

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF

THE DISTRICT SCHOOL BOARD
OF HERNANDO COUNTY, FLORIDA

FOR THE FISCAL YEAR ENDED
JUNE 30, 2019



HERNANDO
SCHOOL DISTRICT

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PREPARED BY:
FINANCE DEPARTMENT



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**DISTRICT SCHOOL BOARD OF
HERNANDO COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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INTRODUCTORY SECTION



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March 30, 2020

District School Board of Hernando County

919 North Broad Street

Brooksville, Florida 34601

Dear Chair, Members of the School Board and Citizens of Hernando County:

The Comprehensive Annual Financial Report of the District School Board of Hernando County, Florida (District) for the fiscal year ended June 30, 2019, is submitted herewith. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to set forth fairly the financial position and the changes in financial position of the District as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the District's financial affairs have been included. The responsibility for the preparation of the accompanying financial statements and other information contained in this report, based on the above standards, rests with the District's management.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been independently audited by the Florida Auditor General. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ending June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion on the District's financial statements for the fiscal year ended June 30, 2019. The independent auditor's report on financial statements is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District is part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grant agencies. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The standards of governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. Information related to this single audit, including the Schedule of Expenditures of Federal Awards (SEFA), schedule of findings and questioned costs, summary schedule of prior audit findings, and the independent auditor's reports on the system of internal control and on compliance with applicable requirements, is included in the compliance section.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditor.

The accompanying report includes all funds of both the District and the Hernando School Board Leasing Corporation (Leasing Corporation). The Leasing Corporation was formed by the School Board to be the lessor in connection with financing the acquisition and/or construction of certain educational facilities and is considered a blended component unit.

PROFILE OF THE DISTRICT

The District and its governing Board were created pursuant to Section 4, Article IX of the Constitution of the State of Florida. The District is an independent taxing and reporting entity managed, controlled, operated, administered, and supervised by the District school officials in accordance with Chapter 1001.30, Florida Statutes. The Board consists of five elected officials responsible for the adoption of policies, which govern the operation of public schools in Hernando County. The Superintendent of Schools is responsible for the administration and management of the schools within the applicable parameters of Florida Statutes, State Board of Education Rules, and District policies. The Superintendent is also specifically delegated the responsibility of maintaining a uniform system of records and accounts in the District by State Board of Education Rule 6A-1.001, Florida Administrative Code.

This report contains the audited financial statements for all operations over which the School Board is financially accountable. Various potential component units were evaluated to determine whether they should be considered as part of the District's reporting entity.

Accordingly, included in the reporting entity are the Hernando County Education Direct Support Organization, Inc., (Foundation) a separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, and the two charter schools, Brooksville Engineering, Science & Technology, Inc. and Gulf Coast Academy of Science and Technology, Inc. The 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 are funded through the District with FEFP funds.

Both the Foundation and the charter schools are included as discretely presented component units in the accompanying financial statements. Additional information regarding these component units can be found in the notes to the financial statements.

The geographic boundaries of the District are those of Hernando County. Hernando County is located on the central-west coast of Florida, north of Tampa Bay. It is bounded by the Gulf of Mexico on the west, Citrus County to the north, Sumter County to the east, and Pasco County to the south. Hernando County stretches 37 miles east to west, and 18 miles north to south, for a total of approximately 479 square miles.

During the 2018-2019 fiscal year, the District had 26 schools, including 10 elementary schools, 4 middle schools, 5 high schools, 3 K-8 schools (Challenger K-8, Explorer K-8, and Winding Waters K-8), 1 alternative school, and 2 charter schools, and served approximately 23,357 prekindergarten through adult students. The projected prekindergarten through grade 12 student enrollment for fiscal year 2019-2020 is 23,065 unweighted full-time equivalent students. The average age of the school buildings within the District is approximately 31.4 years.

The District serves students from infants through adults. Students in the District represent a diverse community of learners, including a variety of ethnic and cultural backgrounds. In addition to the various educational programs offered to K-12 students, the District offers pre-kindergarten services including: programs for babies of teen parents who are progressing toward achieving high school diplomas; programs for special education infants and toddlers below the age of three; pre-kindergarten programs for three and four-year-old disabled students; and programs for eligible low-income, at-risk students.

The District also offers programs for adults to learn the necessary skills in order to enter the workforce or increase opportunities for advancement in current positions. Also, students from foreign countries have the opportunity to learn communication skills through the District's English for Speakers of Other Languages (ESOL) programs, and all citizens can take fee-supported courses to increase personal development in various subjects such as computers, photography, and personal financial planning.

The annual budget serves as the foundation for the District's financial planning and control. The District establishes and maintains budgetary controls. The objective is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District. Activities of all governmental fund types are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the object level within each function level for all funds.

Budgetary information is integrated into the accounting system. To facilitate budgetary control, budget balances are encumbered when purchase orders are issued. Appropriations expire at year-end and encumbrances outstanding are honored in the subsequent year's appropriations.

In order to provide budgetary control for salaries, the District utilizes a centralized position control system. The District has adopted a staffing plan that establishes teaching positions based primarily on student populations served. Additionally, support and administrative positions are created based on established criteria.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Economic Conditions

Hernando County has experienced limited population growth, increasing 9.02 percent or 15,580 since the 2010 census. The County's current population as of April 1, 2019, is 188,358 with anticipated growth estimated to be 191,700 in the year 2020 and 218,300 in the year 2030. The median age is 47.7 years.

The local area economy continues to be affected by the national and State economic downturn. Unemployment improved during 2018-2019 but still remains high at 3.2 percent for Hernando County and 3.0 percent for the State as of December 2018. The County's rate is reportedly higher than the national average of 3.5 percent during the same period.

The final property tax roll for Hernando County increased approximately \$602 million or 6.44 percent, bringing the tax roll to \$9.94 billion for the 2018-2019 fiscal year. Property taxable values experienced a decline in rates from the 2008-2009 fiscal year of approximately 9 percent. Subsequent to the economic downturn, the tax roll significantly increased from 2013-2014 taxable values by approximately 18 percent.

While the District is heavily reliant upon State funding for the core of the educational programs within the District, and while the economic conditions of the nation and State interact with State funding adequacy and availability, the economic outlook for the District is consistent with the national situation. The State of Florida is heavily dependent upon sales tax collections and tourism. Any funding fluctuations will mean new programs, innovative initiatives, and educational enhancements may not be available within the desired time frames, but the positive improvements will continue to occur. In addition, the Board, Superintendent and staff are acutely aware of the perils of interrupted revenue receipts. Prudent business practices, accompanied by statutes mandating balanced budgets, result in a continual review of the financial condition of the District.

The District recognizes that the continued enhancement of the local economy is of mutual benefit to both the District and the County and that an excellent system of public education is a significant factor in attracting new business and industry to the County.

The District remains Hernando County's largest employer, employing 2,875 full-time employees, including 1,442 instructional personnel.

Long-Term Financial Planning

Funding for school districts in the State of Florida is set by the Florida Legislature annually through the General Appropriations Act.

Relevant Financial Policies

The District follows procedures established by Board Policy, Florida Statutes and the State Board of Education rules in establishing and adopting annual budgets for each of the governmental fund types.

Budgets are prepared using the same modified accrual basis as is used to account for governmental funds. Appropriations are controlled at the object level (e.g. salaries, benefits and purchased services) within each function activity (e.g. instruction, pupil personnel services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.

ACADEMIC ACCOMPLISHMENTS

One of the ways to judge a school district is to compare the results of its students on national and statewide testing and the accomplishments of its staff. The District believes that its students and staff have performed remarkably well based on various tests and accomplishments as noted below.

- Schools through Florida are held accountable and receive school grades based on the results of the Florida Standards Assessment Test (FSA). The 2018-2019 fiscal year marks the nineteenth year of this accountability program. The District received a "B" grade in the 2018-2019 fiscal year under the State A+ Plan. This year five schools received a grade of "A", seven received a grade of "B", and thirteen received a grade of a "C".
- The District had 54 percent of all students scoring proficient in reading and 52 percent making learning gains in reading under the State's A+ Plan. Hernando had 44 percent of students in the lowest 25 percentile make learning gains in reading.
- District students scored at 59 percent proficient in math and 55 percent making learning gains in math under the State's A+ plan. Hernando had 45 percent of students in the lowest 25th percentile making learning gains in math.

More than 34 percent of Hernando County School District teachers have earned Master degrees or higher. Additionally, the District has 35 teachers who have successfully completed the rigorous and time-intensive program of the National Board of Professional Teaching Standards. To achieve the highly esteemed National Certification, teachers are required to provide a portfolio of information regarding teaching styles, examples of work performed by students, and successfully pass an examination.

Awards and Acknowledgements

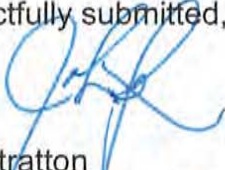
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District School Board of Hernando County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This was the eighteenth consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation and completion of this Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation and completion of this report.

In closing, we would like to thank the members of the School Board for their leadership and support in planning and conducting the financial operations of the District. We also thank the citizens of Hernando County, whose cooperation, support, and assistance have contributed greatly to the operation of this innovative school system.

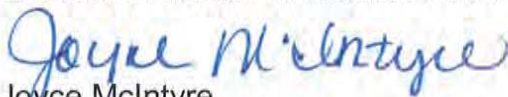
Respectfully submitted,



John Stratton
Superintendent of Schools



Lisa Becker
Executive Director of Business Services



Joyce McIntyre
Director of Finance & Purchasing

District School Board of Hernando County, Florida

List of Principal Officials

School Board Members and Superintendent

(Members are elected for a four-year term; Superintendent is an appointed position)



Kay Hatch
District 1
Member Since Nov. 2018



Linda K. Prescott
District 2
Member Since Nov. 2016



Jimmy Lodato
District 3
Member Since Nov. 2018



Gus Guadagnino
District 4
Member Since Nov 2012

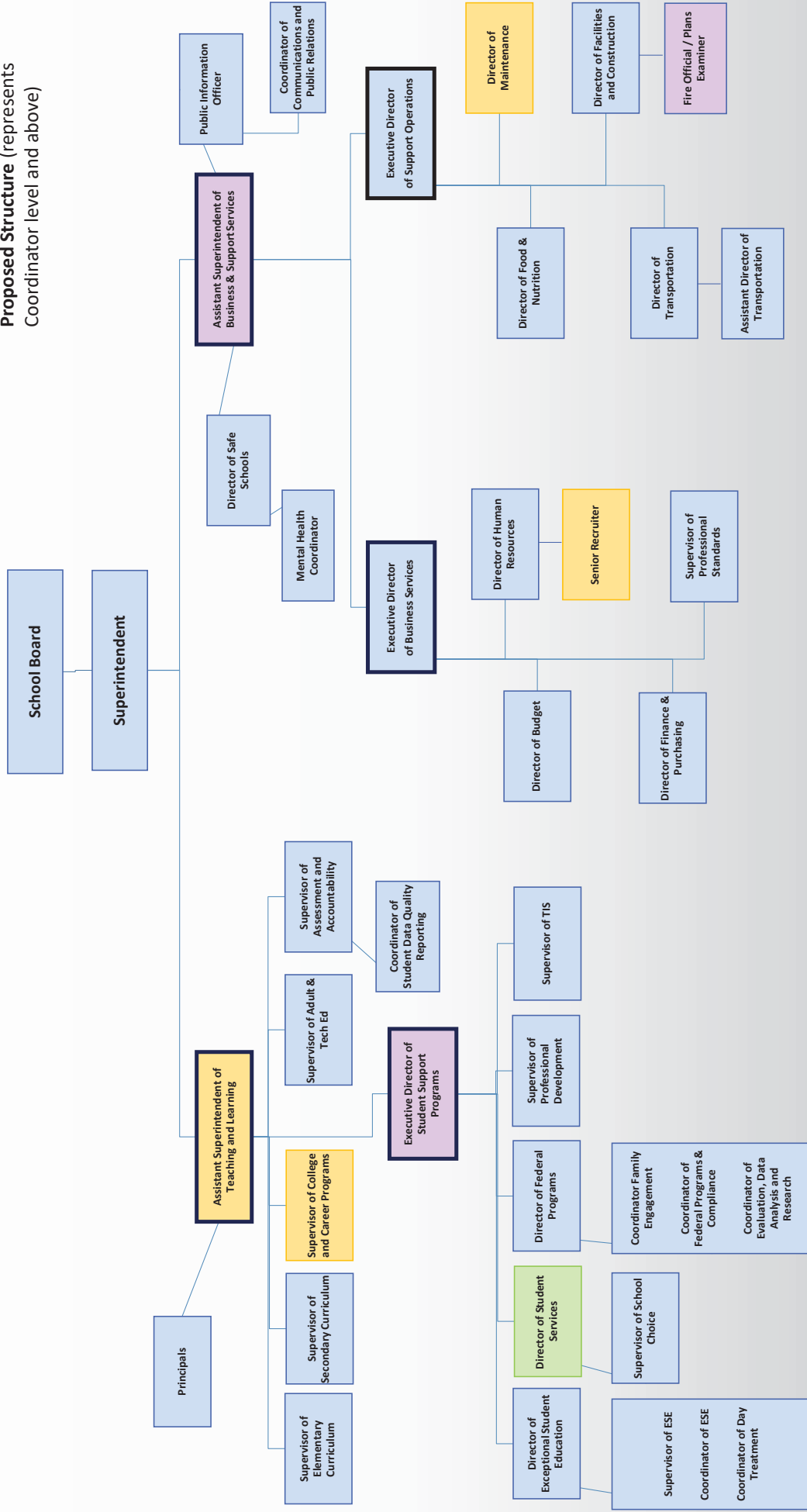


Susan Duval
District 5
Member Since Nov. 2016



John Stratton
Superintendent

Proposed Structure (represents Coordinator level and above)



█ Bold outer line indicates Cabinet member

█ Change of Title Only

█ Upgraded position

█ New position



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**District School Board
of Hernando County, Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



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FINANCIAL SECTION



HERNANDO
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HERNANDO
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INDEPENDENT AUDITOR'S REPORT

Hernando County District School Board and
Superintendent of Schools
Brooksville, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Hernando County District School Board (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 15.25 percent of the assets and 47.50 percent of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component unit's columns. The financial statements for the school internal funds and the aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

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Hernando County District School Board and
Superintendent of School
Brooksville, Florida

INDEPENDENT AUDITOR'S REPORT

error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained and the report of the other auditors are sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2019, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter – COVID-19

As more fully described in Note 1 to the financial statements, the District may be materially impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required pension and OPEB related schedules and major fund budgetary comparison schedules, 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 and other auditors 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.

Hernando County District School Board and
Superintendent of Schools
Brooksville, Florida

INDEPENDENT AUDITOR'S REPORT

Other Information

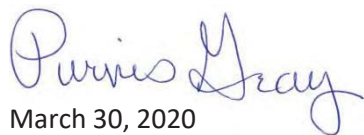
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund financial statements, other budgetary comparison schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the 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 also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and other budgetary comparison schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual non-major fund financial statements and other budgetary comparison schedules and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



March 30, 2020
Ocala, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Hernando County District School Board (District) has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2019. 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 2018-2019 fiscal year are as follows:

- Total Net Position is \$226,202,518, which represents a 6.40 percent increase from the 2017-2018 fiscal year.
- General revenues totaled \$214,533,330, or 92.77 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital gains and contributions total \$16,707,208 or 7.23 percent of all revenues.
- Expenses total \$218,253,684; only \$16,707,208 of these expenses were offset by program revenues, with the remainder paid from general revenues.
- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$226,202,518.
- The total combined assigned and unassigned fund balance of the General Fund representing the net fund balance that is spendable and not restricted, totals \$27,880,963, or 13.00 percent of total General Fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, 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 governmental activities of the primary government presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets, its liabilities, and its deferred outflows of resources using an economic resources measurement focus. Assets plus deferred outflows of resources, less liabilities, 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The government activities of the District include such functions as instruction, pupil personnel services, administration, pupil transportation, maintenance, and other items.

The government-wide financial statements include not only the District itself (known as the primary government), but also Brooksville Engineering, Science & Technology, Inc., Gulf Coast Middle School, Inc., and Gulf Coast Academy of Science and Technology, Inc., all Charter Schools, which the District is required to report as component units. Financial information for the component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 23-24 of this report.

Fund 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be classified under two categories: governmental funds and fiduciary funds.

- **Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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 evaluating a government's near-term financial 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 financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 13 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue – Federal Fund, Other Debt Service, and Other Capital Projects Fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for all the major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements and the major budgetary comparison schedules presented as required supplementary information can be found on pages 25-29 and 69-76.

- **Fiduciary Funds.** Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The District uses private-purpose trust funds to account for scholarship funds established by private donors. The District uses agency funds to account for resources held for student activities and groups.

The basic fiduciary funds financial statements can be found on pages 31-32 of this report.

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. The notes to financial statements can be found on pages 33-68 of this report.

Required Supplementary Information. In addition to this management's discussion and analysis, this report also presents certain required supplementary information concerning the District's progress in funding its obligations to provide postemployment benefits other than pensions to its employees. The schedule of funding progress, other postemployment benefits plan, required supplementary information can be found on pages 69-83 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Required Supplementary Information. Combining and individual fund statements and other schedules can be found on pages 84-99 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the District's net position as of June 30, 2019, compared to net position as of June 30, 2018:

District School Board of Hernando County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

NET POSITION

	Governmental	
	2019	2018
Current and Other Assets	\$ 73,766,896	\$ 66,854,025
Capital Assets	383,583,965	377,348,756
Total Assets	<u>457,350,861</u>	<u>444,202,781</u>
Deferred Outflows	44,868,181	44,543,240
Long-Term Liabilities Outstanding	253,420,975	3,121,829
Other Liabilities	3,285,726	258,368,983
Total Liabilities	<u>256,706,701</u>	<u>261,490,812</u>
Deferred Inflows	19,309,823	14,039,545
Net Position:		
Net Investment in Capital Assets	268,410,915	255,798,875
Restricted	35,433,091	32,481,524
Unrestricted	(77,641,488)	(75,064,735)
Total Net Position	<u>\$ 226,202,518</u>	<u>\$ 213,215,664</u>

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

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2019, and June 30, 2018, are as follows:

District School Board of Hernando County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHANGES IN NET POSITION

	Governmental	
	2019	2018
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,009,764	\$ 1,669,862
Capital Grants and Contributions	14,072,478	3,131,121
Operating Grants and Contributions	1,624,966	11,623,384
General Revenues:		
Property Taxes	71,008,142	70,201,234
Grants and Contributions Not Restricted to Specific Programs	135,980,854	130,386,623
Unrestricted Investment Earnings	1,098,468	431,310
Miscellaneous	6,445,866	4,041,105
Total Revenues	<u>231,240,538</u>	<u>221,484,639</u>
Program Expenses:		
Instruction	116,734,406	112,178,899
Student Personnel Services	9,629,463	9,475,910
Instructional Media Services	1,406,550	1,670,186
Instruction and Curriculum Development Services	5,487,994	4,984,827
Instructional Staff Training Services	3,238,748	3,187,021
Instruction Related Technology	708,413	615,107
Board	569,835	702,006
General Administration	1,136,961	1,385,010
School Administration	12,578,189	11,885,259
Facility Services - Non-Capitalized	541,797	6,876,093
Fiscal Services	857,653	859,712
Food Services	12,700,237	12,811,088
Central Services	2,127,534	2,076,296
Student Transportation Services	8,227,042	7,522,704
Operation of Plant	16,987,276	16,363,264
Maintenance of Plant	5,885,546	5,412,786
Administrative Technology Services	2,939,278	2,889,131
Community Services	1,420	983
Unallocated Interest on Long-Term Debt	3,606,715	3,781,555
Unallocated Depreciation Expense	12,888,627	12,024,965
Total Expenses	<u>218,253,684</u>	<u>216,702,802</u>
Increase (Decrease) in Net Position	12,986,854	4,781,837
Net Position, Beginning	213,215,664	208,433,827
Net Position, Ending	<u>\$ 226,202,518</u>	<u>\$ 213,215,664</u>

District School Board of Hernando County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

The total governmental net position increased by \$12,986,854 during the current year, as compared to a net increase of \$8,205,017 in the previous year. Total revenues increased by \$9,755,899 compared to the prior year. District expenses increased \$1,550,882.

Direct instructional expenses, including school administration increased \$5,248,437. Unallocated expenses for interest and depreciation increased \$688,822.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Major 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 financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$64,737,256, an increase of \$7,046,618 in comparison with the prior year. The following schedule indicates the fund balances and changes in fund balances by major fund and other governmental (non-major) funds as reported in the basic financial statements for the fiscal years ended June 30, 2019 and June 30, 2018.

<u>Fund Balance</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Major Governmental Funds:				
General Fund	\$ 30,397,144	\$ 25,609,116	\$ 4,788,028	18.70%
Food Service	7,046,537	4,469,130	2,577,407	100.00%
Other Debt Service	6,889,159	6,858,658	30,501	0.44%
Capital Projects - Other Fund	11,957,089	13,426,692	(1,469,603)	-10.95%
Other Governmental Funds (Non-Major)	8,447,327	7,327,042	1,120,285	15.29%
Total Fund Balance	<u>\$ 64,737,256</u>	<u>\$ 57,690,638</u>	<u>\$ 7,046,618</u>	<u>12.21%</u>

General Fund. The General Fund is the primary operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$22,945,943, while total fund balance was \$30,397,144. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total revenues. Unassigned fund balance represents 13.30 percent of General Fund revenues, while total assigned and unassigned fund balance represents 16.16 percent of that same amount.

