(12,086,721)	-	190,978,921	6.33%
2018	11,220,981	(11,220,981)	-	186,148,834	6.03%
2017	10,449,452	(10,449,452)	-	186,245,454	5.61%
2016	10,097,942	(10,097,942)	-	182,993,112	5.52%

Notes:

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

(2) The covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY (HIS) PENSION PLAN
LAST 10 FISCAL YEARS ⁽¹⁾⁽²⁾

Fiscal Year Ended 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 ⁽²⁾	District's Proportionate Share of the HIS Net Pension Liability as a Percentage of Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2024	0.560442877%	\$ 84,071,906	\$ 237,280,541	35.43%	4.80%
2023	0.568636825%	90,307,112	225,324,948	40.08%	4.12%
2022	0.585422981%	62,005,644	213,536,838	29.04%	4.81%
2021	0.584872911%	71,743,456	207,071,651	34.65%	3.56%
2020	0.582469578%	71,118,587	202,201,335	35.17%	3.00%
2019	0.570780091%	63,864,580	190,978,921	33.44%	2.63%
2018	0.569916461%	60,320,598	186,148,834	32.40%	2.15%
2017	0.580929845%	62,115,699	186,245,454	33.35%	1.64%
2016	0.592453790%	69,048,010	182,993,112	37.73%	0.97%
2015	0.615229877%	62,743,770	186,699,223	33.61%	0.50%

Notes:

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

(2) The covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY (HIS) PENSION PLAN
LAST 10 FISCAL YEARS ⁽¹⁾⁽²⁾

Fiscal Year Ended June 30,	HIS Contractually Required Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	District's Covered Payroll ⁽²⁾	HIS Contributions as a Percentage of Covered Payroll
2025	\$ 4,942,489	\$ (4,942,489)	\$ -	\$ 252,880,446	1.95%
2024	4,744,875	(4,744,875)	-	237,280,541	2.00%
2023	3,740,594	(3,740,594)	-	225,324,948	1.66%
2022	3,542,302	(3,542,302)	-	213,536,838	1.66%
2021	3,437,888	(3,437,888)	-	207,071,651	1.66%
2020	3,356,499	(3,356,499)	-	202,201,335	1.66%
2019	3,169,486	(3,169,486)	-	190,978,921	1.66%
2018	3,090,671	(3,090,671)	-	186,148,834	1.66%
2017	3,074,448	(3,074,448)	-	186,245,454	1.65%
2016	3,036,702	(3,036,702)	-	182,993,112	1.66%

Notes:

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

(2) The covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

1. Budgetary Basis of Accounting

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

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

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

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

Changes of Assumptions. In 2025, the discount rate was changed from 3.97 percent to 4.81 percent and the medical claims cost and premiums were updated based on actual premium information provided for the valuation.

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

Changes of Assumptions. In 2024, salary increases including inflation increased from 3.25 percent to 3.5 percent and the mortality assumptions were updated.

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

Changes of Assumptions. In 2024, the municipal bond rate used to determine total pension liability was increased from 3.65 percent to 3.93 percent and the demographic and coverage election assumptions were updated.

**CLAY COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass- Through Grantor Number	Amount Provided to Subrecipients	Amount of Expenditures (1)(2)
Clustered				
Child Nutrition Cluster				
Pass-Through				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	23002	\$ -	\$ 3,090,356
National School Lunch Program	10.555 (3)	22001, 22003	-	14,363,594
Total National School Lunch Program				17,453,950
Summer Food Service Program for Children	10.559	23006, 23007, 24006, 24007	-	117,668
Total Child Nutrition Cluster			-	17,571,618
Special Education Cluster				
Pass-Through				
Florida Department of Education:				
Special Education - Grants to States	84.027	262, 263	82,823	12,954,003
Special Education - Preschool Grants	84.173	267	-	336,144
Total Special Education Cluster			82,823	13,290,147
Not Clustered				
United States Department of Defense				
Navy Junior Reserve Officers Training Corps	12.UNK	N/A	-	840,241
Total United States Department of Defense			-	840,241
United States Department of Education				
Impact Aid	84.041	N/A	-	859,165
Pass-Through				
University of North Florida				
Teacher Quality Partnership Grants	84.336	N/A	-	19,679
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	-	504,122
Title I Grants to Local Educational Agencies	84.010	212, 226	92,449	8,880,327
Career and Technical Education - Basic				
Grants to States	84.048	161	-	332,380
Education for Homeless Children and Youth	84.196	127	-	100,048
English Language Acquisition State Grants	84.365	102	12,673	368,832
Supporting Effective Instruction				
State Grants	84.367	224	71,872	1,347,744
Student Support and Academic Enrichment Program				
	84.424	241	38,688	756,561
Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief Fund				
Relief Fund	COVID-19, 84.425D	124, 128	-	360,998
American Rescue Plan-Elementary and Secondary School Emergency Relief				
	COVID-19, 84.425U	121	167,385	1,925,508
American Rescue Plan-Elementary and Secondary School Emergency Relief-Homeless Children & Youth Fund				
	COVID-19, 84.425W	122	-	290,246
Total Education Stabilization Fund			167,385	2,576,752
Total United States Department of Education			383,067	15,745,610