During the current fiscal year, the total fund balance of the General Fund increased by \$4,788,028.

The following schedule shows the changes in General Fund revenues and transfers in for fiscal years ended June 30, 2019 and June 30, 2018.

District School Board of Hernando County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Revenues and Other Financing Sources	June 30, 2019	June 30, 2018	Increase (Decrease)	Percent Change
Federal Direct Sources:				
Reserve Officers Training Corps (ROTC)	\$ 204,705	\$ 204,147	\$ 558	0.27%
Pell Grant	61,743	-	61,743	100.00%
Federal Through State Sources:				
Medicaid	1,356,409	1,446,712	(90,303)	-6.24%
Other Federal Through State Sources	939,474	763,507	175,967	23.05%
State Sources:				
Florida Education Finance Program (FEFP)	93,120,031	88,568,231	4,551,800	5.14%
Categorical Programs	24,484,972	24,340,886	144,086	0.59%
Other State Sources	2,834,016	2,733,519	100,497	3.68%
Local Sources:				
Ad Valorem Taxes	45,800,900	45,514,011	286,889	0.63%
Interest Income	697,753	431,310	266,443	61.78%
Other Local Sources	3,080,990	3,358,529	(277,539)	-8.26%
Total General Fund Revenues	172,580,993	167,360,852	5,220,141	180.63%
Other Financing Sources:				
Transfers In	3,153,525	5,100,000	(1,946,475)	-38.17%
Insurance Recoveries	35,896	126,856	(90,960)	-71.70%
Total Other Financing Sources	3,189,421	5,226,856	(2,037,435)	-38.98%
Total Revenues and Other Financing Sources	\$ 175,770,414	\$ 172,587,708	\$ 3,182,706	1.84%

The following schedule shows the changes in General Fund expenditures (by major object) for fiscal years ended June 30, 2019 and June 30, 2018.

General Fund Expenditures by Major Object Code	June 30, 2019	June 30, 2018	Increase (Decrease)	Percent Change
Salaries	\$ 107,938,944	\$ 106,192,172	\$ 1,746,772	1.64%
Employee Benefits	32,864,147	31,447,884	1,416,263	4.50%
Purchased Services	14,669,202	12,289,199	2,380,003	19.37%
Energy Services	6,209,902	6,425,742	(215,840)	-3.36%
Materials and Supplies	4,896,733	5,107,633	(210,900)	-4.13%
Capital Outlay	1,696,037	2,751,806	(1,055,769)	-38.37%
Other Expenditures	1,069,599	867,825	201,774	23.25%
Total Expenditures by Major Object	\$ 169,344,564	\$ 165,082,261	\$ 4,262,303	4.76%

As the table above illustrates, the largest portions of General Fund expenditures are for salaries and employee benefits with \$140,803,091 expended or 83.15 percent of total expenditures in the 2018-2019 fiscal year compared to \$137,640,056 or 83.38 percent in the 2017-2018 fiscal year. Expenditures increased by \$4,262,303 or 4.76 percent higher than the 2017-2018 fiscal year.

Special Revenue – Food Service Fund. These funds are to account for Activities of the Food Service operations for the District. This Special Revenue Fund reports Federal, State, and Local funds that are received and expended by the District.

Debt Service – Other Debt Service Fund. The fund balance of the Debt Service – Other Debt Service Fund increased from \$6,858,658 to \$6,889,159. The fund is restricted for the payment of debt service on the note payable and certificates of participation.

District School Board of Hernando County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Projects – Other Fund. The fund balance of the Capital Projects – Other Fund increased by \$13,426,692 to \$11,957,089. This fund is restricted for educational capital outlay needs, including new construction, renovations and remodeling projects, and debt service payments.

GENERAL FUND BUDGETARY HIGHLIGHTS

The following schedule shows the changes in General Fund revenues and other financing sources between the original and final budgets for the fiscal year ended June 30, 2019.

General Fund Revenues and Other Financing Sources	Original Budget	Final Budget	Increase (Decrease)	Percent Change
Federal Direct Sources:				
Reserve Officers Training Corps (ROTC)	\$ 194,000	\$ 204,705	\$ (10,705)	-5.52%
Federal Through State Sources:				
Medicaid	1,859,700	2,295,884	(436,184)	-23.45%
Other Federal Through State Sources	-	-		
State Sources:				
Florida Education Finance Program (FEFP)	92,919,554	93,120,031	(200,477)	-0.22%
Categorical Programs	24,973,964	25,058,519	(84,555)	-0.34%
Other State Sources	358,629	2,250,469	(1,891,840)	-527.52%
Local Sources:				
Ad Valorem Taxes	46,357,918	45,800,900	557,018	1.20%
Interest Income	-	-	-	0.00%
Other Local Sources	2,078,891	3,778,744	(1,699,853)	-81.77%
Total General Fund Revenues	<u>168,742,656</u>	<u>172,509,252</u>	<u>(3,766,596)</u>	<u>-2.23%</u>
Other Financing Sources:				
Transfers In	3,000,000	3,000,000	-	0.00%
Insurance Recoveries	-	35,896	(35,896)	-100.00%
Total Other Financing Sources	<u>3,000,000</u>	<u>3,035,896</u>	<u>(35,896)</u>	<u>-1.18%</u>
Total Revenues and Other Financing Sources	<u>\$ 171,742,656</u>	<u>\$ 175,545,148</u>	<u>\$ (3,802,492)</u>	<u>-2.17%</u>

Final budgeted revenues and other financing sources for the General Fund when compared to the initial budget were \$3,802,492 or 2.21 percent higher. Medicaid actual billing reimbursements increased \$436,184 greater than anticipated during budget planning. In addition, actual collections from Other Local Sources resulted in an increase of \$1,699,853 in actual revenues due in part to receipt of funds related to insurance refunds and profit share revenues.

The following schedule shows the changes in General Fund expenditures by function between the original and final budgets for the fiscal year ended June 30, 2019.

District School Board of Hernando County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Expenditures by Function	Original Budget	Final Budget	Increase (Decrease)	Percent Change
Current:				
Instruction	\$ 108,379,673	\$ 101,303,203	\$ 7,076,470	6.53%
Student Personnel Services	6,552,589	6,448,460	104,129	1.59%
Instructional Media Services	1,478,948	1,532,605	(53,657)	-3.63%
Instruction and Curriculum Development Services	1,304,385	1,810,404	(506,019)	-38.79%
Instructional Staff Training Services	525,842	735,892	(210,050)	-39.95%
Instruction Related Technology	355,171	254,549	100,622	28.33%
Board	538,042	470,445	67,597	12.56%
General Administration	956,533	974,376	(17,843)	-1.87%
School Administration	10,836,572	10,940,619	(104,047)	-0.96%
Facility Services - Non-capitalized	329,936	271,087	58,849	17.84%
Fiscal Services	830,347	827,696	2,651	0.32%
Central Services	1,482,452	1,786,425	(303,973)	-20.50%
Student Transportation Services	7,978,551	6,779,403	1,199,148	15.03%
Operation of Plant	15,075,273	14,528,801	546,472	3.62%
Maintenance of Plant	5,377,494	5,251,716	125,778	2.34%
Administrative Technology Services	2,721,174	2,691,999	29,175	1.07%
Community Services	2,050	1,406	644	31.41%
Total Expenditures by Function	<u>\$ 164,725,032</u>	<u>\$ 156,609,086</u>	<u>\$ 8,115,946</u>	<u>4.93%</u>

The final budgeted expenditures and other financing uses were lower than the original budget by \$8,115,946 or 4.93 percent. Reductions were realized through the District's conservative spending and through savings initiatives that were implemented during the fiscal year.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets. The District's investment in capital assets for governmental activities as of June 30, 2019, amounts to \$383,454,003 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; and motor vehicles. The total increase of \$6,105,247 in the District's investment in capital assets (net of accumulated depreciation) for the current fiscal year was 1.62 percent.

	Activities	
	June 30, 2019	June 30, 2018
Land	\$ 10,304,474	\$ 10,317,174
Improvements Other Than Building	9,825,377	10,472,041
Building and Fixed Equipment	350,863,577	344,243,921
Furniture, Fixtures and Equipment	6,613,692	5,494,007
Motor Vehicles	1,763,242	1,176,706
Construction in Progress	4,083,641	5,644,907
Total Expenditures by Major Object	<u>\$ 383,454,003</u>	<u>\$ 377,348,756</u>

Additional information on the District's capital assets can be found in Note 3 of this report.

District School Board of Hernando County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Debt. At the end of the current fiscal year, the District has total long-term debt outstanding of \$104,825,449. This amount is comprised of a note payable of \$1,002,622; \$100,357,827 in Certificates of Participation; and Bonds Payable \$3,465,000 of which is backed by full faith and credit of the State of Florida.

The District's current rating on Sales Tax Revenue Bonds from Fitch's Rating Services is AA- with a stable outlook. The District's current rating on outstanding Certificates of Participation (COPs) from Fitch's Rating Services is A+ with a stable outlook.

During the current fiscal year, the District paid \$4,711,753 for principal payments on long-term debt as follows:

State School Bonds	\$	233,000
Other Debt Service:		
District Revenue Bonds		105,000
Certificates of Participation		4,220,260
Notes Payable		1,310,725
Total Principal Payments	\$	<u>5,868,985</u>

Additional information on the District's long-term debt can be found in Notes 4 through 8 of this report.

ECONOMIC FACTORS AND FORECAST

As of June 2019, the unemployment rate for Hernando County is currently 4.5 percent, which is an increase from the rate of 4.2 percent a year ago. This compares to the State's average unemployment rate of 3.3 percent. These factors were considered in preparing the District budget for the 2019-2020 fiscal year.

During the current fiscal year, the fund balance in the General Fund increased by \$4,788,028 to \$30,397,144. Included in this total, the District has inventories and prepaids of \$1,342,406 that are classified as non-spendable, \$1,130,104 in State categorical funds reported as restricted, and \$39,368 in encumbrances reported as assigned, which are re appropriated in the budget for the 2019-2020 fiscal year. Assigned fund balance also includes \$2,015,819 health insurance rebates and profit sharing, which will be held in fund balance until appropriated. It is anticipated that this use of unassigned fund balance will be replenished at year-end through unspent appropriations and operating fund property tax revenues in excess of the budget. It is anticipated that the fund balance at June 30, 2019, will be in excess of 3 percent of general fund revenues.

At the time of issuance, the COVID-19 pandemic has created economic disruptions throughout the country causing significant declines in the financial markets and economic activity overall. The ultimate effect of these items is expected to be significant but is not quantifiable at this time.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Hernando County District School Board, 919 North Broad Street, Brooksville, Florida 34601.



HERNANDO
SCHOOL DISTRICT

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BASIC FINANCIAL STATEMENTS



HERNANDO
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HERNANDO
SCHOOL DISTRICT

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DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		Component
	Governmental		Units
	Activities		
Assets			
Cash and Cash Equivalents	\$ 20,721,996	\$	622,607
Investments	41,673,299		-
Accounts Receivable	75,576		147,790
Due from Other Agencies	4,925,221		-
Inventories	1,403,202		223,233
Prepaid Items	439,365		4,981
Capital Credits Receivable	4,658,199		-
Capital Assets:			
Non-Depreciable Capital Assets	14,388,115		-
Depreciable Capital Assets, Net	369,065,888		129,960
Total Assets	457,350,861		1,128,571
Deferred Outflows Of Resources			
OPEB	661,023		-
Pensions	44,207,158		-
Total Deferred Outflows of Resources	44,868,181		-
Liabilities			
Salaries and Benefits Payable	-		30,021
Accounts Payable	3,276,777		20,980
Due to Other Agencies	3,243		-
Deposits Payable	4,950		-
Sales Tax Payable	126		-
Long-Term Liabilities:			
Due Within One Year	8,469,729		40,128
Due in More Than One Year	244,951,876		53,899
Total Liabilities	256,706,701		145,028
Deferred Inflows Of Resources			
Unearned Revenue	796,942		-
Gain on Refunding	657,686		-
OPEB	2,836,394		-
Pensions	15,018,801		-
Total Deferred Inflows of Resources	19,309,823		-
Net Position			
Net Investment in Capital Assets	268,410,915		134,802
Restricted for:			
State Required Carryover Programs	1,173,775		-
Food Service	6,965,741		-
Debt Service	7,238,931		-
Capital Projects	20,054,644		-
Other Purposes	-		474,594
Unrestricted	(77,641,488)		374,147
Total Net Position	\$ 226,202,518	\$	983,543

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



HERNANDO
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DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs Primary Government:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Component Units
Governmental Activities:						
Instruction	\$ 116,734,406	\$ 151,301	\$ -	\$ -	\$(116,583,105)	\$ -
Student Personnel Services	9,629,463	-	-	-	(9,629,463)	-
Instructional Media Services	1,406,550	-	-	-	(1,406,550)	-
Instruction and Curriculum Development Services	5,487,994	-	-	-	(5,487,994)	-
Instructional Staff Training Services	3,238,748	-	-	-	(3,238,748)	-
Instruction Related Technology Board	708,413	-	-	-	(708,413)	-
General Administration	569,835	-	-	-	(569,835)	-
School Administration	1,136,961	-	-	-	(1,136,961)	-
Facility Services - Non-Capitalized	12,578,189	-	-	-	(12,578,189)	-
Fiscal Services	541,797	-	-	597,825	56,028	-
Food Services	857,653	-	-	-	(857,653)	-
Central Services	12,700,237	709,880	14,072,478	-	2,082,121	-
Student Transportation Services	2,127,534	-	-	-	(2,127,534)	-
Operation of Plant	8,227,042	148,583	-	-	(8,078,459)	-
Maintenance of Plant	16,987,276	-	-	286,542	(16,700,734)	-
Administrative Technology Services	5,885,546	-	-	440,908	(5,444,638)	-
Community Services	2,939,278	-	-	-	(2,939,278)	-
Unallocated Interest on Long-Term Debt	1,420	-	-	-	(1,420)	-
Unallocated Depreciation Expense *	3,606,715	-	-	299,691	(3,307,024)	-
Total Primary Government	12,888,627	-	14,072,478	1,624,966	(12,888,627)	-
Component Units	218,253,684	1,009,764	-	-	(201,546,476)	-
Educational Foundation/Charter School	\$ 3,706,372	\$ 177,623	\$ 1,262,040	\$ 153,525	\$ -	\$(2,113,184)

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes	45,800,900
Property Taxes, Levied for Capital Projects	14,191,789
Local Sales Taxes	11,015,453
Grants and Contributions Not Restricted to Specific Programs	135,980,854
Transferred In - Gulf Coast Middle Charter	-
Unrestricted Investment Earnings	1,098,468
Miscellaneous	6,445,866

Total General Revenues

Change in Net Position

Net Position - July 1, 2018

Net Position - June 30, 2019

	214,533,330	2,475
	12,986,854	258,498
	213,215,664	725,045
	\$ 226,202,518	\$ 983,543

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

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

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Food Service Fund
Assets		
Cash and Cash Equivalents	\$ 1,232,222	\$ 7,144,812
Investments	25,749,305	14,548
Accounts Receivable	73,007	1,769
Due from Other Funds	1,697,457	-
Due from Other Agencies	848,667	16,660
Prepaid Items	20,000	-
Inventories	1,322,406	80,796
Total Assets	30,943,064	7,258,585
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts Payable	537,601	161,968
Due to Other Funds	-	-
Due to Other Agencies	3,243	-
Deposits Payable	4,950	-
Sales Tax Payable	126	-
Total Liabilities	545,920	161,968
Deferred Inflow of Resources:		
Unavailable State Grant	-	50,080
Unavailable Revenue - Capital Outlay and Debt Service	-	-
Total Deferred Inflows of Resources	-	50,080
Fund Balances:		
Non-Spendable	1,342,406	80,796
Spendable:		
Restricted	1,173,775	6,965,741
Assigned	4,935,020	-
Unassigned	22,945,943	-
Total Fund Balances	30,397,144	7,046,537
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 30,943,064	\$ 7,258,585

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

Special Revenue - Other Federal Program Fund	Other Debt Service	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ 71,437	\$ 5,067,675	\$ 5,018,298	\$ 2,187,552	\$ 20,721,996
-	1,821,484	7,580,116	6,507,846	41,673,299
-	-	800	-	75,576
-	-	-	-	1,697,457
1,697,457	-	2,283,179	79,258	4,925,221
-	-	-	-	20,000
-	-	-	-	1,403,202
<u>1,768,894</u>	<u>6,889,159</u>	<u>14,882,393</u>	<u>8,774,656</u>	<u>70,516,751</u>
71,437	-	2,178,442	327,329	3,276,777
1,697,457	-	-	-	1,697,457
-	-	-	-	3,243
-	-	-	-	4,950
-	-	-	-	126
<u>1,768,894</u>	<u>-</u>	<u>2,178,442</u>	<u>327,329</u>	<u>4,982,553</u>
-	-	-	-	50,080
-	-	746,862	-	746,862
-	-	746,862	-	796,942
-	-	-	-	1,423,202
-	6,889,159	11,957,089	8,447,327	35,433,091
-	-	-	-	4,935,020
-	-	-	-	22,945,943
<u>-</u>	<u>6,889,159</u>	<u>11,957,089</u>	<u>8,447,327</u>	<u>64,737,256</u>
<u>\$ 1,768,894</u>	<u>\$ 6,889,159</u>	<u>\$ 14,882,393</u>	<u>8,774,656</u>	<u>\$ 70,516,751</u>

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



HERNANDO
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DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total Fund Balances - Governmental Funds \$ 64,737,256

Amounts reported for governmental activities in the statement of net assets 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:

Non-Depreciable Capital Assets	\$ 14,388,115	
Depreciable Capital Assets, Net	369,065,888	383,454,003

Capital credits to be received in future years are not available to liquidate liabilities in governmental funds, but are accrued in the government-wide statements.		4,658,199
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Deferred outflows/inflows of resources for pensions are not available in the current period and, therefore, are not reported in the governmental funds. At fiscal year-end, these are the deferred outflows/inflows of resources for pensions:

Deferred Outflows of Resources	44,207,158	
Deferred Inflows of Resources	(15,018,801)	29,188,357

Deferred outflows/inflows of resources for OPEB are not available in the current period and, therefore, are not reported in the governmental funds. At fiscal year-end, these are the deferred outflows/inflows of resources for OPEB:

Deferred Outflows of Resources	661,023	
Deferred Inflows of Resources	(2,836,394)	(2,175,371)

Bond Insurance for 2016 COPS Refunding Debt		419,365
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Gain on Refunding of the 2005 COPS		(657,686)
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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:

Bonds Payable	(3,623,760)	
Certificates of Participation Payable	(110,178,385)	
Notes Payable	(1,002,622)	
Other Postemployment Benefits Payable	(12,913,965)	
Net Pension Liability	(108,711,787)	
Compensated Absences Payable	(16,991,086)	(253,421,605)

Total Net Position - Governmental Activities \$ 226,202,518

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

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Food Service Fund</u>
Revenues		
Intergovernmental:		
Federal Direct	\$ 266,448	\$ -
Federal Through State and Local	2,295,883	13,938,511
State	120,439,019	133,967
Local:		
Property Taxes Levied for Operational Purposes	45,800,900	-
Property Taxes Levied for Capital Projects	-	-
Local Sales Taxes	-	-
Impact Fees	-	-
Charges for Service - Food Services	-	709,880
Other	3,778,743	28,670
Total Revenues	<u>172,580,993</u>	<u>14,811,028</u>
Expenditures		
Current:		
Instruction	107,453,815	-
Student Personnel Services	7,221,038	-
Instructional Media Services	1,358,033	-
Instruction and Curriculum Development Services	2,642,799	-
Instructional Staff Training Services	827,112	-
Instruction Related Technology	364,375	-
Board	550,179	-
General Administration	1,090,581	-
School Administration	11,835,587	-
Facility Services - Non-Capitalized	295,750	-
Fiscal Services	828,070	-
Food Services	-	12,256,971
Central Services	2,053,324	-
Student Transportation Services	7,912,175	-
Operation of Plant	16,397,848	-
Maintenance of Plant	5,675,832	-
Administrative Technology Services	2,836,674	-
Community Services	1,372	-
Debt Service:		
Principal	-	-
Interest and Fiscal Charges	-	-
Dues and Fees	-	-
Capital Outlay:		
Facilities Acquisition and Construction	-	-
Total Expenditures	<u>169,344,564</u>	<u>12,256,971</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,236,429</u>	<u>2,554,057</u>
Other Financing Sources (Uses)		
Transfers in	3,153,525	23,350
Insurance Loss Recoveries	35,896	-
Transfers (out)	(1,637,822)	-
Total Other Financing Sources (Uses)	<u>1,551,599</u>	<u>23,350</u>
Net Change in Fund Balances	4,788,028	2,577,407
Fund Balances, July 1, 2018	25,609,116	4,469,130
Fund Balances, June 30, 2019	<u>\$ 30,397,144</u>	<u>\$ 7,046,537</u>

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

Special Revenue - Other Federal Program Fund	Other Debt Service	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 266,448
12,943,491	-	-	-	29,177,885
-	-	865,023	1,701,800	123,139,809
-	-	-	-	45,800,900
-	-	-	14,191,788	14,191,788
-	-	11,015,453	-	11,015,453
-	-	2,427,403	-	2,427,403
-	-	-	-	709,880
-	71,322	148,847	160,953	4,188,535
<u>12,943,491</u>	<u>71,322</u>	<u>14,456,726</u>	<u>16,054,541</u>	<u>230,918,101</u>
5,254,039	-	-	-	112,707,854
2,076,273	-	-	-	9,297,311
-	-	-	-	1,358,033
2,655,896	-	-	-	5,298,695
2,299,921	-	-	-	3,127,033
319,602	-	-	-	683,977
-	-	-	-	550,179
-	-	-	-	1,090,581
308,740	-	-	-	12,144,327
-	-	-	227,238	522,988
-	-	-	-	828,070
-	-	-	-	12,256,971
-	-	-	-	2,053,324
28,687	-	-	-	7,940,862
333	-	-	-	16,398,181
-	-	-	-	5,675,832
-	-	-	-	2,836,674
-	-	-	-	1,372
-	5,530,985	-	338,000	5,868,985
-	4,068,661	-	175,862	4,244,523
-	5,850	-	1,568	7,418
-	-	15,926,329	3,087,860	19,014,189
<u>12,943,491</u>	<u>9,605,496</u>	<u>15,926,329</u>	<u>3,830,528</u>	<u>223,907,379</u>
-	(9,534,174)	(1,469,603)	12,224,013	7,010,722
-	9,564,675	-	261,735	13,003,285
-	-	-	-	35,896
-	-	-	(11,365,463)	(13,003,285)
-	9,564,675	-	(11,103,728)	35,896
-	30,501	(1,469,603)	1,120,285	7,046,618
-	6,858,658	13,426,692	7,327,042	57,690,638
<u>\$ -</u>	<u>\$ 6,889,159</u>	<u>\$ 11,957,089</u>	<u>\$ 8,447,327</u>	<u>\$ 64,737,256</u>

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

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
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, 2019**

Net Change in Fund Balances - Governmental Funds	\$	7,046,618
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current period:		
Capital Outlay - Facilities and Construction - Governmental Funds	\$ 9,366,946	
Capital Outlay - Other Capital Outlay - Governmental Funds	9,647,243	
Disposal of Capital Assets	-	
(Less Depreciation Expense)	<u>(12,908,942)</u>	6,105,247
Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds in the current period:		
Debt Repayments		5,868,985
Premiums are reported in the governmental funds in the year debt is issued, but are capitalized and amortized over the life of the debt in the statement of activities. Unamortized Premium:		
Prior Year	10,603,107	
(Less Current Year)	<u>(9,979,318)</u>	623,789
Bond Insurance for the 2016 COPS Refunding Debt Amortization:		
Prior Year	(444,034)	
(Less Current Year)	<u>419,365</u>	(24,669)
Gain on Refunding of the 2005 COPS - Amortization:		
Prior Year	696,374	
(Less Current Year)	<u>(657,686)</u>	38,688
The net decrease in net pension liability and deferred outflows and inflows is reported in the statement of activities but not in the fund statements.		(3,797,234)
Capital credits to be received in future years are accrued in the government-wide statements, but the credits do not provide current financial resources and are not recognized in the governmental funds:		
Current Year Accruals	4,658,199	
(Less Prior Year Accruals)	<u>(4,371,657)</u>	
Net Increase in Capital Credits Receivable		286,542
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 used in excess of the amount earned in the current period.		(1,329,519)
Other postemployment benefits costs are recorded in the governmental funds under the pay-as-you-go method, but under the full accrual method in the government-wide statements. This is the net increase in the other postemployment benefits liability, deferred inflows and outflows for the current period.		<u>(1,831,593)</u>
Change in Net Position - Governmental Activities	\$	<u>12,986,854</u>

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

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Private-Purpose Trust Fund	Agency Funds
Assets		
Cash and Cash Equivalents	\$ 6	\$ 1,882,703
Investments	53,787	
Accounts Receivable	-	13,788
Total Assets	53,793	1,896,491
Liabilities		
Internal Accounts Payable	-	1,896,491
Total Liabilities	\$ -	\$ 1,896,491
Net Position		
Held in Trust for Scholarships and Other Purposes	\$ 53,793	

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

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Private-Purpose Trust Fund
Additions	
Investment Earnings	\$ 3,123
Deductions	
Scholarship Payments	3,200
Change in Net Position	(77)
Net Position, July 1, 2018	53,870
Net Position, June 30, 2019	\$ 53,793

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

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Hernando County District School Board (the Board) has direct responsibility for operation, control, and supervision of Hernando County School District (the District) schools and is considered a primary government for financial reporting. The District is considered part of the Florida system of public education. 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 Hernando County.

Criteria for determining if other entities are potential component units which 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 entities for which the District School Board is financially accountable and other organizations for which the nature and significance of their relationship with the School 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 Board's reporting entity:

■ **Blended Component Unit**

The Hernando School Board Leasing Corporation (the Leasing Corporation) was formed in July 2011 to facilitate financing for the acquisition of facilities and equipment as further discussed in Note 5. The governing board of the Leasing Corporation is the District School Board. 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 of the Leasing Corporation are not published.

■ **Discretely Presented Component Units**

The component unit columns in the government-wide financial statements include the financial data of The Hernando County Education Direct Support Organization, Inc., (the Foundation), and the following charter schools: Brooksville Engineering, Science & Technology, Inc., and the Gulf Coast Academy of Science and Technology, Inc., which merged in Gulf Coast Middle School, Inc. during the fiscal year.

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

■ **Discretely Presented Component Units**

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. The

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

charter schools operate under a charter of the sponsoring District. The charter schools are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charter, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools, and the District is responsible for the operation, control, and supervision of public schools within the District.

Annual audits of the Foundation's and the charter schools' financial statements are conducted by independent certified public accountants and are filed in the District's administrative office at 919 North Broad Street, Brooksville, Florida 34601.

Basis of Presentation

■ **Government-Wide Financial Statements**

Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School District as a whole. These statements include the non-fiduciary financial activity of the primary government and its component units.

Government-wide financial statements are prepared using the economic resources measurement focus. 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 motor vehicles is allocated to the applicable functions, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

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. 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.

The effects of inter-fund activity have been eliminated from the government-wide financial statements. Inter-fund services provided and used are not eliminated in the process of consolidation.

■ **Fund Financial Statements**

Fund financial statements provide detailed information about the District in the governmental and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Non-major funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, reconciliation is presented with each of the governmental fund financial statements.

The District reports the following major governmental funds:

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

Food Service Fund—to account for and report on activities of the food service program in serving breakfast and lunch at the schools. These activities are primarily funded through local charges and federal awards.

Special Revenue – Other Federal Programs Fund—to account for certain Federal Grant program revenue sources that are legally restricted for specified purposes. This Special Revenue Fund tracks Federal grants and entitlements that are received by the District from various Federal and State agencies.

Debt Service – Other Fund—to account for principal, interest, and related costs of the Notes Payable and the Certificates of Participation issued in 2013A and 2016A.

Capital Projects – Other Fund—to account for the financial resources generated by the local voted sales tax and the impact fees levied by the Hernando County Board of County Commissioners. The sales tax is to be used for new school construction. The impact fees may be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and debt service payments.

Additionally, the District reports the following fiduciary fund types:

Private-Purpose Trust Fund—to account for resources of the Hernando High School Renaissance Scholarship Endowment Fund which are used for student scholarships.

Agency Funds—to account for resources of the school internal funds which are used to administer moneys collected at the various schools in connection with school, student athletic, class, and club activities.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at fiscal year-end are reported as due from/to other funds. Inter-fund services provided and used are not eliminated in the process of consolidation. 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 to report only the net amount of transfers.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting, as are the fiduciary funds financial statements. 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

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The District considers property taxes, sales taxes, and interest to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, pensions, and other postemployment benefits, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Revenues can be classified into two kinds of transactions: (a) exchange and exchange-like transactions, in which each party receives and gives up essentially equal value, and (b) non-exchange transactions, in which a government gives (or receives) value without directly receiving (or giving) equal value in exchange. Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place.

Revenues resulting from non-exchange transactions are further classified into: (a) derived tax revenues, (b) imposed non-exchange revenues, (c) government-mandated non-exchange transactions, and (d) voluntary non-exchange transactions. Derived tax revenues (e.g., sales tax) are recorded when the exchange transaction occurs. Imposed non-exchange transactions (e.g., property taxes) are recorded when use of the resource is required or first permitted by time requirements (e.g., for property taxes, the period for which they are levied). Government-mandated and voluntary non-exchange transactions, (e.g., Federal mandates, grants, and donations) are recorded when all eligibility requirements have been met. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The two charter schools, shown as discretely presented component units, are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

The Hernando County Education Direct Support Organization, Inc., shown as a discretely presented component unit, 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.

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Deposits

The District's cash and cash equivalents are considered to be demand deposits. On June 30, 2019, the carrying amount of the District's bank deposit accounts was \$20,721,996 (Statement of Net Position) and \$1,882,703 (Fiduciary Funds).

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The Agency Funds consider cash as those accounts used as demand deposit accounts and considers cash equivalents as those amounts invested in certificates of deposit.

Investments

The District holds assets that are defined as investments. The District's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance in GASB Statement No. 79.

■ **Fair Value Measurement**

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 Inputs—are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 Inputs—are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs—are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Investments consist of amounts placed in State Board of Administration (SBA) Debt Service accounts for investment of debt service moneys and amounts placed with the SBA for participation in Florida PRIME (formerly known as the Local Government Surplus Funds Trust Fund Investment Pool) investment pool created by Section 218.405, Florida Statutes, and those made locally. The investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME and the Florida Education Investment Trust Fund (FEIT) are external investment pools and are similar to money market funds in which shares are owned in the fund rather than the underlying investments. In accordance with GASB No. 79, the investments are recorded at amortized costs.

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

None of the external investment pools have limitations or restrictions on participant withdrawals, including items such as redemption notices, maximum transaction amounts, and the pool's authority to impose liquidity fees or redemption gates.

The District's other investments consist of United States Treasury securities, and are reported at fair value. Under the fair value hierarchy, investments in United States Treasury securities are considered to be Level 1.

Inventories

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at average cost, except for transportation and food service inventories which are stated at last invoice, which approximates the first-in, first-out basis. The 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 purchased.

Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position, but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement (if any) should be recorded at acquisition value.

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

Capital assets are depreciated using the composite method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Fixed Equipment	50 years
Improvements Other than Buildings	25 years
Furniture, Fixtures, and Equipment	7 years
Motor Vehicles	10 years

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

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)

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defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

Long-Term Liabilities

Long-term obligations that will be paid 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. As a result of the implementation of GASB Statement No. 65, debt issuance costs (except for Bond Insurance) are no longer treated as deferred charges.

Governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued, and premiums on debt issuances, are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, for example, unused reimbursable leave still outstanding following employee resignations and retirements.

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and the governmental funds balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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The District has financial items that qualify for reporting in this category related to unearned revenue, gain on refunding of bonds, Other Postemployment Benefits (OPEB), and pensions that are reported only in the government-wide statement of net position. A deferred amount on pension and OPEB results from the difference in the expected and actual amounts of experience, earnings, and contributions. This amount is deferred and amortized over the service life of all employees. Other items are unearned revenue from Hernando County impact fees and the State of Florida for Capital Outlay and Debt Service. The gain on refunding is related to premium on debt refunded in a prior period. This amount is recognized as a reduction of interest expense over the life of the new debt.

State Revenue Sources

Revenues from State sources for current operations are primarily from the Florida Education Finance Program (FEFP) administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of nine months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years.

The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The State provides financial assistance to administer certain categorical educational programs. State Board of Education 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 categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the balance of categorical educational program resources.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the District on an annual basis. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Department.

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

District Property Taxes

The School 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 Hernando County Property Appraiser, and property taxes are collected by the Hernando County Tax Collector.

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The School Board adopted the 2018 tax levy on September 11, 2018. 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 Hernando County Tax Collector at fiscal year-end but not remitted to the District. Millages and taxes levied for the current year are presented in a subsequent note.

Local Sales Tax

On March 9, 2004, the voters of Hernando County approved a one-half cent school capital outlay sales tax on sales in Hernando County for ten years, commencing January 1, 2005 and ending December 31, 2014, to pay for the construction of certain educational facilities and other related costs, in accordance with Section 212.055(6), Florida Statutes. An extension of the one half cent school capital outlay sales tax was not approved by the voters on November 4, 2014; however, a new ten year one-half cent sales tax, commencing on January 1, 2017, was subsequently approved in a special election held on September 8, 2015.

Educational Impact Fees

The District receives residual educational impact fees based on an ordinance adopted by the Hernando County Commission (County) on October 28, 1986. The fees are collected by the County and each municipality within the County for most new residential construction based on an inter-local agreement. The fees shall be used solely for the purpose of providing capital improvements to the public educational system necessitated by new residential development, and shall not be used for any expenditure that would be classified as a maintenance or repair expense. The authorized uses include 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. Because the educational impact fee is similar to a capital-type special assessment, it is reported as program revenue in the government-wide financial statements. The District anticipates reinstatement of the impact fees in the future.

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.

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New GASB Statement Implemented

In fiscal year 2019, the District implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The primary objective of this Statement is to improve the information that is disclosures in the notes to government financial statements related to debt, including direct borrowings and direct placements.

COVID-19 Subsequent Event

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of this report causing significant declines in the financial markets and economic activity overall. The District could experience losses of various local and state revenues and declines in investment values. The ultimate effects of these items is expected to be significant but is not quantifiable at this time.

Note 2 - Investments

Cash and Cash Equivalents and Investment Portfolio

On February 15, 2000, the District formally adopted a comprehensive investment policy, as revised on January 14, 2014, pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation and issuer limits, credit rating requirements, and maturity limits to protect the District's cash and investment assets. The District maintains a common cash and investment pool for the use of all funds. In addition, cash and investments are separately held by the District's special revenue, debt service, capital projects, enterprise, and trust funds.

Investment Portfolio

Investment holdings, totaling \$41,673,299 (Statement of Net Position) and \$53,787 (Fiduciary Funds) consist of amounts placed in a Local Government Surplus Funds Trust Fund, Registered Investment Companies (Money Market Mutual Funds), an Intergovernmental Investment Pool, and U.S. Treasury Bonds.

Section 218.415, Florida Statutes, limits the types of investments that the District can invest in unless specifically authorized in the District's investment policy. The District's formal investment policy allows for the following investments: United States Government Securities, Unites States Government Agencies, Federal Instrumentalities, Non-negotiable Interest Bearing Time Certificates of Deposit, Commercial Paper, Bankers Acceptances, Corporate Notes, State and/or Local Government Taxable and/or Tax-exempt Debt, Registered Investment Companies (Money Market Mutual Funds), Local Government Surplus Funds Trust Fund (Florida PRIME), and Intergovernmental Investment Pools.

As of June 30, 2019, the District has the following investments and maturities:

<u>Security Type</u>	<u>Value</u>	<u>Weighted Average Duration</u>
External Investment Pools:		
State Board of Administration:		
Florida PRIME	\$ 15,816,109	28 days
Debt Service Accounts	70,738	31 days
Florida Palm	25,753,647	52 days
U.S. Treasury Bonds	<u>32,805</u>	3.75 years
Total	<u>\$ 41,673,299</u>	0.12 years

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The Florida PRIME (the SBA) June 30, 2019, report was the source for of the weighted average maturity and credit rating for Florida Prime. <https://www.sbafla.com/prime/>.

The Fund Fact Sheet as of June 30, 2019, was the source for the Florida Education Investment Trust Fund's (now called Florida Palm) credit rating and weighted average maturity. <http://www.feitfund.com/>.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than 24 months. Investments of bond reserves, construction funds, and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants. The purchase of investments for core funds with maturities longer than 5 years requires Board approval prior to purchase.

The District also uses WAM as a measurement of interest rate risk and as of June 30, 2019, the investment portfolio had a weighted average duration of 0.12 years. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy permits for investments which are limited to credit quality ratings from nationally recognized rating agencies as follows:

Commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). In addition, corporate obligations allowed are corporate obligations issued by financial institutions that participate in the FDIC's Temporary Liquidity Guarantee Program and are fully insured by the FDIC and are guaranteed by the full faith and credit of the United States Government.

Bankers' acceptances which are issued by a domestic bank which has at the time of purchase, an unsecured, uninsured, and unguaranteed obligation rating of at least "Prime-1" by Moody's or "A-1" by Standard & Poor's.

Corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long term debt rating, at the time of purchase, at a minimum single "Aa" by Moody's and a minimum long term debt rating of "AA" by Standard & Poor's. In addition, corporate obligations allowed are corporate obligations issued by financial institutions that participate in the FDIC's Temporary Liquidity Guarantee Program and are fully insured by the FDIC and are guaranteed by the full faith and credit of the United States Government.

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State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least “Aa” by Moody’s or “AA” by Standard & Poor’s for long-term debt, or rated at least “MIG-2” by Moody’s or “SP-2” by Standard & Poor’s for short-term debt.

Registered Investment Companies (Money Market Mutual Funds) shall be rated “AAAm” by Standard & Poor’s or the equivalent by another national rating agency.

Investment pools shall be rated “AAAm” by Standard & Poor’s or the equivalent by another rating agency.

As of June 30, 2019, \$41,640,494 of the District’s investment securities were individually rated “AAAm” by Standard & Poor’s, and \$32,805 rated “AA+” by Standard & Poor’s.

The District’s bank balance of \$22,110,381 was deposited in a qualified public depository, as required by Chapter 280, Florida Statutes.

As of June 30, 2019, the District had the following credit quality:

<u>Security Type</u>	<u>Standard & Poor’s Credit Rating</u>	<u>Portfolio Asset Allocation</u>
State Board of Administration:		
Florida PRIME	AAAm	37.95%
Florida PRIME (Debt Service Accounts)	N/A	0.17%
External Investment Pool:		
Florida Palm	AAAm	61.80%
U.S. Treasury Bonds	AA+	0.08%
Total		<u>100.00%</u>

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 pursuant to Section 218.415(18), Florida Statutes, requires securities, with the exception of certificates of deposits, shall be 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. A third-party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and is doing business in the State of Florida. Certificates of Deposit will be placed in the provider’s safekeeping department for the term of the deposit.

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As of June 30, 2019, the District's investment portfolio was held with a third-party custodian as required by the District's investment policy.

Concentration of Credit Risk

The District's investment policy has established asset allocation and issuer limits, which are designed to reduce concentration of credit risk of the District's investment portfolio, for the following investments:

A maximum of 100% of available funds may be invested in the United States Government Securities, 50% of available funds may be invested in United States Government agencies with a 25% limit on individual issuers, 75% of available funds may be invested in Federal Instrumentalities with a 25% limit on individual issuers, 75% of available funds may be invested in non-negotiable interest bearing time certificates of deposit with a 25% limit on individual issuers, 25% of available funds may be invested in commercial paper with a 10% limit on individual issuers, 25% of available funds may be invested in corporate notes with a 10% limit on individual issuers, 30% of available funds may be invested in State and/or Local Government Taxable and/or Tax-exempt Debt with a 10% limit on individual issuers, 50% of available funds may be invested in Registered Investment Companies (Money Market Mutual Funds) with a 25% limit of individual issuers, and 25% of available funds may be invested in Intergovernmental Investment Pools.

As of June 30, 2019, the District had the following issuer concentration based on fair value:

<u>Security Type</u>	<u>Value</u>	<u>Portfolio Asset Allocation</u>
External Investment Pool:		
State Board of Administration:		
Florida PRIME	\$ 15,816,109	37.95%
Debt Service Accounts	70,738	0.17%
Florida Palm	25,753,647	61.80%
U.S. Treasury Bonds	<u>32,805</u>	<u>0.08%</u>
Total	<u>\$ 41,673,299</u>	<u>100.00%</u>

Foreign Currency Risk

The District investment policy does not allow for investments in foreign currency therefore the District has no exposure to foreign currency risk.

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Note 3 - Changes in Capital Assets

Changes in capital assets are presented in the table below.

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land (660)	\$ 10,317,174	\$ -	\$ (12,700)	\$ 10,304,474
Construction in Process	5,644,907	5,166,445	(6,727,711)	4,083,641
Total Capital Assets Not Being Depreciated	15,962,081	5,166,445	(6,740,411)	14,388,115
Capital Assets Being Depreciated:				
Improvements Other Than Buildings (670)	29,945,478	579,196	-	30,524,674
Buildings and Fixed Equipment (680)	494,387,788	16,844,298	-	511,232,086
Furniture, Fixtures, and Equipment (641/643/691)	43,140,731	2,365,123	(1,010,519)	44,495,335
Motor Vehicles (652 Vehicles) (651 Buses)	15,533,359	799,538	-	16,332,897
Total Capital Assets Being Depreciated	583,007,356	20,588,155	(1,010,519)	602,584,992
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	(19,473,437)	(1,225,860)	-	(20,699,297)
Buildings and Fixed Equipment	(150,143,867)	(10,224,642)	-	(160,368,509)
Furniture, Fixtures, and Equipment	(37,646,724)	(1,245,438)	1,010,519	(37,881,643)
Motor Vehicles	(14,356,653)	(213,002)	-	(14,569,655)
Total Accumulated Depreciation	(221,620,681)	(12,908,942)	1,010,519	(233,519,104)
Total Capital Assets Being Depreciated, Net	361,386,675	7,679,213	-	369,065,888
Governmental Activities Capital Assets, Net	\$ 377,348,756	\$ 12,845,658	\$ (6,740,411)	\$ 383,454,003

Depreciation expense was charged to functions as follows:

Function	Amount
Governmental Activities:	
Facilities Acquisition and Construction	\$ 125
Food Services	5,378
Central Services	854
Operation of Plant	3,261
Maintenance of Plant	6,942
Transportation	2,489
Administrative Related Technology	1,266
Unallocated	12,888,627
Total Depreciation Expense – Governmental Activities	\$ 12,908,942

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Note 4 - Notes Payable

Notes payable is comprised of the following:

	Balance at <u>June 30, 2019</u>
Banc of America Public Capital Corp (Direct Borrowing):	
<p>\$14,419,695 was borrowed on March 16, 2007, under provisions of Section 1013.23, Florida Statutes at an interest rate of 3.83%. Proceeds were used to refinance the purchase of energy savings equipment. The ending principal balance was \$6,403,131 before refinancing on March 17, 2015. \$6,403,131 was borrowed at an interest rate of 1.95%. This maturity date is March 20, 2020.</p>	
	<u>\$ 1,002,622</u>

Fiscal Year Ending June 30,	Total	Principal	Interest
2020	\$ 1,012,394	\$ 1,002,622	\$ 9,772
Total	<u>\$ 1,012,394</u>	<u>\$ 1,002,622</u>	<u>\$ 9,772</u>

Note 5 - Certificates of Participation

The District entered into various financing arrangements each of which was characterized as a lease-purchase agreement, with the Florida School Boards Association, Inc., whereby the District secured financing of various educational facilities in the total amount of \$30,000,000 for the Certificates of Participation, Series 2003A; \$106,670,000 for the Certificates of Participation, Series 2005; and \$29,162,000 for the Certificates of Participation, Series 2013A. The Certificates of Participation, Series 2013A were used to advance refund the outstanding Certificates of Participation, Series 2003A. The financings were accomplished through the issuance of Certificates of Participation to be repaid from the proceeds of rents paid by the District.