**CLAY COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass- Through Grantor Number	Amount Provided to Subrecipients	Amount of Expenditures (1)(2)
United States Department of Health and Human Services				
Pass-Through				
Lutheran Services Florida, Inc.:				
Block Grants for Community Mental Health Services	93.958	N/A	\$ -	\$ 335,499
Total United States Department of Health and Human Services			-	335,499
Total Expenditures of Federal Awards			<u>\$ 465,890</u>	<u>\$ 47,783,115</u>

Notes:

Basis of Presentation:

- (1) The Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Clay County District School Board under programs of the federal government for the fiscal year ended June 30, 2025. 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, change in net position, or cash flows of the District.

Summary of Significant Accounting Policies:

- (2) 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.

Non-Cash Assistance:

- (3) National School Lunch Program - Includes \$1,874,289.09 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

Indirect Cost Rate Election:

- (4) The District received a negotiated indirect cost rate for federal awards and state projects; therefore, the District did not elect to charge de minimis rate of 10% for determining indirect cost amounts.

**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**

Clay County District School Board and
Superintendent
Green Cove Springs, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clay County District School Board (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 24, 2026. Other auditors audited the financial statements of the aggregate discretely presented component unit as described in our report on the District's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

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Clay County District School Board and
Superintendent
Green Cove Springs, Florida

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of the 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.

Purvis Gray

February 24, 2026
Ocala, Florida

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

Clay County District School Board and
Superintendent
Green Cove Springs, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Clay County District School Board’s (the District) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2025. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Green Cove Springs, Florida

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Clay County District School Board and
Superintendent
Green Cove Springs, Florida

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

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

Purvis Gray

February 24, 2026
Ocala, Florida

**CLAY COUNTY DISTRICT SCHOOL BOARD - GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Non-compliance 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 the Major Federal Program:	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:	Special Education Cluster (AL No. 84.027 and 84.173)
Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$1,433,494
Auditee qualified as low-risk auditee?	Yes

**CLAY COUNTY DISTRICT SCHOOL BOARD - GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to the Basic Financial Statements Required to be Reported Under Generally Accepted Government Auditing Standards (GAGAS)

The audit disclosed no findings, which are required to be reported under GAGAS.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Clay County District School Board and
Superintendent
Green Cove Springs, Florida

We have examined the Clay County District School Board's (the District) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended June 30, 2025, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion the District's compliance based on our examination.

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

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

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2025.

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

Purvis Gray

February 24, 2026
Ocala, Florida

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MANAGEMENT LETTER

Clay County District School Board and
Superintendent
Green Cove Springs, Florida

Report on the Financial Statements

We have audited the basic financial statements of the Clay County District School Board (the District), as of and for the year ended June 30, 2025, and have issued our report thereon February 24, 2026. Other auditors audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. This letter does not include the results of the other auditor's and such information related to that audit is reported on separately by those auditors.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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); and Chapter 10.800, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program, and on Internal Control Over Compliance required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountant's Report on an examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.800, *Rules of the Auditor General*. Disclosures in those reports and schedule, with are dated February 24, 2026, should be considered in conjunction with this management letter.

Prior Year Audit Findings

- Section 10.804(1)(f)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

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Green Cove Springs, Florida

MANAGEMENT LETTER

Financial Condition and Management

- Section 10.804(1)(f)2., *Rules of the Auditor General*, requires a statement be included as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.804(1)(f)5.a and 10.805(7), *Rules of the Auditor General*, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.
- Section 10.804(1)(f)3., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have such recommendations.

Transparency

- Section 10.804(1)(f)6., *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the District maintains on its website the information specified in Section 1011.035, Florida Statutes. In connection with our audit, we determined that the District maintained on its website the information specified in Section 1011.035, Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

Purvis Gray

February 24, 2026
Ocala, Florida