On August 10, 2011, the Florida School Boards Association, Inc., irrevocably assigned to the Hernando School Board Leasing Corporation (Leasing Corporation) all of its rights, title, and interest under the Master Trust Agreement and the Ground Lease Agreements.

As a condition of the financing arrangement, the District has given ground leases on District property to the Leasing Corporation, with terms ranging from 20 to 30 years.

The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreements for the benefit of the securers of the Certificates for a period of time specified by the arrangement which may be up to 35 years from the date of inception of the arrangements.

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The District properties included in the ground leases under this arrangement include land on which the projects have been constructed. The projects related to the ground leases are as follows:

Series 2005 Certificates

Explorer K-8 School
Winding Waters K-8 School
Grade Specific Additions to Pine Grove Elementary School, West Hernando Middle School, and Central High School
Improvements and Additions to Hernando High School
Improvements and Additions to Springstead High School
Improvements and Additions to Spring Hill Elementary School

Series 2013 Certificates

Challenger K-8 School of Science and Mathematics

The lease payments for the 2013A and 2016A Series are payable by the District, semiannually, on July 1 and January 1, at interest rates ranging from 2.08% to 5%. The payment of principal and interest on the bonds underlying the lease agreements are due on July 1 and January 1 of each year. The July 1 payment is typically made on or around June 15 and is considered to be a reduction of bond principal as of June 30.

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 8,236,914	\$ 4,337,543	\$ 3,899,371
2021	8,243,164	4,473,872	3,769,292
2022	8,243,164	4,608,977	3,634,187
2023	8,241,664	4,747,435	3,494,229
2024	8,654,200	5,305,000	3,349,200
2025-2029	43,279,500	30,420,000	12,859,500
2030-2034	43,272,000	38,065,000	5,207,000
2035	8,652,000	8,400,000	252,000
Total Minimum Lease Payments	136,822,606	100,357,827	36,464,779
Unamortized COP Premiums	9,820,558	9,820,558	-
Total	<u>\$ 146,643,164</u>	<u>\$ 110,178,385</u>	<u>\$ 36,464,779</u>

Note 6 - Bonds Payable

Bonds payable at June 30, 2019, are as follows:

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

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<u>Bond Type</u>	<u>Original Debt Issue Amount</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:				
Series 2010A, Refunding	\$ 1,435,000	\$ 965,000	3.50 - 5.0	2030
Series 2011A, Refunding	365,000	185,000	3.0 - 5.0	2023
Series 2014A, Refunding	523,000	328,000	3.0 - 5.0	2025
Series 2014B, Refunding	1,299,000	52,000	2.0 - 5.0	2020
Subtotal	<u>3,622,000</u>	<u>1,530,000</u>		
Unamortized Premium	792,352	158,760		
State School Bonds	<u>4,414,352</u>	<u>1,688,760</u>		
District Revenue Bonds:				
Series 2001, Refunding	<u>3,290,000</u>	<u>1,935,000</u>	4.85 - 5.125	2031
Total Bonds Payable	<u><u>\$ 7,704,352</u></u>	<u><u>\$ 3,623,760</u></u>		

State School Bonds

These bonds are issued by the State Board of Education (SBE) on behalf of the District. The bonds mature serially, and are secured by a pledge of the District's portion of the State-assessed motor vehicle license tax.

The State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of Debt Service Fund resources, and compliance with reserve requirements are administered by the SBE and the SBA.

District Revenue Bonds

■ **Refunding and Capital Improvement Revenue Bonds, Series 2001**

These bonds were issued in June 2001 to refund the Refunding and Improvement Revenue Bonds, Series 1992, and to finance the costs of various capital improvements within the school district. These bonds were authorized by Chapter 79-471, Laws of Florida, which provides that the bonds be secured from racetrack funds and jai alai fronton funds accruing annually to the District 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 (2014). The annual distribution is remitted by the Florida Department of Financial Services to the District.

The District has pledged as sole security for the bonds, the entire annual pari-mutuel tax proceeds of \$209,750, which is remitted by the Florida Department of Financial Services to the District. The pledged revenue is committed until final maturity of the debt, or December 1, 2031. Approximately 98% of this revenue stream has been pledged in connection with the debt service on the revenue bonds. As required by the bond resolution, the District has established the sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

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The Series 2001 bonds, totaling \$3.3 million, were issued to provide funds, together with other available funds of the Board, sufficient to refund the District's outstanding Refunding Revenue Bonds, Series 1990 and finance the costs of acquisition, construction, and installation of, and renovation to, certain capital improvements and educational facilities within the District, and pay costs associated with the issuance of the bonds.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2019, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds			
2020	\$ 272,240	\$ 208,000	\$ 64,240
2021	225,400	170,000	55,400
2022	229,900	183,000	46,900
2023	231,750	193,000	38,750
2024	176,900	146,000	30,900
2025-2029	593,100	510,000	83,100
2030-2032	124,800	120,000	4,800
	<u>1,854,090</u>	<u>1,530,000</u>	<u>324,090</u>
Unamortized Bond Premium	<u>158,760</u>	<u>158,760</u>	<u>-</u>
Total State School Bonds	<u>2,012,850</u>	<u>1,688,760</u>	<u>324,090</u>
District Revenue Bonds			
2020	205,313	110,000	95,313
2021	204,688	115,000	89,688
2022	203,813	120,000	83,813
2023	202,688	125,000	77,688
2024	201,313	130,000	71,313
2025-2029	1,016,922	770,000	246,922
2030-2031	609,203	565,000	44,203
Total District Revenue Bonds	<u>2,643,940</u>	<u>1,935,000</u>	<u>708,940</u>
Total	<u>\$ 4,656,790</u>	<u>\$ 3,623,760</u>	<u>\$ 1,033,030</u>

Note 7 - Defeased Debt

In prior years, the Board defeased in substance certain outstanding bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the In-substance defeased bonds are not included in the District's financial statements.

On June 30, 2019, bonds considered defeased in substance are as follows:

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Bond Issues	Amount Outstanding
Refunding and Capital Improvement Revenue Bonds, Series 1992	\$ 175,000
State School Bonds, Series 1999A	70,000
State School Bonds, Series 2003A	245,000
State School Bonds, Series 2004A	180,000
State School Bonds, Series 2005A	230,000
Total Defeased Debt	\$ 900,000

Note 8 - Changes in Long-Term Liabilities

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

Description	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due in One Year
Governmental Activities					
Bonds Payable	\$ 3,803,000	\$ -	\$ (338,000)	\$ 3,465,000	\$ 318,000
Unamortized Premium	204,869	-	(46,109)	158,760	46,109
Total Bonds Payable	4,007,869	-	(384,109)	3,623,760	364,109
Lease-Purchase Agreements Payable	104,578,087	-	(4,220,260)	100,357,827	4,337,543
Unamortized Premium	10,398,238	-	(577,680)	9,820,558	577,680
Total Certificates of Participation Payable	114,976,325	-	(4,797,940)	110,178,385	4,915,223
Note Payable - Direct Borrowing	2,313,347	-	(1,310,725)	1,002,622	1,002,622
Other Postemployment Benefits	14,207,009	-	(1,293,044)	12,913,965	291,175
Net Pension Liability (1)	106,758,828	10,649,255	(8,696,296)	108,711,787	896,600
Compensated Absences Payable	15,661,567	4,603,757	(3,274,238)	16,991,086	1,000,000
Total Governmental Activities	\$ 257,924,945	\$ 15,253,012	\$ (19,756,352)	\$ 253,421,605	\$ 8,469,729

- (1) The amount due within one year relates to the Health Insurance Subsidy (HIS) portion of the Net Pension Liability wherein the HIS's fiduciary net position is less than the amount of benefit payments expected to be paid within one year.

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

Note 9 - Fund Balance Reporting

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Statement No. 54), provides a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB Statement No. 54 provides two major types of fund balances, which are non-spendable and spendable. Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash, or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The District has inventory items that are considered non-spendable. The District has no non-spendable funds related to endowment.

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
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In addition to the non-spendable fund balance, GASB Statement No. 54 has provided a hierarchy of the spendable fund balances, based on a hierarchy of spending constraints.

Restricted—Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed—Fund balances that contain constraints imposed by formal action of the government from its highest level of decision making authority. At the end of the fiscal year, there were no commitments.

Assigned—Fund balances that contain self-imposed constraints by the governing body to be used for a particular purpose.

Unassigned—Fund balance of the General Fund that is not constrained for any particular purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The District has classified its fund balances with the following hierarchy:

Non-Spendable—The District has inventories totaling \$1,403,202 and prepaid items totaling \$20,000 that are classified as non-spendable.

Spendable—The District has classified the spendable fund balances as *Restricted, Assigned, and Unassigned* and considered each to have been spent when expenditures are incurred. The District currently has no fund balances classified as *Committed*.

Restricted for State Categorical Programs, Workforce Development, Food Services, Debt Service, and Capital Projects

Federal Laws, Florida Statutes, and Local Ordinances require that funds specifically designated for the purposes of capital and debt service requirements as well as for certain designated State categorical spending be segregated into a separate category. These funds have been included in the restricted category of fund balance. The restricted fund balance totaled \$35,433,091 and represented \$1,130,104 for State categorical programs, \$43,671 for workforce development programs, \$6,965,741 for food services, \$7,238,931 for debt service, and \$20,054,644 for capital projects.

Assigned for School Operations, Department Of Education (Department) Obligations, Health Insurance Rebates

In accordance with Fund Balance Policy 7.11, the assigned fund balance includes amounts which are assigned for a specific purpose by the Board or by delegation to the Superintendent or his or her designee. The School Board has set aside certain spendable fund balances for school operations. At year-end, the assigned general fund balance of \$4,935,020 consists of \$39,368 assigned for outstanding encumbrances for school operations and \$4,895,652 assigned for other and health insurance rebates received to be used for premium increases.

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Unassigned

The unassigned fund balance for the General Fund is \$22,945,943.

	Major Funds					Total Governmental Funds
	General	Food Services	Other Debt Service	Capital Projects Other	Non-Major Funds	
Fund Balances:						
Non-Spendable:						
Inventory and Prepays	\$ 1,342,406	\$ 80,796	\$ -	\$ -	\$ -	\$ 1,423,202
Restricted:						
State Categoricals	1,130,104	-	-	-	-	1,130,104
Workforce Development	43,671	-	-	-	-	43,671
Debt Service	-	-	6,889,159	-	349,772	7,238,931
Capital Projects	-	-	-	11,957,089	8,097,555	20,054,644
Food Services	-	6,965,741	-	-	-	6,965,741
Assigned:						
School Operations:						
Encumbrances	39,368	-	-	-	-	39,368
Other	2,879,833	-	-	-	-	2,879,833
Health Insurance Rebates / Profit Sharing	2,015,819	-	-	-	-	2,015,819
Unassigned:	22,945,943	-	-	-	-	22,945,943
Total Fund Balances	<u>\$ 30,397,144</u>	<u>\$ 7,046,537</u>	<u>\$ 6,889,159</u>	<u>\$ 11,957,089</u>	<u>\$ 8,447,327</u>	<u>\$ 64,737,256</u>

At the end of the fiscal year, the assigned/unassigned general fund balance was \$27,880,963 or 16.16% of general fund revenues.

Note 10 - Inter-Fund Receivables, Payables, and Transfers

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

Funds	Inter-Fund	
	Receivables	Payables
Funds:		
General	\$ 1,697,457	\$ -
Other Federal Programs	-	1,697,457
Total Governmental Funds	<u>\$ 1,697,457</u>	<u>\$ 1,697,457</u>

Inter-Fund receivables and payables are temporary loans of cash between funds allowable under Section 1011.09, Florida Statutes, for a period of less than 13 months. The temporary loans do not restrict, impede, or limit implementation or fulfillment of the original purposes for which the moneys were received in the fund providing the advancement.

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
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The following is a summary of inter-fund transfers reported in the fund financial statements:

<u>Funds</u>	<u>Inter-Fund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 3,153,525	\$ 1,637,822
Other Debt	9,564,675	-
Food Service	23,350	-
Capital Projects:		
Local Capital Improvement	-	-
Non-Major Governmental	<u>261,735</u>	<u>11,365,463</u>
Total Governmental Funds	<u>\$ 13,003,285</u>	<u>\$ 13,003,285</u>

Inter-fund transfers represent permanent transfers of moneys between funds. In general, funds are transferred from the General Fund and Capital Projects Funds to the Debt Service Funds for annual debt payments and from the Capital Projects Funds to the General Fund to assist in financing maintenance operations of the District and payment of property-casualty insurance premiums.

Note 11 - Schedule of State Revenue Sources

The following is a schedule of the District's State revenue for the 2018-2019 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program:	
Transportation	\$ 5,292,355
Instructional Materials	1,922,950
Florida Teachers Lead	429,178
Other	86,622,778
School Recognition	640,547
Categorical Educational Program - Class Size Reduction	23,919,919
Workforce Development Program	583,367
Motor Vehicle License Tax (Capital Outlay and Debt Service)	581,360
Food Service Supplement	133,967
Discretionary Lottery Funds	75,470
Charter School Capital Outlay	153,525
Interest on Investment of Bond Reserves	30,617
Miscellaneous	2,753,776
Total	<u>\$ 123,139,809</u>

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

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 12 - Property Taxes

The following is a summary of millages and taxes levied on the 2018 tax roll for 2018-2019 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
General Fund		
Non-Voted School Tax:		
Required Local Effort	4.092	\$ 39,162,939
Basic Discretionary Local Effort	0.748	6,701,871
Capital Projects Fund		
Nonvoted Tax:		
Local Capital Improvements	1.500	14,191,789
Total	6.340	\$ 60,056,599

Note 13 - Retirement Plans

A. Florida Retirement System (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 Health Insurance Subsidy (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 non-integrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
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FRS Pension Plan

■ **Plan Description**

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

Regular Class—Members of the FRS who do not qualify for membership in the other classes.

Elected County Officers Class—Members who hold specified elective offices in local government.

Senior Management Service Class (SMSC)—Members in senior management level positions.

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

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

■ **Benefits Provided**

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five 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 chart shows the percentage value for each year of service credit earned:

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
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<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% 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
<i>Senior Management Service Class</i>	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is 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% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. 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 2018-2019 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
Florida Retirement System, Regular	3.00	8.26
Florida Retirement System, Elected County Officers	3.00	48.70
Florida Retirement System, Senior Management Service	3.00	24.06
Deferred Retirement Option Program – Applicable to Members from All of the Above Classes	0.00	13.03
Florida Retirement System, Reemployed Retiree	(2)	(2)

Notes:

- (1) Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06% for administrative costs of the PEORP.
- (2) Contribution rates are dependent upon the retirement class in which reemployed.

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
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■ **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2018, the District reported a liability of \$72,080,728 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2013-2018 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was 0.2393077272586%, which was a decrease of 0.00265106536 from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized the Plan pension expense of \$6,666,802. 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	\$ 6,106,321	\$ 221,631
Changes of Assumptions	23,552,476	-
Net Difference Between Projected and Actual Earnings	-	5,569,115
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	386,628	3,393,013
District FRS Contributions Subsequent to the Measurement Date	<u>7,278,864</u>	<u>-</u>
	<u>\$ 37,324,289</u>	<u>\$ 9,183,759</u>

The deferred outflows of resources related to pensions, totaling \$7,278,864, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. 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>
2020	\$ 8,281,261
2021	5,430,832
2022	69,656
2023	3,822,171
2024	2,811,746
Thereafter	<u>446,000</u>
Total	<u>\$ 20,861,666</u>

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
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■ **Actuarial Assumptions**

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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 real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.8%
Fixed Income	18.0%	4.4%	4.3%	4.0%
Global Equity	54.0%	7.6%	6.3%	17.0%
Real Estate (Property)	11.0%	6.6%	6.0%	11.3%
Private Equity	10.0%	10.7%	7.8%	26.5%
Strategic Investments	6.0%	6.0%	5.7%	8.6%
Total	<u><u>100.00%</u></u>			
Assumed inflation - Mean			2.6%	1.9%

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

■ **Discount Rate**

The discount rate used to measure the total pension liability was 7.0%. 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.

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■ **Sensitivity of the District’s Proportionate Share of the Net Position 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 7.0%, 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 (6.0%) or 1 percentage-point higher (8.0%) than the current rate:

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
District’s Proportionate Share of the Net Pension Liability	\$ 131,550,352	\$ 72,080,728	\$ 22,687,690

■ **Pension Plan Fiduciary Net Position**

Detailed information about the Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

■ **Plan Description**

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

■ **Benefits Provided**

For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include 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, 2017, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100% 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.

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■ **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions**

At June 30, 2019, the District reported a net pension liability of \$36,630,429 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 one year, net of the District's proportionate share of the pension plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportionate share of the net pension liability was based on the District's 2013-2018 fiscal year contributions relative to all participating members. At June 30, 2018, the District's proportionate share was .34608881804%, which was a decrease of 0.00254445810 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$1,399,817 related to the HIS Plan. In addition, the District reported deferred outflows 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	\$ 560,796	\$ 62,234
Changes in Assumptions	4,073,756	3,872,875
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	22,111	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	316,832	1,899,933
District HIS Contributions Subsequent to the Measurement Date	1,909,374	-
	<u>\$ 6,882,869</u>	<u>\$ 5,835,042</u>

The deferred outflows of resources totaling \$1,909,374, resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. 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>
2020	\$ 163,962
2021	162,098
2022	(22,729)
2023	(287,586)
2024	(663,182)
Thereafter	<u>(214,110)</u>
Total	<u>\$ (861,547)</u>

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
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■ **Actuarial Assumptions**

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25%, average, including inflation
Municipal Bond Rate	3.87%

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

While an experience study had not been completed for the Plan, the Florida Retirement System Actuarial Assumptions Conference reviewed the actuarial assumptions for the Plan.

■ **Discount Rate**

The discount rate used to measure the total pension liability was 3.87%. 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.

■ **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 3.87%, 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 (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	<u>1% Decrease</u> <u>2.87%</u>	<u>Current</u> <u>Discount Rate</u> <u>3.87%</u>	<u>1% Increase</u> <u>4.87%</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 41,719,912</u>	<u>\$ 36,630,429</u>	<u>\$ 32,388,050</u>

■ **Pension Plan Fiduciary Net Position**

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

B. FRS – Defined Contribution Pension Plan

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

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. Allocations to the investment member’s accounts during the 2018-2019 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	8.26
FRS, Elected County Officers	48.70
FRS, Senior Management Service	24.06

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. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 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, 2018, 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; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The District’s Investment Plan pension expense totaled \$1,605,722 for the fiscal year ended June 30, 2019.

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 14 - Other Postemployment Benefits Payable

Plan Description

The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and eligible dependents may continue to participate in the District's fully insured group health plan. The District subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The Plan does not issue a stand-alone report and is not included in the report of a Public Employee Retirement System or another entity. Plan members receiving benefits contributed from \$628 to \$672 per month for retiree-only coverage and from \$1,202 to \$1,279 for retiree and spouse coverage, depending on health plan selected.

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

<u>Membership Data as of June 30, 2018</u>	
Inactive Members or Beneficiaries Currently	
Currently Receiving Benefits	71
Inactive Members Entitled to but Not Yet	
Receiving Benefits	-
Active Members	<u>3,018</u>
Total Membership	<u><u>3,089</u></u>

Benefit provisions for the Plan are pursuant to provisions of Section 112.081, Florida Statutes, and are amended through negotiations between the District and the respective unions.

Changes in Total OPEB Liability

<u>Description</u>	<u>Amount</u>
Total OPEB Liability, Beginning of Year	<u>\$ 14,207,009</u>
Changes for the Year	
Service Cost	1,029,637
Interest on Net OPEB Liability	500,632
Difference Between Expected and Actual Experience	(2,975,368)
Changes of Assumptions or Other Inputs	443,230
Benefit Payments and Implicit Subsidy Credit	<u>(291,175)</u>
Increase in Total OPEB Liability	<u>(1,293,044)</u>
Total OPEB Liability, End of Year	<u><u>\$ 12,913,965</u></u>

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

■ **Funded Status and Funding Progress**

As of June 30, 2018, the most recent actuarial valuation date accrued liability for benefits was \$12,913,965, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$12,913,965 and a funded ratio of 0.00%. The covered payroll (annual payroll of active participating employees) was \$105,631,388 for the 2018-2019 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 12.23%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of the OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress can be found on page 77 of this report.

■ **Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the calculations.

The District's OPEB actuarial valuation as of June 30, 2018, used the projected unit credit actuarial cost method to estimate the unfunded actuarial accrued liability as of June 30, 2018, and to estimate the District's 2018-2019 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumption included a 3.87% rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 3.25% annually and an annual healthcare cost trend of 7.25% for the 2018 fiscal year, reduced by 0.5% per year, to an ultimate rate of 5% after 6 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis over a 30-year period. The remaining amortization period at June 30, 2018, was 30 years. In addition the actuarial accrued liability is determined using the "entry age normal" method. Under this method, the accrued liability is the difference between the present value of expected future benefits payable and the present value of expected future normal costs.

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
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Discount Rate. There are no invested plan assets held in trust to finance the OPEB Plan liability. The discount rate used equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA rating as of the measurement date. For the purpose of the OPEB Plan valuation, the municipal bond rate was 3.87% (based on the daily rate closest to but not later than the measurement date of the “Fidelity General Obligation AA Index”). The discount rate was 3.56% as of the beginning of the measurement period.

The District’s annual OPEB expense totaled \$291,175 for the fiscal year ended June 30, 2019. At June 30, 2019, the District reported deferred outflows and inflows of resources related to the OPEB Plan liability from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 2,524,439
Changes of Assumptions	369,848	311,955
District Contributions Subsequent to the Measurement Date	<u>291,175</u>	<u>-</u>
	<u>\$ 661,023</u>	<u>\$ 2,836,394</u>

The deferred outflows of resources related to pensions, totaling \$291,175, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. 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>
2019	\$ (501,089)
2020	(501,089)
2021	(501,089)
2022	(501,089)
2023	(445,426)
Thereafter	<u>(16,764)</u>
Total	<u>\$ (2,466,546)</u>

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

Health Care Cost Trend Rate Sensitivity

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 11,343,877</u>	<u>\$ 12,913,965</u>	<u>\$ 14,761,506</u>

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Sensitivity of the District's Total OPEB Plan Liability to Changes in the Discount Rate. The following presents the District's OPEB Plan liability calculated using the discount rate of 3.56%, as well as what the OPEB Plan liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Discount Rate	1% Increase
	<u>2.87%</u>	<u>3.87%</u>	<u>4.87%</u>
Total OPEB Liability	\$ 13,755,398	\$ 12,913,965	\$ 12,076,227

Note 15 - Commitments

The District uses encumbrance accounting for recording purchase order commitments for goods and services. At June 30, 2019, encumbrances totaled \$39,368 within the General Fund. There were construction commitments for various school construction projects at fiscal year-end.

Note 16 - Membership in Non-Profit Corporation

The District participated in a non-profit electric cooperative, the Withlacoochee River Electric Cooperative, Inc. (Cooperative), established under the provisions of Chapter 425, Florida Statutes. In accordance with this Statute, revenues in excess of operating expenses, unless determined by a vote of the membership, are distributed by the Cooperative on a pro rata basis to its members. The policy of the Cooperative is to credit the excess revenues to members' accounts. Capital credits are distributed only after the Cooperative attains a certain margin of profit required by the Rural Electrification Administration. At June 30, 2019, the accumulated credits to the District's account are \$4,658,199. During the 2018-2019 fiscal year, the District received \$286,542 in capital credits.

Note 17 - Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a participating district of the North East Florida Educational Consortium (Consortium) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members and participants of the Consortium. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Consortium is self-sustaining through member and participant assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess property coverage of up to \$75 million during the 2018-2019 fiscal year, which is the same excess property coverage provided during the 2017-2018 fiscal year. The Board of Directors for the Consortium is composed of superintendents of all member districts. The Putnam County District School Board serves as fiscal agent for the Consortium.

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Health and hospitalization coverage is being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note 18 - Litigation and Contingencies

The District is subject to potential litigation in the normal course of business. It is the opinion of management, after giving consideration to the District's related insurance coverage, as well as the Florida statutory limitations on governmental liability on uninsured risks, that the amount of losses resulting from litigation, which exceed the above-mentioned limits, would not be material to the financial position of the District.

Amounts received or receivable from grantors are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by grantors, cannot be determined at this time. In the opinion of the management of the District, no material refunds will be required as a result of expenditures disallowed by grantors.

REQUIRED SUPPLEMENTARY INFORMATION



HERNANDO
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DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 194,000	\$ 266,448	\$ 266,448	\$ -
Federal Through State and Local	1,859,700	2,295,883	2,295,883	-
State	118,252,147	120,439,019	120,439,019	-
Local:				
Property Taxes Levied for				
Operational Purposes	46,357,918	45,800,900	45,800,900	-
Miscellaneous	2,078,891	3,778,743	3,778,743	-
Total Revenues	168,742,656	172,580,993	172,580,993	-
Expenditures				
Current:				
Instruction:				
Salaries	76,882,898	74,806,110	74,806,110	-
Employee Benefits	22,932,022	21,942,483	21,942,483	-
Purchased Services	6,343,279	6,928,982	6,928,982	-
Energy Services	759	451	451	-
Materials and Supplies	5,546,090	2,614,091	2,614,091	-
Capital Outlay	632,270	601,283	601,283	-
Other Expenses	624,481	560,415	560,415	-
Total Instruction	<u>112,961,799</u>	<u>107,453,815</u>	<u>107,453,815</u>	<u>-</u>
Student Personnel Services:				
Salaries	5,901,128	5,394,697	5,394,697	-
Employee Benefits	1,720,630	1,579,601	1,579,601	-
Purchased Services	425,652	134,468	134,468	-
Energy Services	6,960	5,478	5,478	-
Materials and Supplies	96,042	80,927	80,927	-
Capital Outlay	16,457	15,698	15,698	-
Other Expenses	7,154	10,169	10,169	-
Total Student Personnel Services	<u>8,174,023</u>	<u>7,221,038</u>	<u>7,221,038</u>	<u>-</u>
Instructional Media Services:				
Salaries	1,027,987	876,152	876,152	-
Employee Benefits	301,629	283,561	283,561	-
Purchased Services	108,949	100,289	100,289	-
Energy Services	10,458	-	-	-
Materials and Supplies	10,458	7,436	7,436	-
Capital Outlay	125,977	87,107	87,107	-
Other Expenses	5,086	3,488	3,488	-
Total Instructional Media Services	<u>1,590,544</u>	<u>1,358,033</u>	<u>1,358,033</u>	<u>-</u>

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures				
Current <i>(Continued)</i> :				
Instruction and Curriculum Development				
Services:				
Salaries	\$ 1,695,405	\$ 1,673,440	\$ 1,673,440	\$ -
Employee Benefits	469,545	465,680	465,680	-
Purchased Services	329,508	425,120	425,120	-
Energy Services	100	127	127	-
Materials and Supplies	160,384	61,621	61,621	-
Capital Outlay	13,034	14,596	14,596	-
Other Expenses	2,770	2,216	2,216	-
Total Instruction and Curriculum				
Development Services	2,670,746	2,642,800	2,642,800	-
Instructional Staff Training Services:				
Salaries	572,879	571,461	571,461	-
Employee Benefits	161,427	142,910	142,910	-
Purchased Services	93,706	54,311	54,311	-
Materials and Supplies	21,298	11,233	11,233	-
Capital Outlay	2,170	-	-	-
Other Expenses	59,475	47,197	47,197	-
Total Instructional Staff Training Services	910,955	827,112	827,112	-
Instruction Related Technology:				
Salaries	320,438	254,633	254,633	-
Employee Benefits	1,188	107,872	107,872	-
Purchased Services	1,080	1,870	1,870	-
Materials and Supplies	-	-	-	-
Total Instruction Related Technology	322,706	364,375	364,375	-
Board of Education:				
Salaries	215,540	220,376	220,376	-
Employee Benefits	142,594	137,859	137,859	-
Purchased Services	722,925	164,075	164,075	-
Materials and Supplies	2,390	2,819	2,819	-
Capital Outlay	333	4,978	4,978	-
Other Expenses	24,600	20,072	20,072	-
Total Board of Education	1,108,382	550,179	550,179	-
General Administration:				
Salaries	817,702	780,885	780,885	-
Employee Benefits	248,559	223,682	223,682	-
Purchased Services	30,406	33,401	33,401	-
Materials and Supplies	-	11,674	11,674	-
Capital Outlay	23,212	1,146	1,146	-
Other Expenses	41,667	39,793	39,793	-
Total General Administration	1,161,546	1,090,581	1,090,581	-

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures				
Current <i>(Continued)</i> :				
School Administration:				
Salaries	\$ 8,696,448	\$ 8,919,680	\$ 8,919,680	\$ -
Employee Benefits	2,671,188	2,713,384	2,713,384	-
Purchased Services	50,557	65,906	65,906	-
Materials and Supplies	110,627	63,533	63,533	-
Capital Outlay	14,569	23,777	23,777	-
Other Expenses	19,784	19,160	19,160	-
Total School Administration	<u>11,563,173</u>	<u>11,805,440</u>	<u>11,805,440</u>	<u>-</u>
Facility Services - Non-Capitalized:				
Salaries	192,420	167,817	167,817	-
Employee Benefits	62,366	45,511	45,511	-
Purchased Services	66,720	51,011	51,011	-
Materials and Supplies	4,722	4,412	4,412	-
Capital Outlay	26,800	26,800	26,800	-
Other Expenses	199	199	199	-
Total Facility Services - Non-Capitalized	<u>353,227</u>	<u>295,750</u>	<u>295,750</u>	<u>-</u>
Fiscal Services:				
Salaries	622,228	519,253	519,253	-
Employee Benefits	170,340	176,982	176,982	-
Purchased Services	107,758	82,280	82,280	-
Materials and Supplies	6,922	7,614	7,614	-
Capital Outlay	14,929	22,322	22,322	-
Other Expenses	30,847	19,619	19,619	-
Total Fiscal Services	<u>953,024</u>	<u>828,070</u>	<u>828,070</u>	<u>-</u>
Central Services:				
Salaries	1,020,185	990,953	990,953	-
Employee Benefits	347,192	333,020	333,020	-
Purchased Services	685,864	572,800	572,800	-
Materials and Supplies	119,549	88,465	88,465	-
Capital Outlay	36,723	26,341	26,341	-
Other Expenses	64,749	41,745	41,745	-
Total Central Services	<u>2,274,262</u>	<u>2,053,324</u>	<u>2,053,324</u>	<u>-</u>
Student Transportation Services:				
Salaries	4,139,788	4,141,751	4,141,751	-
Employee Benefits	1,696,223	1,574,498	1,574,498	-
Purchased Services	442,324	243,522	243,522	-
Energy Services	1,306,086	1,081,050	1,081,050	-
Materials and Supplies	804,120	693,124	693,124	-
Capital Outlay	91,714	113,241	113,241	-
Other Expenses	41,228	64,989	64,989	-
Total Student Transportation Services	<u>8,521,483</u>	<u>7,912,175</u>	<u>7,912,175</u>	<u>-</u>

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures				
Current (Concluded) :				
Operation of Plant:				
Salaries	\$ 4,547,244	\$ 4,520,097	\$ 4,520,097	\$ -
Employee Benefits	1,826,532	1,822,280	1,822,280	-
Purchased Services	4,667,064	4,292,306	4,292,306	-
Energy Services	5,733,702	4,968,513	4,968,513	-
Materials and Supplies	807,496	698,656	698,656	-
Capital Outlay	59,685	44,187	44,187	-
Other Expenses	98,640	51,809	51,809	-
Total Operation of Plant	<u>17,740,363</u>	<u>16,397,848</u>	<u>16,397,848</u>	<u>-</u>
Maintenance of Plant:				
Salaries	2,976,264	2,944,272	2,944,272	-
Employee Benefits	986,978	949,157	949,157	-
Purchased Services	822,920	909,415	909,415	-
Energy Services	172,160	154,283	154,283	-
Materials and Supplies	518,123	506,003	506,003	-
Capital Outlay	248,455	238,870	238,870	-
Other Expenses	8,225	3,978	3,978	-
Total Maintenance of Plant	<u>5,733,125</u>	<u>5,705,978</u>	<u>5,705,978</u>	<u>-</u>
Administrative Technology Services:				
Salaries	1,187,002	1,187,511	1,187,511	-
Employee Benefits	410,356	365,667	365,667	-
Purchased Services	564,489	761,601	761,601	-
Materials and Supplies	109,099	45,127	45,127	-
Capital Outlay	614,617	475,689	475,689	-
Other Expenses	1,050	1,079	1,079	-
Total Administrative Technology Services	<u>2,886,613</u>	<u>2,836,674</u>	<u>2,836,674</u>	<u>-</u>
Community Services:				
Purchased Services	863	1,372	1,372	-
Materials and Supplies	1,775	-	-	-
Total Community Services	<u>2,638</u>	<u>1,372</u>	<u>1,372</u>	<u>-</u>
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	-	-	-
Other Capital Outlay	-	-	-	-
Total Fixed Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>178,928,609</u>	<u>169,344,564</u>	<u>169,344,564</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,185,953)</u>	<u>3,236,429</u>	<u>3,236,429</u>	<u>-</u>

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Concluded)**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Other Financing Sources (Uses)				
Transfers in	\$ 3,000,000	\$ 3,153,525	\$ 3,153,525	\$ -
Insurance Loss Recoveries	57	35,896	35,896	-
Transfers (out)	(1,353,982)	(1,637,822)	(1,637,822)	-
Total Other Financing Sources (Uses)	<u>1,646,075</u>	<u>1,551,599</u>	<u>1,551,599</u>	<u>-</u>
Net Change in Fund Balances	(8,539,878)	4,788,028	4,788,028	
Fund Balances, July 1, 2018	25,609,116	25,609,116	25,609,116	-
Fund Balances, June 30, 2019	<u>\$ 17,069,238</u>	<u>\$ 30,397,144</u>	<u>\$ 30,397,144</u>	<u>\$ -</u>

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - FOOD SERVICE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Special Revenue Fund - Food Service			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal through State	\$ 11,210,632	\$ 13,938,511	\$ 13,938,511	\$ -
State	130,000	133,967	133,967	-
Local	785,035	738,550	738,550	-
Total Revenues	<u>12,125,667</u>	<u>14,811,028</u>	<u>14,811,028</u>	<u>-</u>
Expenditures				
Salaries	3,734,420	3,757,378	3,757,378	-
Employee Benefits	1,687,762	1,602,896	1,602,896	-
Purchased Services	394,091	403,861	403,861	-
Energy Services	319,250	194,256	194,256	-
Materials and Supplies	5,872,966	5,695,991	5,695,991	-
Capital Outlay	409,000	401,900	401,900	-
Other	228,997	200,689	200,689	-
Total Expenditures	<u>12,646,486</u>	<u>12,256,971</u>	<u>12,256,971</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(520,819)</u>	<u>2,554,057</u>	<u>2,554,057</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	23,350	23,350	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>23,350</u>	<u>23,350</u>	<u>-</u>
Net Change in Fund Balances	(520,819)	2,577,407	2,577,407	-
Fund Balances, July 1, 2018	<u>4,469,130</u>	<u>4,469,130</u>	<u>4,469,130</u>	<u>-</u>
Fund Balances, June 30, 2019	<u>\$ 3,948,311</u>	<u>\$ 7,046,537</u>	<u>\$ 7,046,537</u>	<u>\$ -</u>

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Special Revenue Fund - Other Federal Programs Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Through State and Local	\$ 12,936,781	\$ 12,943,491	\$ 12,943,491	\$ -
Total Revenues	12,936,781	12,943,491	12,943,491	-
Expenditures				
Current:				
Instruction:				
Salaries	2,511,313	2,441,398	2,441,398	-
Employee Benefits	939,791	768,280	768,280	-
Purchased Services	686,441	684,652	684,652	-
Materials and Supplies	293,108	353,648	353,648	-
Capital Outlay	681,513	957,056	957,056	-
Other Expenses	58,050	49,005	49,005	-
Total Instruction	5,170,216	5,254,039	5,254,039	-
Student Support Services:				
Salaries	1,230,529	1,507,216	1,507,216	-
Employee Benefits	578,308	451,585	451,585	-
Purchased Services	60,313	47,012	47,012	-
Materials and Supplies	68,518	57,107	57,107	-
Capital Outlay	9,005	11,103	11,103	-
Other Expenses	5,814	2,251	2,251	-
Total Student Personnel Services	1,952,487	2,076,274	2,076,274	-
Instruction and Curriculum				
Development Services:				
Salaries	2,185,921	1,998,157	1,998,157	-
Employee Benefits	664,381	550,032	550,032	-
Purchased Services	83,116	70,018	70,018	-
Materials and Supplies	11,499	14,570	14,570	-
Capital Outlay	1,558	2,621	2,621	-
Other Expenses	19,556	20,498	20,498	-
Total Instruction and Curriculum Development Services	2,966,031	2,655,896	2,655,896	-
Instructional Staff Training Services:				
Salaries	1,325,934	1,366,074	1,366,074	-
Employee Benefits	417,397	355,821	355,821	-
Purchased Services	469,416	476,110	476,110	-
Materials and Supplies	47,160	53,478	53,478	-
Capital Outlay	-	8,365	8,365	-
Other Expenses	25,845	40,072	40,072	-
Total Instructional Staff Training Services	2,285,752	2,299,920	2,299,920	-

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Concluded)

Special Revenue Fund - Other Federal Programs Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Expenditures				
Current <i>(Concluded)</i> :				
Instruction Related Technology:				
Salaries	\$ 232,224	\$ 218,817	\$ 218,817	\$ -
Employee Benefits	92,221	89,750	89,750	-
Purchased Services	2,100	79	79	-
Materials and Supplies	9,488	10,762	10,762	-
Capital Outlay	1,000	195	195	-
Total Instruction Related Technology	<u>337,033</u>	<u>319,603</u>	<u>319,603</u>	<u>-</u>
General Administration:				-
Other Expenses	222,579	308,740	308,740	-
Total General Administration	<u>222,579</u>	<u>308,740</u>	<u>308,740</u>	<u>-</u>
Student Transportation Services:				-
Salaries	750	16,075	16,075	-
Employee Benefits	133	2,836	2,836	-
Energy Services	1,800	9,596	9,596	-
Other Expenses	-	180	180	-
Total Student Transportation Services	<u>2,683</u>	<u>28,687</u>	<u>28,687</u>	<u>-</u>
Operation of Plant:				
Salaries	-	287	287	-
Employee Benefits	-	45	45	-
Total Operation of Plant	<u>-</u>	<u>332</u>	<u>332</u>	<u>-</u>
Total Expenditures	<u>12,936,781</u>	<u>12,943,491</u>	<u>12,943,491</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NET CHANGES IN OPEB PLAN LIABILITY
OTHER POSTEMPLOYMENT BENEFITS PLAN
LAST TEN FISCAL YEARS***

	<u>2019</u>	<u>2018</u>
Service Cost	\$ 1,029,637	\$ 1,062,870
Interest on the Total OPEB Plan Liability	500,632	403,753
Difference Between Expected and Actual Experience	(2,975,368)	(60,978)
Changes of Assumptions	443,230	(456,379)
Benefits Payments	<u>(291,175)</u>	<u>(309,654)</u>
Net Change in Total OPEB Plan Liability	(1,293,044)	639,612
Total OPEB Plan Liability, Beginning of the Year	<u>14,207,009</u>	<u>13,567,397</u>
Total OPEB Plan Liability, End of Year	<u>\$ 12,913,965</u>	<u>\$ 14,207,009</u>
Covered-Employee Payroll	<u>\$ 105,631,388</u>	<u>\$ 109,705,009</u>
Total OPEB Plan Liability as a Percentage of Covered-Employee Payroll	12.23%	12.95%

* The amounts presented for each fiscal year were determined as of June 30. The district implemented GASB No.75 for the fiscal year ended June 30, 2019. As a result, this schedule will present 10 years as information is available.

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN

Schedule of Other Postemployment Benefit (OPEB) Plan Liability and Schedule of Change in OPEB Plan Liability.

Changes in assumptions and other inputs include the change in the discount rate from 3.58% as of the beginning of the measurement period to 3.87% as of the end of the measurement period. This change is reflected in the Schedule of Changes in Total OPEB Plan Liability.

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

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
FLORIDA RETIREMENT SYSTEM PENSION PLAN (1)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the FRS Net Pension Liability	0.2393077272586%	0.236737893439716%	0.243941041000827%	0.275441373781394%	0.277347267000000%
District's Proportionate Share of the FRS Net Pension Liability	<u>\$ 72,080,728</u>	<u>\$ 70,025,480</u>	<u>\$ 61,595,303</u>	<u>\$ 35,576,948</u>	<u>\$ 16,922,262</u>
District's Covered-Employee Payroll	<u>\$ 95,437,312</u>	<u>\$ 109,437,312</u>	<u>\$ 109,705,301</u>	<u>\$ 97,642,573</u>	<u>\$ 95,928,404</u>
District's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered-Employee Payroll	75.53%	63.99%	56.15%	36.44%	17.64%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%	96.09%

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

Information for GASB Statement No. 68 has only been available and required since implementation June 30, 2015.

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM PENSION PLAN (1)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required						
FRS Contribution	\$ 7,278,864	\$ 6,213,024	\$ 5,740,861	\$ 5,588,867	\$ 6,715,495	\$ 6,075,082
FRS Contributions in Relation to the Contractually Required Contribution	<u>(7,278,864)</u>	<u>(6,213,024)</u>	<u>(5,740,861)</u>	<u>(5,588,867)</u>	<u>(6,715,495)</u>	<u>(6,075,082)</u>
FRS Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	<u>\$ 95,751,298</u>	<u>\$ 109,437,312</u>	<u>\$ 109,508,812</u>	<u>\$ 109,705,301</u>	<u>\$ 97,642,573</u>	<u>\$ 95,928,404</u>
FRS Contributions as a Percentage of Covered- Employee Payroll	7.60%	5.68%	5.24%	5.09%	6.88%	6.33%

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

Information for GASB Statement No. 68 has only been available and required since implementation June 30, 2015.

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
HEALTH INSURANCE SUBSIDY PENSION PLAN (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the HIS Net Pension Liability	0.346088818041%	0.343544358509%	0.355329704330%	0.373508027713%	0.375157423000%
District's Proportionate Share of the HIS Net Pension Liability	<u>\$ 36,630,429</u>	<u>\$ 36,733,348</u>	<u>\$ 41,412,206</u>	<u>\$ 38,091,943</u>	<u>\$ 35,078,134</u>
District's Covered-Employee Payroll	<u>\$ 95,437,312</u>	<u>\$ 109,437,312</u>	<u>\$ 109,705,301</u>	<u>\$ 113,452,195</u>	<u>\$ 111,491,590</u>
District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered- Employee Payroll	38.38%	33.57%	37.75%	33.58%	31.46%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.50%	0.99%

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

Information for GASB Statement No. 68 has only been available and required since implementation June 30, 2015.

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS -
HEALTH INSURANCE SUBSIDY PENSION PLAN (1)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required						
HIS Contribution	\$ 1,909,374	\$ 1,663,487	\$ 1,626,251	\$ 1,583,194	\$ 1,427,780	\$ 1,285,163
HIS Contributions in Relation to the Contractually Required Contribution	<u>(1,909,374)</u>	<u>(1,663,487)</u>	<u>(1,626,251)</u>	<u>(1,583,194)</u>	<u>(1,427,780)</u>	<u>(1,285,163)</u>
HIS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 95,751,298</u>	<u>\$ 109,437,312</u>	<u>\$ 109,508,812</u>	<u>\$ 109,705,301</u>	<u>\$ 113,452,195</u>	<u>\$ 111,491,590</u>
HIS Contributions as a Percentage of Covered- Employee Payroll	1.99%	1.52%	1.49%	1.44%	1.26%	1.15%

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

Information for GASB No. 68 has only been available and required since implementation June 30, 2015.

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

1. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) TO BUDGET COMPARISON

There is no GAAP reconciliation required between budgetary inflows and outflows and generally accepted accounting principles revenues and expenditures since both reflect the modified accrual basis of accounting.

2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

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

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School 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 except that no budget appropriation is made for capital leases in the year of inception.
- 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.

3. SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM PENSION PLAN

Changes of Assumptions

As of June 30, 2018, the long-term expected rate of return decreased from 7.10% to 7.00%.

4. SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY PENSION PLAN

Changes of Assumptions

The municipal rate used to determine total pension liability increased from 3.58% to 3.87%.



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OTHER SUPPLEMENTARY INFORMATION



HERNANDO
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**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS**

Debt Service Funds

The Debt Service Funds are used to account for the payment of principal and interest of the current portion of long-term debt.

SBE/COBI Bonds Fund—To account for and report on payment of principal, interest, and related costs of the state school bonds issued by the State Board of Education on behalf of the District. These bonds are payable from the District's portion of the state-assessed motor vehicle license tax.

Special Act Bonds Fund—To account for and report on payment of principal, interest, and related costs on the Special Acts bonds. These bonds are authorized by Chapter 79-471, Laws of Florida, which provide that the bonds be secured from racetrack funds and jai alai fronton funds accruing annually to the District 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)7a., Florida Statutes).

Capital Projects Funds

Capital Projects Funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings or additions to existing buildings, or for major renovation projects.

State Board of Education Bonds Fund—To account for and report on proceeds received from the bonds issued by the State Board of Education on behalf of the District.

Public Education Capital Outlay (PECO) Fund—To account for and report on funds received from the State for the construction and maintenance of schools.

Capital Outlay and Debt Service Fund—To account for and report on the dollars received through the State's Capital Outlay and Debt Service (CO & DS) program, used for construction and maintenance of schools.

Local Capital Improvement Fund—To account for the funds generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and debt service payment on certificates of participation.

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Debt Service Funds	
	SBE/COBI	Special Act
	Bonds 210	Bonds 220
Assets		
Cash and Cash Equivalents	\$ -	\$ 311,662
Investments	32,805	5,305
Due from Other Agencies	-	-
Total Assets	32,805	316,967
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	-	-
Due to Budgetary Funds	-	-
Total Liabilities	-	-
 Fund Balances		
Non-Spendable:		
Other Not in Spendable Form	-	-
Total Non-Spendable Fund Balance	-	-
Restricted for:		
Debt Service	32,805	316,967
Capital Projects	-	-
Total Restricted Fund Balance	32,805	316,967
Total Fund Balances	32,805	316,967
 Total Liabilities and Fund Balances	\$ 32,805	\$ 316,967

Capital Projects Funds

State Board of Education Bonds 310	Public Education Capital Outlay Fund 340	Capital Outlay and Debt Service 360	Local Capital Improvement 370	Total Non-Major Governmental Funds
\$ -	\$ 374,593	\$ 958,640	\$ 542,657	\$ 2,187,552
-	-	4,063	6,465,673	6,507,846
-	61,158	15,708	2,392	79,258
-	435,751	978,411	7,010,722	8,774,656
-	250,312	10,271	66,746	327,329
-	-	-	-	-
-	250,312	10,271	66,746	327,329
-	-	-	-	-
-	-	-	-	-
-	-	-	-	349,772
-	185,439	968,140	6,943,976	8,097,555
-	185,439	968,140	6,943,976	8,447,327
-	185,439	968,140	6,943,976	8,447,327
\$ -	\$ 435,751	\$ 978,411	\$ 7,010,722	\$ 8,774,656

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Debt Service Funds	
	SBE/COBI Bonds 210	Special Act Bonds 220
	<u>210</u>	<u>220</u>
Revenues		
Intergovernmental:		
State	299,691	209,750
Local:		
Property Taxes Levied for Capital Projects	-	-
Other Local Revenue	-	627
Total Revenues	<u>299,691</u>	<u>210,377</u>
Expenditures		
Current:		
Instruction	-	-
Student Personnel Services	-	-
Instruction and Curriculum Development Services	-	-
Instructional Staff Training Services	-	-
Instruction Related Technology	-	-
School Administration	-	-
Facility Services - Non-Capitalized	-	-
Student Transportation Services	-	-
Operation of Plant	-	-
Fixed Capital Outlay:		
Facilities Acquisition and Construction	-	-
Debt Service:		
Principal	233,000	105,000
Interest and Fiscal Charges	75,240	100,622
Dues and Fees	136	575
Total Expenditures	<u>308,376</u>	<u>206,197</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,685)</u>	<u>4,180</u>
Other Financing Sources (Uses)		
Transfers in	-	-
Transfers (out)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(8,685)	4,180
Fund Balances, July 1, 2018	<u>41,490</u>	<u>312,787</u>
Fund Balances, June 30, 2019	<u>\$ 32,805</u>	<u>\$ 316,967</u>

Capital Projects Funds

State Board of Education Bonds 310	Public Education Capital Outlay (PECO) 340	Capital Outlay and Debt Service 360	Local Capital Improvement 370	Total Non-Major Governmental Funds
-	594,433	597,926	-	1,701,800
-	-	-	14,191,788	14,191,788
-	-	2,915	157,411	160,953
-	594,433	600,841	14,349,199	16,054,541
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	227,238	227,238
-	-	-	-	-
-	-	-	-	-
-	255,469	434,117	2,398,274	3,087,860
-	-	-	-	338,000
-	-	-	-	175,862
-	-	857	-	1,568
-	255,469	434,974	2,625,512	3,830,528
-	338,964	165,867	11,723,687	12,224,013
-	-	-	261,735	261,735
(1,245)	(153,525)	-	(11,210,693)	(11,365,463)
(1,245)	(153,525)	-	(10,948,958)	(11,103,728)
(1,245)	185,439	165,867	774,729	1,120,285
1,245	-	802,273	6,169,247	7,327,042
\$ -	\$ 185,439	\$ 968,140	\$ 6,943,976	\$ 8,447,327

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Assets				
Cash and Cash Equivalents	\$ 1,726,482	\$ 5,345,751	\$ 5,189,530	\$ 1,882,703
Accounts Receivable	13,234	554	-	13,788
Total Assets	<u>1,739,716</u>	<u>5,346,305</u>	<u>5,189,530</u>	<u>1,896,491</u>
Liabilities				
Accounts Payable and				
Other Current Liabilities	1,739,716	5,346,305	5,189,530	1,896,491
Total Liabilities	<u>\$ 1,739,716</u>	<u>\$ 5,346,305</u>	<u>\$ 5,189,530</u>	<u>\$ 1,896,491</u>

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND - OTHER DEBT SERVICE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Debt Service Fund - Other Debt Service			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Local:				
Other Local Revenue	\$ -	\$ 71,322	\$ 71,322	\$ -
Total Revenues	-	71,322	71,322	-
Expenditures				
Debt Service:				
Principal	-	5,530,985	5,530,985	-
Interest and Fiscal Charges	-	4,068,661	4,068,661	-
Dues and Fees	-	5,850	5,850	-
Total Expenditures		9,605,496	9,605,496	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(9,534,174)	(9,534,174)	-
Other Financing Sources (Uses)				
Transfers in	9,610,646	9,564,675	9,564,675	-
Total Other Financing Sources (Uses)	9,610,646	9,564,675	9,564,675	-
Net Change in Fund Balances	9,610,646	30,501	30,501	-
Fund Balances, July 1, 2018	6,858,658	6,858,658	6,858,658	-
Fund Balances, June 30, 2019	\$ 16,469,304	\$ 6,889,159	\$ 6,889,159	\$ -

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND - SBE/COBI BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Debt Service Fund - SBE/COBI Bonds</u>			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
State	\$ 295,640	\$ 299,691	\$ 299,691	\$ -
Total Revenues	<u>295,640</u>	<u>299,691</u>	<u>299,691</u>	<u>-</u>
Expenditures				
Debt Service:				
Principal	23,300	233,000	233,000	-
Interest and Fiscal Charges	57,140	75,240	75,240	-
Dues and Fees	5,500	136	136	-
Total Expenditures	<u>85,940</u>	<u>308,376</u>	<u>308,376</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>209,700</u>	<u>(8,685)</u>	<u>(8,685)</u>	<u>-</u>
Net Change in Fund Balances	209,700	(8,685)	(8,685)	-
Fund Balances, July 1, 2018	<u>41,490</u>	<u>41,490</u>	<u>41,490</u>	<u>-</u>
Fund Balances, June 30, 2019	<u><u>\$ 251,190</u></u>	<u><u>\$ 32,805</u></u>	<u><u>\$ 32,805</u></u>	<u><u>\$ -</u></u>

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND - SPECIAL ACT BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Debt Service Fund - Special Act Bonds</u>			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
State	\$ 206,222	\$ 209,750	\$ 209,750	\$ -
Local:				
Other Local Revenue	-	627	627	-
Total Revenues	<u>206,222</u>	<u>210,377</u>	<u>210,377</u>	<u>-</u>
Expenditures				
Debt Service:				
Principal	105,000	105,000	105,000	-
Interest and Fiscal Charges	100,622	100,622	100,622	-
Dues and Fees	600	575	575	-
Total Expenditures	<u>206,222</u>	<u>206,197</u>	<u>206,197</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>4,180</u>	<u>4,180</u>	<u>-</u>
Net Change in Fund Balances	-	4,180	4,180	-
Fund Balances, July 1, 2018	<u>312,787</u>	<u>312,787</u>	<u>312,787</u>	<u>-</u>
Fund Balances, June 30, 2019	<u>\$ 312,787</u>	<u>\$ 316,967</u>	<u>\$ 316,967</u>	<u>\$ -</u>

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - OTHER CAPITAL PROJECTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Capital Projects Fund - Other Capital Projects</u>			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
State	\$ -	\$ 780,249	\$ 780,249	\$ -
Local:				
Other Local Revenue	11,904,124	13,676,477	13,676,477	-
Total Revenues	<u>11,904,124</u>	<u>14,456,726</u>	<u>14,456,726</u>	<u>-</u>
Expenditures				
Current:				
Facility Services - Capitalized				
Buildings and Fixed Equipment	147,793	147,341	147,341	-
Improvements Other Than Buildings	880,305	414,954	414,954	-
Remodeling and Renovations	16,382,175	15,348,836	15,348,836	-
Software	-	15,198	15,198	-
Total Facility Services - Capitalized	17,410,273	15,926,329	15,926,329	-
Dues and Fees	-	-	-	-
Total Expenditures	<u>34,820,546</u>	<u>31,852,658</u>	<u>31,852,658</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22,916,422)</u>	<u>(17,395,932)</u>	<u>(17,395,932)</u>	<u>-</u>
Net Change in Fund Balances	(22,916,422)	(17,395,932)	(17,395,932)	-
Fund Balances, July 1, 2018	<u>13,426,692</u>	<u>13,426,692</u>	<u>13,426,692</u>	<u>-</u>
Fund Balances, June 30, 2019	<u>\$ (9,489,730)</u>	<u>\$ (3,969,240)</u>	<u>\$ (3,969,240)</u>	<u>\$ -</u>

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - STATE BOARD OF EDUCATION BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Capital Projects Fund - State Board of Education Bonds</u>				Variance with Final Budget - Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Revenues				
Local:				
Other Local Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	-	-	-
Remodeling and Renovations	-	-	-	-
Total Facilities Acquisition and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	(1,245)	(1,245)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,245)</u>	<u>(1,245)</u>	<u>-</u>
Net Change in Fund Balances	-	(1,245)	(1,245)	-
Fund Balances, July 1, 2018	<u>1,245</u>	<u>1,245</u>	<u>1,245</u>	<u>-</u>
Fund Balances, June 30, 2019	<u>\$ 1,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - PUBLIC EDUCATION CAPITAL OUTLAY (PECO)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Capital Projects Fund - Public Education Capital Outlay (PECO)</u>			Variance with Final Budget - Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues				
Intergovernmental:				
Federal through State	\$ 536,543	\$ 594,433	\$ 594,433	\$ -
Total Revenues	<u>536,543</u>	<u>594,433</u>	<u>594,433</u>	<u>-</u>
Expenditures				
Current:				
Facility Services - Non-Capitalized:	-	-	-	
Remodeling and Renovations	536,543	255,469	255,469	-
Total Expenditures	<u>536,543</u>	<u>255,469</u>	<u>255,469</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>338,964</u>	<u>338,964</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	(153,525)	(153,525)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(153,525)</u>	<u>(153,525)</u>	<u>-</u>
Net Change in Fund Balances	-	185,439	185,439	-
Fund Balances, July 1, 2018	<u>435,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30, 2019	<u>\$ 435,750</u>	<u>\$ 185,439</u>	<u>\$ 185,439</u>	<u>\$ -</u>

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - CAPITAL OUTLAY AND DEBT SERVICE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Capital Projects Fund - Capital Outlay and Debt Service</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Intergovernmental:				
State	\$ 190,000	\$ 597,926	\$ 597,926	\$ -
Local:				
Other Local Revenue	537	2,915	2,915	-
Total Revenues	<u>190,537</u>	<u>600,841</u>	<u>600,841</u>	<u>-</u>
Expenditures				
Current:				
Facility Services - Non-Capitalized:				
Remodeling and Renovations	572,868	434,117	434,117	-
Total Facility Services - Non-Capitalized	<u>572,868</u>	<u>434,117</u>	<u>434,117</u>	<u>-</u>
Debt Service:				
Dues and Fees	-	857	857	-
Total Expenditures	<u>572,868</u>	<u>434,974</u>	<u>434,974</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(382,331)</u>	<u>165,867</u>	<u>165,867</u>	<u>-</u>
Net Change in Fund Balances	(382,331)	165,867	165,867	-
Fund Balances, July 1, 2018	<u>802,273</u>	<u>802,273</u>	<u>802,273</u>	<u>-</u>
Fund Balances, June 30, 2019	<u>\$ 419,942</u>	<u>\$ 968,140</u>	<u>\$ 968,140</u>	<u>\$ -</u>

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - LOCAL CAPITAL IMPROVEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Capital Projects Fund - Local Capital Improvement</u>			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Local:				
Property Taxes Levied for Capital Projects	\$14,336,132	\$14,191,788	\$14,191,788	\$ -
Other Local Revenue	130,000	156,508	157,411	903
Total Revenues	<u>14,466,132</u>	<u>14,348,296</u>	<u>14,349,199</u>	<u>903</u>
Expenditures				
Current:				
Facility Services - Non-Capitalized	-	227,238	227,238	-
Furniture, Fixtures, & Equipment	3,076,453	-	-	-
Motor Vehicles	800,000	-	-	-
Improvements Other Than Buildings	4,506,916	-	-	-
Software	500,000	-	-	-
Remodeling and Renovations	-	2,398,274	2,398,274	-
Total Facility Services - Non-Capitalized	<u>8,883,369</u>	<u>2,625,512</u>	<u>2,625,512</u>	<u>-</u>
Total Expenditures	<u>8,883,369</u>	<u>2,625,512</u>	<u>2,625,512</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,582,763</u>	<u>11,722,784</u>	<u>11,723,687</u>	<u>903</u>
Other Financing Sources (Uses)				
Transfers in	-	261,735	261,735	-
Transfers (out)	(11,256,664)	(11,210,693)	(11,210,693)	-
Total Other Financing Sources (Uses)	<u>(11,256,664)</u>	<u>(10,948,958)</u>	<u>(10,948,958)</u>	<u>-</u>
Net Change in Fund Balances	5,582,763	773,826	774,729	903
Fund Balances, July 1, 2018	<u>6,169,247</u>	<u>6,169,247</u>	<u>6,169,247</u>	<u>-</u>
Fund Balances, June 30, 2019	<u>\$ 11,752,010</u>	<u>\$ 6,943,073</u>	<u>\$ 6,943,976</u>	<u>\$ 903</u>

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NON-MAJOR COMPONENT UNITS**

Component units are legally separate organizations that the primary government must include as part of its financial reporting entity for fair presentation in conformity with generally accepted accounting principles.

Brooksville Engineering, Science & Technology, Inc.—A charter school which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the *Florida Not-For-Profit Corporation Act*, and Section 1002.33, Florida Statutes. The Charter School operates under a charter of the sponsoring School District and is considered a component unit since it is fiscally dependent on the District to levy taxes for its support.

Gulf Coast Academy of Science and Technology, Inc.—A charter school which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the *Florida Not-For-Profit Corporation Act*, and Section 1002.33, Florida Statutes. The Charter School operates under a charter of the sponsoring School District and is considered a component unit since it is fiscally dependent on the District to levy taxes for its support.

Hernando County Education Direct Support Organization, Inc. (Foundation)—A separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the District. The Foundation is considered to be a component unit of the District because of the nature and significance of its relationship to the District.

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
COMBINING SCHEDULE OF NET POSITION - NON-MAJOR COMPONENT UNITS
JUNE 30, 2019,
(WITH COMPARATIVE TOTALS FOR 2018)

	BEST Academy (Charter School)	Gulf Coast Academy of Science and Technology, Inc. (Charter School)
Assets		
Cash and Cash Equivalents	\$ 160,939	\$ 226,803
Accounts Receivable	8,570	-
Due from Other Agencies	-	-
Inventory	-	-
Prepaid Items	-	-
Capital Assets:		
Improvements Other Than Buildings	-	1,846
Furniture, Fixtures, and Equipment, Net	10,524	19,572
Motor Vehicles, Net	9,638	88,380
Property Under Capital Lease, Net	-	-
Total Assets	189,671	336,601
Liabilities		
Salaries and Benefits Payable	-	8,185
Accounts Payable	-	13,980
Due to Other Agencies	-	-
Long-Term Liabilities:		
Due Within One Year:		
Note Payable	4,678	35,450
Due in More Than One Year:		
Note Payable	-	53,899
Total Liabilities	4,678	111,514
Net Position		
Net Investment in Capital Assets	15,484	20,449
Restricted for:		
Other Purposes	-	-
Unrestricted	169,509	204,638
Total Net Position	\$ 184,993	\$ 225,087

Hernando County Education Direct Support Organization, Inc. (Foundation)		Totals			
		2019	2018		
\$	234,865	\$	622,607	\$	584,616
	139,220		147,790		146,272
	-		-		17,406
	223,233		223,233		83,226
	4,981		4,981		29,024
	-		-		-
	-		1,846		-
	-		30,096		53,355
	-		98,018		148,535
	-		-		5,890
	<u>602,299</u>		<u>1,128,571</u>		<u>1,068,324</u>
	21,836		30,021		49,480
	7,000		20,980		35,256
	-		-		17,405
	-		-		-
	-		40,128		50,463
	-		-		-
	-		53,899		91,377
	<u>28,836</u>		<u>145,028</u>		<u>243,981</u>
	98,869		134,802		65,940
	474,594		474,594		274,554
	-		374,147		483,849
\$	<u>573,463</u>	\$	<u>983,543</u>	\$	<u>824,343</u>

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
COMBINING SCHEDULE OF ACTIVITIES - NON-MAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Functions/Programs	Program Revenues						Total Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Charter Schools	Hernando Education Foundation	
Charter Schools							
Governmental Activities:							
Instruction	\$ 1,521,885	\$ 177,623	\$ -	\$ -	\$ (1,344,262)	\$ -	\$ (1,344,262)
Instructional Staff Training Services	1,290	-	-	-	(1,290)	-	(1,290)
Board	55,141	-	-	-	(55,141)	-	(55,141)
General Administration	62,113	-	-	-	(62,113)	-	(62,113)
School Administration	543,671	-	-	-	(543,671)	-	(543,671)
Facility Services - Non-Capitalized	236,400	-	-	153,525	(82,875)	-	(82,875)
Fiscal Services	25,115	-	-	-	(25,115)	-	(25,115)
Food Services	1,490	-	-	-	(1,490)	-	(1,490)
Student Transportation Services	55,797	-	33,675	-	(22,122)	-	(22,122)
Operation of Plant	83,955	-	-	-	(83,955)	-	(83,955)
Community Services	12,663	-	-	-	(12,663)	-	(12,663)
Interest on Long-Term Debt	6,418	-	-	-	(6,418)	-	(6,418)
Loss on Disposal	505	-	-	-	(505)	-	(505)
Unallocated Depreciation	86,232	-	-	-	(86,232)	-	(86,232)
Total Charter Schools	2,692,675	177,623	33,675	153,525	(2,327,852)	-	(2,327,852)
Hernando Education Foundation	1,013,697	-	1,228,365	-	-	214,668	214,668
Total Component Units	\$ 3,706,372	\$ 177,623	\$ 1,262,040	\$ 153,525	(2,327,852)	214,668	(2,113,184)
General Revenues:							
Grants and Contributions Not Restricted to Specific Programs					2,184,468		2,184,468
Transferred In - Gulf Coast Middle Charter					30,689		30,689
State and Local Sources					154,050		154,050
Other					2,475		2,475
Total General Revenues					2,371,682		2,371,682
Change in Net Position					43,830	214,668	258,498
Net Position - July 1, 2018**					366,250	358,795	725,045
Net Position - June 30, 2019					\$ 410,080	\$ 573,463	\$ 983,543

**Gulf Coast Middle School's residual assets at the end of fiscal year June 30, 2018 were transferred to Gulf Coast Academy of Science and Technology on July 1, 2018 resulting in a difference of \$99,298.

STATISTICAL SECTION



HERNANDO
SCHOOL DISTRICT

Learn it. Love it. Live it.



HERNANDO
SCHOOL DISTRICT

Learn it. Love it. Live it.

**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
STATISTICAL SECTION**

This part of the District School Board of Hernando County, Florida’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the School District’s overall financial health.

Contents	Page
Financial Trend Information <i>These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.</i>	100
Revenue Capacity Information <i>These schedules contain information to help the reader assess the District’s most significant local revenue sources, the property tax.</i>	110
Debt Capacity Information <i>These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	116
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.</i>	124
Operating Information <i>These schedules contain service data to help the reader understand how the information in the District’s financial report relates to the services the District provides and the activities it performs.</i>	126

TABLE 1

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NET POSITION BY COMPONENT - GOVERNMENT-WIDE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending			
	June 30, 2010 (Restated)	June 30, 2011	June 30, 2012	June 30, 2013
Primary Government:				
Governmental Activities:				
Net Investment in Capital Assets (1)	\$ 261,589,398	\$ 272,982,528	\$ 266,338,102	\$ 245,324,633
Restricted	57,039,558	31,888,578	30,470,226	42,909,843
Unrestricted	2,988,133	4,312,371	59,489	387,651
Total Governmental Activities Net Position	<u>321,617,089</u>	<u>309,183,477</u>	<u>296,867,817</u>	<u>288,622,127</u>
Total Primary Government Net Position	<u>\$ 321,617,089</u>	<u>\$ 309,183,477</u>	<u>\$ 296,867,817</u>	<u>\$ 288,622,127</u>

(1) Prior to 2011, the growth in net position was due primarily to the increase in property taxes, increase in impact fees, and inception of the second voter approved local option half cent sales tax. These revenues were used to payoff debt and to construct or purchase capital assets that will be expensed in future years through depreciation.

(2) The decline in net position is primarily due to the implementation of GASB Statement No.68 which required the District to report a proportionate share of pension liabilities.

Source: District records

TABLE 1 (Continued)

Fiscal Year Ending					
June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
\$ 252,232,149	\$ 247,598,971	\$ 243,008,106	\$ 249,506,834	\$ 255,798,875	\$ 268,410,915
31,149,082	34,480,595	36,222,596	41,168,493	32,481,524	35,433,091
(3,116,673)	(84,211,485)	(78,168,863)	(79,918,029)	(75,064,735)	(77,641,488)
<u>280,264,558</u>	<u>197,868,081</u>	<u>201,061,839</u>	<u>210,757,298</u>	<u>213,215,664</u>	<u>226,202,518</u>
<u>\$ 280,264,558</u>	<u>\$ 197,868,081</u>	<u>\$ 201,061,839</u>	<u>\$ 210,757,298</u>	<u>\$ 213,215,664</u>	<u>\$ 226,202,518</u>

(2)

TABLE 2

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 CHANGES IN NET POSITION - GOVERNMENT-WIDE
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ending		
	June 30, 2010 (Restated)	June 30, 2011	June 30, 2012
Expenses:			
Governmental Activities			
Instruction	\$ 103,169,236	\$ 109,286,283	\$ 98,717,026
Student Personnel Services	10,523,787	11,190,219	9,550,196
Instructional Media Services	2,257,766	2,158,115	1,962,166
Instruction and Curriculum Development Services	3,505,308	3,607,898	3,661,358
Instructional Staff Training Services	3,326,018	3,695,145	3,122,643
Instruction Related Technology	1,013,023	1,078,892	1,283,515
Board	473,107	470,422	371,024
General Administration	1,224,187	1,173,733	944,946
School Administration	10,628,079	11,630,524	11,041,666
Facility Services - Non-Capitalized	5,654,963	7,223,486	18,555,981
Fiscal Services	842,412	1,043,193	919,336
Food Services	9,975,167	10,123,836	10,458,339
Central Services	1,749,237	1,906,293	1,905,301
Student Transportation Services	9,138,394	9,464,261	7,675,794
Operation of Plant	14,975,932	15,095,661	14,319,724
Maintenance of Plant	4,704,812	5,073,419	4,554,190
Administrative Technology Services	1,725,352	1,884,354	1,722,324
Community Services	72,223	51,574	52,954
Unallocated Interest on Long-Term Debt	9,067,113	8,446,040	8,088,488
Unallocated Deprecation	14,390,404	15,360,681	
Total Governmental Activities Expenses	<u>208,416,520</u>	<u>219,964,029</u>	<u>198,906,971</u>
Program Revenues:			
Governmental Activities			
Charges for Services			
Food Service	2,508,261	2,530,839	2,473,071
Transportation	95,330	91,506	9,774
Instruction	3,880	7,796	56,592
Operating Grants and Contributions	7,546,609	7,846,239	8,156,319
Capital Grants and Contributions	1,848,617	2,149,168	866,466
Total Governmental Activities Program Revenues	<u>12,002,697</u>	<u>12,625,548</u>	<u>11,562,222</u>
Net Expenses Governmental Activities	<u>(196,413,823)</u>	<u>(207,338,481)</u>	<u>(187,344,749)</u>
Total Primary Government Net Expenses	<u>(196,413,823)</u>	<u>(207,338,481)</u>	<u>(187,344,749)</u>
General Revenues and Other Changes in Net Assets:			
Governmental Activities			
Property Taxes			
Levied for Operational Purposes	61,263,111	51,986,840	48,807,293
Levied for Debt Service	34,753	-	-
Levied for Capital Projects	15,358,825	13,189,912	12,242,466
Local Sales Tax	7,470,501	7,828,758	7,832,909
Grants and Contributions not restricted to specific programs	108,040,457	118,663,422	101,639,556
Unrestricted Investment Earnings	1,732,003	652,985	459,580
Miscellaneous	2,624,192	2,802,386	4,047,285
Total Governmental Activities	<u>196,523,842</u>	<u>195,124,303</u>	<u>175,029,089</u>
Total Primary Government General Revenues and Other Changes in Net Position	<u>196,523,842</u>	<u>195,124,303</u>	<u>175,029,089</u>
Change in Net Position:			
Governmental Activities	<u>110,019</u>	<u>(12,214,178)</u>	<u>(12,315,660)</u>
Total Primary Government	<u>\$ 110,019</u>	<u>\$ (12,214,178)</u>	<u>\$ (12,315,660)</u>

Source: District records

TABLE 2 (Continued)

Fiscal Year Ending						
June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
\$ 100,345,605	\$ 105,662,000	\$ 106,464,738	\$ 105,595,214	\$ 108,581,464	\$ 112,178,899	\$ 116,734,406
9,481,173	9,262,052	9,271,687	8,570,746	8,978,591	9,475,910	9,629,463
1,944,186	2,118,740	2,189,442	1,832,370	1,580,760	1,670,186	1,406,550
4,153,389	4,103,785	4,611,206	4,345,473	4,606,251	4,984,827	5,487,994
2,742,317	2,214,563	2,834,048	2,992,562	3,366,519	3,187,021	3,238,748
1,466,935	1,681,610	1,495,715	740,282	634,787	615,107	708,413
460,031	460,573	480,877	501,111	485,796	702,006	569,835
1,036,546	1,286,149	1,391,321	1,297,242	1,646,718	1,385,010	1,136,961
11,209,818	11,230,650	11,254,519	11,166,980	11,297,615	11,885,259	12,578,189
3,125,424	2,013,899	2,430,003	2,470,261	2,188,737	6,876,093	541,797
784,117	1,101,844	1,107,565	778,107	854,703	859,712	857,653
10,639,194	10,901,515	10,428,835	10,358,424	11,602,638	12,811,088	12,700,237
1,784,314	1,895,196	1,538,384	1,381,116	1,841,843	2,076,296	2,127,534
7,396,420	8,120,089	7,905,288	6,980,040	7,033,814	7,522,704	8,227,042
14,386,258	14,998,980	14,866,067	14,482,370	14,972,754	16,363,264	16,987,276
4,749,690	4,786,141	4,715,632	5,201,852	5,374,764	5,412,786	5,885,546
1,950,483	1,944,813	2,140,357	2,580,640	2,734,734	2,889,131	2,939,278
33,324	186,817	20,549	6,104	1,452	983	1,420
7,596,032	7,604,707	5,804,308	6,102,038	4,042,505	3,781,555	3,606,715
12,641,415	15,209,697	12,079,806	12,090,214	11,339,724	12,024,965	12,888,627
197,926,671	206,783,822	203,030,347	199,473,146	203,166,169	216,702,802	218,253,684
2,455,483	2,453,338	2,143,141	1,858,156	1,796,468	1,394,814	709,880
-	157,721	152,795	152,003	150,590	167,416	148,583
57,567	64,628	86,746	84,512	87,244	107,632	151,301
8,334,627	8,740,134	8,909,622	9,842,901	9,731,565	11,623,384	14,072,478
888,495	881,129	1,063,330	1,549,777	1,536,802	3,131,121	1,624,966
11,736,172	12,296,950	12,355,634	13,487,349	13,302,669	16,424,367	16,707,208
(186,190,499)	(194,486,872)	(190,674,713)	(185,985,797)	(189,863,500)	(200,278,435)	(201,546,476)
(186,190,499)	(194,486,872)	(190,674,713)	(185,985,797)	(189,863,500)	(200,278,435)	(201,546,476)
48,159,073	45,785,613	45,018,129	46,435,418	44,718,926	45,514,011	45,800,900
-	-	-	-	-	-	-
12,136,449	11,873,491	11,912,140	12,229,002	12,489,651	13,334,037	14,191,789
8,206,074	9,007,765	5,284,711	4,955,233	10,391,995	11,353,186	11,015,453
105,093,241	114,790,011	117,033,440	120,575,310	127,269,757	130,386,623	135,980,854
443,527	479,244	(121,985)	276,542	305,927	431,310	1,098,468
3,906,445	5,641,459	2,661,570	4,708,050	4,382,703	4,041,105	6,445,866
177,944,809	187,577,583	181,788,005	189,179,555	199,558,959	205,060,272	214,533,330
177,944,809	187,577,583	181,788,005	189,179,555	199,558,959	205,060,272	214,533,330
(8,245,690)	(6,909,289)	(8,886,708)	3,193,758	9,695,459	4,781,837	12,986,854
\$ (8,245,690)	\$ (6,909,289)	\$ (8,886,708)	\$ 3,193,758	\$ 9,695,459	\$ 4,781,837	\$ 12,986,854

TABLE 3

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ending				
	June 30, 2010 (Restated)	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
Property Taxes:					
Levied for Operational Purposes	\$ 61,263,111	\$ 51,986,840	\$ 48,807,293	\$ 48,159,073	\$ 45,785,613
Levied for Debt Service (2)	34,753				
Levied for Capital Projects	15,358,825	13,189,912	12,242,466	12,136,449	11,873,491
Local Sales Taxes (1)	7,470,501	7,828,758	7,832,909	8,206,074	9,007,765
Total	\$ 84,127,190	\$ 73,005,510	\$ 68,882,668	\$ 68,501,596	\$ 66,666,869

(1) Fiscal year ending June 30, 2005, the District began receiving a new 10-year local option half cent sales tax that was approved by voters on March 9, 2004. The half cent sales tax expired on December 31, 2014, however a new ten year half cent sales tax, commencing on January 1, 2016, was subsequently approved in a special election held in

(2) The property tax for Debt Service steadily declined over the years because the debt service requirement also declined. In prior years, the combination of an increase in taxable property values and the decline in millage necessary to meet the debt service, reduced the amount levied for debt service. However, in the 2009-2010 fiscal year, sufficient funds were available to meet the debt service requirement thereby eliminating the need to levy a specific debt service

Source: District records

TABLE 3 (Continued)

Fiscal Year Ending				
June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
\$ 45,018,129	\$ 46,435,418	\$ 44,718,926	\$ 45,514,011	\$ 45,800,900
11,912,140	12,229,002	12,489,651	13,334,037	14,191,789
5,284,711	4,955,233	10,391,995	11,353,186	11,015,453
<u>\$ 62,214,980</u>	<u>\$ 63,619,653</u>	<u>\$ 67,600,572</u>	<u>\$ 70,201,234</u>	<u>\$ 71,008,141</u>

TABLE 4

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ending				
	June 30, 2010 Restated (1)	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
General Fund					
Fund Balances:					
Non-Spendable	\$ 1,529,590	\$ 1,536,754	\$ 1,440,561	\$ 1,490,830	\$ 1,434,975
Spendable:					
Restricted	2,268,658	1,119,658	978,496	478,153	30,755
Assigned	925,935	13,572,025	10,216,038	9,455,599	5,957,272
Unassigned (2)	<u>14,222,563</u>	<u>4,476,866</u>	<u>4,224,837</u>	<u>4,849,807</u>	<u>6,938,011</u>
Total General Fund	<u>\$ 18,946,746</u>	<u>\$ 20,705,303</u>	<u>\$ 16,859,932</u>	<u>\$ 16,274,389</u>	<u>\$ 14,361,013</u>
All Other Governmental Funds					
Fund Balances:					
Non-Spendable	\$ 3,781,823	\$ 2,784,619	\$ 2,452,182	\$ 1,601,859	\$ 969,525
Spendable:					
Restricted	97,876,944	59,268,493	46,419,030	40,924,387	41,101,828
Assigned	78,263	80,059	-	-	-
Unassigned (2)	<u>-</u>	<u>(1,878,472)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 101,737,030</u>	<u>\$ 60,254,699</u>	<u>\$ 48,871,212</u>	<u>\$ 42,526,246</u>	<u>\$ 42,071,353</u>
Total Combined All Governmental funds	<u>\$ 120,683,776</u>	<u>\$ 80,960,002</u>	<u>\$ 65,731,144</u>	<u>\$ 58,800,635</u>	<u>\$ 56,432,366</u>

(1) The District implemented GASB 54 for the fiscal year ended June 30, 2011. The fund balances from the prior fiscal years were restated for comparison purposes.

(2) The District reported a negative unassigned fund balance for the All Other Governmental Funds for fiscal year ending June 30, 2011. This was the result of a Section 1011, Florida Statutes, loan.

Source: District records

TABLE 4 (Continued)

June 30, 2015	June 30, 2016	Fiscal Year Ending		
		June 30, 2017	June 30, 2018	June 30, 2019
\$ 1,373,299	\$ 1,570,675	\$ 1,343,934	\$ 1,465,072	\$ 1,342,406
1,779,073	966,179	659,550	553,807	1,173,775
1,435,474	923,563	4,208,679	5,220,275	4,935,020
1,814,821	6,575,155	13,288,610	18,369,962	22,945,943
<u>\$ 6,402,667</u>	<u>\$ 10,035,572</u>	<u>\$ 19,500,773</u>	<u>\$ 25,609,116</u>	<u>\$ 30,397,144</u>
\$ 109,867	\$ 132,059	\$ 141,688	\$ 119,702	\$ 80,796
35,224,108	36,379,446	26,286,195	27,870,166	34,259,316
-	-	7,902,438	4,091,654	-
-	-	-	-	-
<u>\$ 35,333,975</u>	<u>\$ 36,511,505</u>	<u>\$ 34,330,321</u>	<u>\$ 32,081,522</u>	<u>\$ 34,340,112</u>
<u>\$ 41,736,642</u>	<u>\$ 46,547,077</u>	<u>\$ 53,831,094</u>	<u>\$ 57,690,638</u>	<u>\$ 64,737,256</u>

TABLE 5

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 SUMMARY OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ending				
	June 30, 2010 (Restated)	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
Federal Direct Sources:					
Reserve Officers Training Corps (ROTC)	\$ 217,776	\$ 225,623	\$ 212,982	\$ 181,480	\$ 211,147
Miscellaneous Federal Direct	123,106	-	-	-	-
Total Federal Direct	340,882	225,623	212,982	181,480	211,147
Federal Through State and Local Sources:					
Food Service	7,289,956	6,971,515	7,358,101	7,538,918	7,948,367
Donated Foods and Cash in Lieu of	-	726,851	647,480	650,756	646,529
Other Federal Through State and Local Grants	24,122,698	28,318,563	15,354,876	14,223,225	12,883,165
Total Federal Through State and Local Sources	31,412,654	36,016,929	23,360,457	22,412,899	21,478,061
State Sources:					
Florida Education Finance Program (FEFP)	53,387,105	63,220,906	60,448,872	65,005,531	75,288,663
Other Categoricals	-	1,093,016	480,823	785,735	338,778
Class Size Reduction	24,105,224	24,438,240	24,160,280	23,768,179	23,768,179
Transportation	5,005,490	-	-	-	-
District Discretionary Lottery Funds	62,403	83,024	71,021	-	209,627
Motor Vehicle License Tax (Capital Outlay and Debt Service)	849,718	868,853	857,309	885,165	881,096
Gross Receipts Tax (Public Education Capital Outlay)	319,256	942,885	-	-	-
Classrooms First Program	-	-	-	-	-
Class Size Reduction Construction	-	-	-	-	-
Food Services	133,173	147,873	148,847	144,953	145,238
Other State Sources and State Grants	1,186,744	1,292,207	916,672	1,094,671	2,156,177
Total State Sources	85,049,113	92,087,004	87,083,824	91,684,234	102,787,758
Local Sources:					
Ad Valorem Taxes	76,656,689	65,176,752	61,049,759	60,295,522	57,659,104
Food Services Sales	2,727,695	2,530,839	2,473,071	2,455,483	2,453,338
Sales Taxes	7,470,501	7,828,758	7,832,909	8,206,074	9,007,765
Impact Fees	413,600	327,925	156,980	17,400	-
Investment Income	1,732,003	652,985	459,580	443,527	479,244
Local Grants and Other Local Sources	2,594,348	2,423,840	3,738,298	3,780,410	4,763,741
Total Local Sources	91,594,836	78,941,099	75,710,597	75,198,416	74,363,192
Total Revenues	208,397,485	207,270,655	186,367,860	189,477,029	198,840,158
Expenditures:					
Current:					
Instruction	101,243,638	107,247,996	98,066,676	98,589,783	104,389,399
Student Personnel Services	10,345,671	10,986,694	9,511,114	9,318,507	9,152,498
Instructional Media	2,218,152	2,117,279	1,953,328	1,929,947	2,095,267
Instruction & Curriculum Development Services	3,480,918	3,580,302	3,652,268	4,122,970	4,063,373
Instructional Staff Training Services	3,315,294	3,670,248	3,113,823	2,722,233	2,198,139
Instruction Related Technology	1,000,352	1,068,551	1,191,584	1,456,191	1,661,574
Board	470,756	467,180	370,010	456,661	456,414
General Administration	1,221,328	1,167,900	943,700	1,028,954	1,297,673
School Administration	10,547,741	11,525,178	10,939,393	11,108,102	11,132,690
Facility Services - Non-Capitalized	5,585,133	7,160,263	4,906,994	536,955	2,014,145
Fiscal Services	837,880	1,035,147	916,353	778,374	1,091,962
Food Services	9,812,031	9,977,413	10,165,772	10,455,762	10,777,737
Central Services	1,720,285	1,871,409	1,807,463	1,753,480	1,874,395
Student Transportation Services	8,972,334	9,265,825	7,614,044	7,268,604	8,013,177
Operation of Plant	14,726,793	14,829,965	14,278,025	14,132,010	14,591,305
Maintenance of Plant	4,627,275	4,992,144	4,482,917	4,668,408	4,728,859
Administrative Technology Services	1,699,381	1,837,435	1,713,875	1,936,198	1,923,355
Community Services	71,956	51,065	52,702	33,081	185,766
Fixed Capital Outlay					
Facilities Acquisition & Construction	44,704,012	29,595,893	4,601,562	4,061,686	491,326
Other Capital Outlay	2,214,117	4,030,948	2,697,848	631,706	871,600
Debt Service					
Principal	12,755,702	10,651,500	11,182,245	11,930,409	12,338,922
Interest	8,912,777	8,264,159	7,951,530	7,527,482	6,692,404
Dues and Fees	-	-	-	-	-
Miscellaneous	47,979	54,839	42,831	22,270	113,267
Total Expenditures	250,531,505	245,449,333	202,156,057	196,469,773	202,155,247
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,134,020)	(38,178,678)	(15,788,197)	(6,992,744)	(3,315,089)
Other Financing Sources (Uses):					
Refunding Note Payable Issued	-	-	-	-	-
Refunding Bonds Issued	370,000	-	365,000	-	29,685,000
Premium on Refunding Bonds	32,698	-	55,865	-	82,496
Sale of Bonds	-	1,554,601	-	-	-
Loans	-	-	-	-	-
Insurance Loss Recoveries	50,764	127,921	75,157	62,235	57,181
Certificates of Participation	-	-	-	-	-
Payments to Refunding Bonds Escrow Agent	(399,338)	(3,574,267)	(419,780)	-	(28,877,849)
Payment to Refund Note Payable	-	-	-	-	-
Premium on Long Term Debt Issued	-	-	-	-	-
Discount on Long Term Debt Issued	-	-	-	-	-
Inception of Capital Leases	-	346,649	483,097	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Face Value of Refunding Bonds	-	-	-	-	-
Transfers In	22,498,420	31,476,798	23,871,497	20,641,428	21,214,610
Transfers Out	(22,498,420)	(31,476,798)	(23,871,497)	(20,641,428)	(21,214,610)
Total Other Financing Sources (Uses)	54,124	(1,545,096)	559,339	62,235	946,828
Net Change in Fund Balance	(42,079,896)	(39,723,774)	(15,228,858)	(6,930,509)	(2,368,261)
Debt Service as a percentage of noncapital expenditures	10.6%	8.9%	9.8%	10.1%	9.5%
Beginning Fund Balance	162,763,672	120,683,776	80,960,002	65,731,144	58,800,627
Ending Fund Balance	\$ 120,683,776	\$ 80,960,002	\$ 65,731,144	\$ 58,800,635	\$ 56,432,366

Source: District records

TABLE 5 (Continued)

		Fiscal Year Ending				
June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019		
\$ 214,600	\$ 212,975	\$ 204,649	\$ 199,442	\$ 204,705		
-	-	5,527	4,705	61,743		
214,600	212,975	210,176	204,147	266,448		
7,980,511	8,925,859	8,805,504	10,707,799	13,046,405		
787,997	780,408	794,049	787,894	892,106		
14,004,179	12,497,218	13,393,272	14,539,840	15,239,374		
22,772,687	22,203,485	22,992,825	26,035,533	29,177,885		
77,610,844	82,146,741	87,411,334	88,568,231	93,120,031		
588,486	1,251,270	388,271	814,639	565,063		
23,277,212	23,405,339	23,665,654	23,526,247	23,919,919		
-	-	-	-	-		
76,689	74,859	363,643	38,604	75,470		
890,774	871,031	891,311	891,291	905,266		
171,925	678,746	645,305	435,038	440,908		
-	-	-	-	-		
-	-	-	-	-		
141,114	136,634	132,012	127,689	133,967		
1,259,137	1,265,011	1,837,593	3,019,837	3,979,185		
104,016,181	109,829,631	115,335,123	117,421,576	123,139,809		
56,930,269	58,664,420	57,208,577	58,848,048	59,992,688		
2,143,141	1,853,722	1,796,468	1,394,814	709,880		
5,284,711	4,955,233	10,391,995	11,353,186	11,015,453		
-	-	1,631,051	1,748,325	2,427,403		
(121,985)	75,400	304,548	431,310	1,098,465		
2,324,313	4,583,457	2,728,271	3,705,566	3,090,070		
66,560,449	70,132,232	74,060,910	77,481,249	78,333,959		
193,563,917	202,378,323	212,599,034	221,142,505	230,918,101		
108,232,447	106,537,953	105,150,370	108,971,048	112,707,854		
9,427,045	8,647,264	8,694,875	9,205,158	9,297,311		
2,227,387	1,848,730	1,530,809	1,622,464	1,358,033		
4,694,020	4,384,269	4,460,697	4,841,452	5,298,695		
2,887,886	3,019,279	3,260,140	3,095,004	3,127,033		
1,518,686	746,891	614,729	597,531	683,977		
489,759	505,584	470,445	681,947	550,179		
1,408,320	1,308,823	1,446,155	1,336,897	1,399,321		
11,449,262	11,266,677	10,940,618	11,545,666	11,835,587		
2,483,626	2,530,237	261,216	6,862,457	522,988		
1,127,499	785,054	827,696	835,148	828,070		
10,606,646	10,447,569	11,231,422	12,427,740	12,256,971		
1,563,721	1,393,002	1,782,914	2,016,197	2,053,324		
8,020,090	7,040,108	6,809,430	7,305,505	7,940,862		
15,141,503	14,607,003	14,496,847	15,892,768	16,398,181		
4,793,969	5,247,754	5,199,010	5,251,839	5,675,832		
2,179,690	2,602,849	2,647,241	2,805,435	2,836,674		
21,017	6,159	1,406	956	1,372		
534,263	5,584,160	15,650,703	10,977,330	19,014,189		
1,004,850	875,413	321,446	648,085	-		
-	-	-	-	-		
12,283,682	5,164,115	4,711,753	6,073,736	5,868,985		
5,882,626	3,541,896	4,680,315	4,419,363	4,244,523		
13,494	642,355	153,375	8,791	7,418		
-	632	-	-	-		
207,991,488	198,733,776	205,343,612	217,422,517	223,907,379		
(14,427,571)	3,644,547	7,255,422	3,719,988	7,010,722		
-	-	-	-	-		
1,299,000	90,645,000	-	-	-		
123,525	11,553,598	-	-	-		
-	-	-	-	-		
-	-	-	12,700	-		
87,923	59,145	28,595	126,856	35,896		
(1,778,601)	(101,091,855)	-	-	-		
-	-	-	-	-		
-	-	-	-	-		
-	-	-	-	-		
-	-	-	-	-		
-	-	-	-	-		
20,582,195	24,921,175	9,891,305	14,749,455	13,003,285		
(20,582,195)	(24,921,175)	(9,891,306)	(14,749,455)	(13,003,285)		
(268,153)	1,165,888	28,594	139,556	35,896		
(14,695,724)	4,810,435	7,284,016	3,859,544	7,046,618		
8.8%	4.5%	5.0%	5.1%	4.9%		
56,432,366	41,736,642	46,547,078	53,831,094	57,690,638		
\$ 41,736,642	\$ 46,547,077	\$ 53,831,094	\$ 57,690,638	\$ 64,737,256		

TABLE 6

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 GENERAL GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 (Unaudited)

Fiscal Year	Property Tax			Sales Tax Capital Projects Funds	Total Governmental Activities
	General Fund	Debt Service Funds	Capital Projects Funds		
2018-2019	\$ 45,800,900	\$ -	\$ 14,191,789	\$ 11,015,453	\$ 71,008,142
2017-2018	45,514,011	-	13,334,037	11,353,186	70,201,234
2016-2017	44,718,926	-	12,489,651	10,391,995	67,600,572
2015-2016	46,435,418	-	12,229,002	4,955,233	63,619,653
2014-2015	45,018,129	-	11,912,140	5,284,711	62,214,980
2013-2014	45,785,613	-	11,873,491	9,007,765	66,666,869
2012-2013	48,159,073	-	12,136,449	8,206,074	68,501,596
2011-2012	48,807,293	-	12,242,466	7,832,909	68,882,668
2010-2011	51,986,840	-	13,189,912	7,828,758	73,005,510
2009-2010	61,263,111	34,753	15,358,825	7,470,501	84,127,190

Note: Fiscal year ending June 30, 2005, the District began receiving a new 10-year local option half cent sales tax that was approved by voters on March 9, 2004. The half cent sales tax expired on December 31, 2014, however a new 10 year half cent sales tax, commencing on January 1, 2016, was subsequently approved in a special election held September 8, 2015.

Source: District records

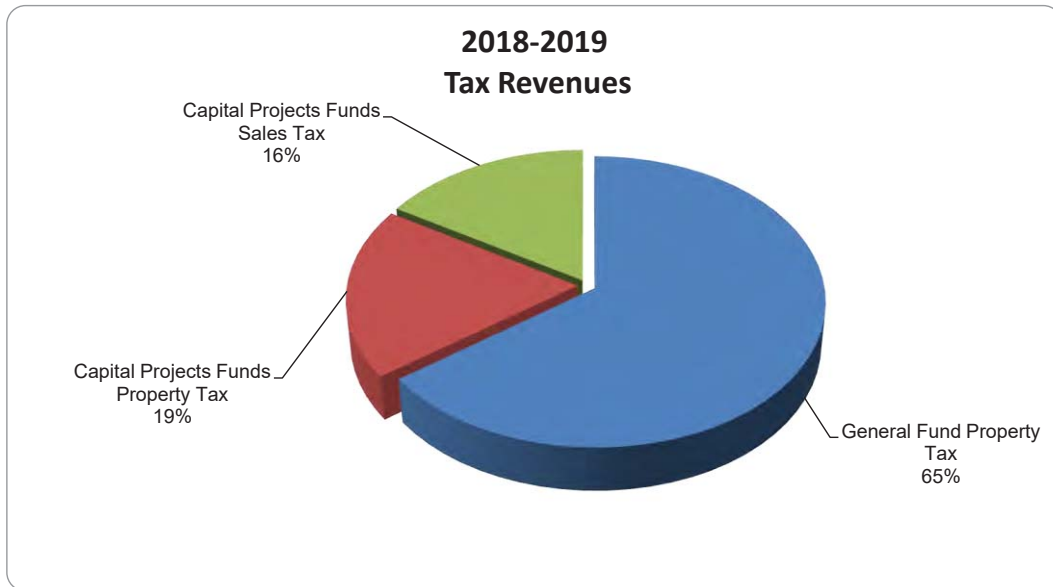


TABLE 7

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 FAIR MARKET VALUE, ASSESSED VALUE, AND TAXABLE VALUE OF PROPERTY
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)
 (Unaudited)

Fiscal Year	Fair Market Value (1)		Assessed Value (2)		Exemptions (3)		Taxable Value (4)			Ratio of Taxable Value to Assessed Value	Base Millage Rate (6)	
	Real Property	Personal Property	Real Property	Personal Property	Real Property	Personal Property	Real Property	Personal Property	Centrally Assessed (5)			
2018-2019	\$ 13,300,359	\$ 1,846,816	\$ 11,306,661	\$ 1,776,292	\$ 2,540,206	\$ 601,446	\$ 8,766,455	\$ 1,174,846	\$ 7,926	\$ 9,949,228	76.05%	14.3460
2017-2018	12,247,949	1,834,656	10,685,753	1,766,495	2,511,925	600,848	8,173,828	1,165,647	7,483	9,346,958	75.06%	14.6426
2016-2017	11,208,262	1,703,765	10,084,383	1,703,015	2,468,286	596,852	7,616,097	1,106,163	8,326	8,730,586	74.07%	15.0112
2015-2016	10,800,268	1,585,644	9,845,265	1,589,744	2,429,043	600,481	7,416,222	984,263	7,869	8,408,354	73.53%	15.3533
2014-2015	10,349,863	1,606,000	9,507,309	1,604,589	2,399,670	608,798	7,170,639	995,791	7,842	8,174,272	73.56%	15.3433
2013-2014	9,989,311	1,602,911	9,368,594	1,594,242	2,417,252	627,891	6,951,343	966,351	7,626	7,925,320	72.29%	15.4480
2012-2013	9,949,202	1,691,643	9,351,346	1,645,987	2,437,024	339,564	6,914,323	1,306,423	7,325	8,228,071	74.82%	14.6674
2011-2012	10,600,374	1,629,933	9,949,584	1,585,617	2,417,670	325,372	7,531,914	1,260,245	7,445	8,799,604	76.28%	14.4324
2010-2011	11,572,263	1,669,623	10,731,692	1,652,662	3,593,658	336,472	7,138,035	1,316,191	6,499	8,460,725	68.32%	14.1371
2009-2010	13,488,242	1,427,069	12,000,601	1,407,365	3,750,459	338,717	8,250,142	1,068,648	6,924	9,325,714	69.55%	14.2087

- (1) Fair Market Value of property is amount it could sell for in a competitive open market, assuming that the buyer and seller both acted knowledgeably and without duress.
- (2) Assessed value of property is different than fair market value for those properties that have assessment limitations on them, such as the Save Our Homes (SOH) limitation, "greenbelt" for properties which have an agricultural use classification, and pollution control devices.
- (3) There are a number of property tax exemptions which include, but are not limited to; homestead, low income seniors, widow/widowers, blind, disabled, veterans, government, and institutional.
- (4) Taxable value of property is the resulting value after all applicable exemptions have been deducted from the assessed value of the property. The taxable value is what the millage rates are applied to develop the ad valorem property tax. The 2011 Values based on Final Certification dated October 4, 2011. All other years based on re-certification values after the Value Adjustment Board.
- (5) Centrally assessed property are the railroad tracks and train cars which cross county lines and are assessed by the Florida Department of Revenue, who provides the assessed values to the respective Property Appraiser.
- (6) Base Millage Rate comprised of total County, total School and Southwest Florida Management District countywide levy. Specific basins, special ad valorem districts, and municipalities are not included. See calculation of base millage rate on Table 8.

Source: Hernando County Property Appraiser

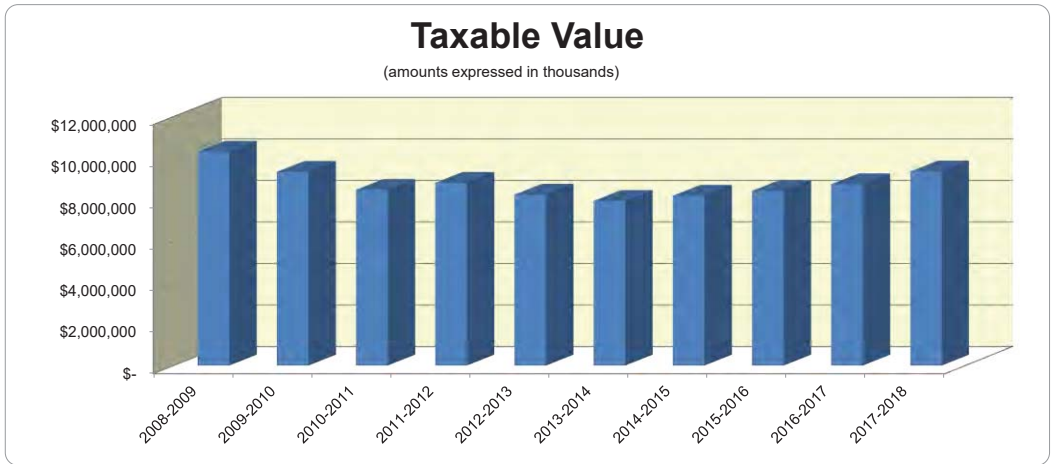


TABLE 8

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(per \$1,000 Assessed Valuation)
(Unaudited)

	Fiscal Year Ending			
	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
District Direct Rates:				
District School Board:				
Local Required Effort	5.2310	5.1690	5.2600	5.2060
Discretionary Local	0.7480	0.7480	0.7480	0.7480
Supplemental Discretionary	0.0000	0.0000	0.0000	0.0000
Voted Debt Service	0.0000	0.0000	0.0000	0.0000
Local Capital Improvement	1.5000	1.5000	1.5000	1.5000
Total District School Board Direct Rates	<u>7.4790</u>	<u>7.4170</u>	<u>7.5080</u>	<u>7.4540</u>
Overlapping Rates:				
Other Hernando County:				
General Fund	5.4394	5.4394	5.6279	5.9169
Public Health	0.1102	0.1102	0.1102	0.1102
Road & Bridge	0.7091	0.7091	0.7091	0.7091
Recreation/Sensitive Lands	0.0844	0.0844	0.0844	0.0844
Special Ad Valorem Districts	2.9423	3.1737	3.1737	3.1737
Total Other Hernando County Rates	<u>9.2854</u>	<u>9.5168</u>	<u>9.7053</u>	<u>9.9943</u>
Southwest Florida Water Management Districts (SWFWMD):				
SWFWMD County Wide	0.3866	0.3770	0.3928	0.3928
Hillsborough Basin				
Withlacoochee Basin	0.2308	0.2308	0.0000	0.0000
Coastal Basin	0.1885	0.1885	0.0000	0.0000
Total Southwest Florida Water Management Districts	<u>0.8059</u>	<u>0.7963</u>	<u>0.3928</u>	<u>0.3928</u>
Municipalities:				
City of Brooksville	6.0690	6.3700	6.3700	6.6000
City of Weeki Wachee	2.5769	2.6587	2.7838	2.7137
Total Municipalities	<u>8.6459</u>	<u>9.0287</u>	<u>9.1538</u>	<u>9.3137</u>
Total Overlapping Rates (1)	<u>18.7372</u>	<u>19.3418</u>	<u>19.2519</u>	<u>19.7008</u>
Base Millage Rate (2)	14.2087	14.1371	14.4324	14.6674

(1) Total Overlapping Rates comprised of Total Other Hernando County Rates, Total Southwest Florida Water Management Districts, and Total Municipalities.

(2) Base Millage Rate comprised of Total County, Total School, and Southwest Florida Management District Countywide levy. It excludes specific basins, special ad valorem districts, and municipalities. See Table 7 for use of Base Millage Rate.

Source: Hernando County Property Appraiser

TABLE 8 (Continued)

Fiscal Year Ending					
June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
5.0320	4.9190	4.9480	4.6210	4.3710	4.0920
0.7480	0.7480	0.7480	0.7480	0.7480	0.7480
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
<u>7.2800</u>	<u>7.1670</u>	<u>7.1960</u>	<u>6.8690</u>	<u>6.6190</u>	<u>6.3400</u>
6.8669	6.9912	6.9912	6.9912	6.8912	6.8912
0.1102	0.1102	0.1102	0.1102	0.1102	0.1102
0.7091	0.7091	0.7091	0.7091	0.7091	0.7091
0.1000	0.0000	0.0000	0.0000	0.0000	0.0000
0.6673	0.6673	0.7839	0.7839	0.7839	1.0239
<u>8.4535</u>	<u>8.4778</u>	<u>8.5944</u>	<u>8.5944</u>	<u>8.4944</u>	<u>8.7344</u>
0.3818	0.3658	0.3468	0.3317	0.3131	0.2955
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<u>0.3818</u>	<u>0.3658</u>	<u>0.3468</u>	<u>0.3317</u>	<u>0.3131</u>	<u>0.2955</u>
6.7317	6.6962	6.6439	6.6426	6.9763	6.2000
2.7654	2.6267	2.7622	2.8478	2.8470	2.8421
<u>9.4971</u>	<u>9.3229</u>	<u>9.4061</u>	<u>9.4904</u>	<u>9.8233</u>	<u>9.0421</u>
<u>18.3324</u>	<u>18.1665</u>	<u>18.3473</u>	<u>18.4165</u>	<u>18.6308</u>	<u>18.0720</u>
15.4480	15.3433	15.3533	15.0112	14.6426	14.3460

TABLE 9

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

Taxpayer	2018-2019				2009-2010			
	Type of Business	Taxable Value	Rank	Percent of Taxable Value (1)	Type of Business	Taxable Value	Rank	Percent of Taxable Value (1)
Cemex, Inc.	Cement Manufacturing	\$ 285,411,771	1	3.11%	Cement Manufacturing	\$ 315,952,537	1	3.39%
Withlacoochee River Electric Co-op	Public Utility	216,201,911	2	2.35%	Public Utility	154,369,743	2	1.66%
Duke Energy (Florida Power Corporation)	Public Utility	93,546,946	3	1.02%	Public Utility	40,584,967	6	0.44%
Wal-Mart Regional Distribution	Retail Sales	64,076,426	4	0.70%	Retail Sales	130,615,189	3	1.40%
HCA Health Services of Florida, Inc.	Hospital/ Health Care	54,084,964	5	0.59%	Hospital/ Health Care	56,843,409	5	0.61%
BW Hibiscus Springs LLC of Florida, Inc.	Apartments	46,562,902	6	0.51%				
Wal-Mart Stores, Inc.	Retail Sales	36,351,745	7	0.40%				
Florida Gas Transmission Co	Utilities	41,333,734	8	0.45%				
Wal-Mart Stores East LP	Retail Sales	36,351,745	9	0.40%				
Bright House Networks	Communications	32,441,983	10	0.35%	Cable Utility	32,435,326	7	0.35%
AT&T Florida					Telecommunications	59,420,030	4	0.64%
Hampton Ridge					Real Estate	30,392,562	8	0.33%
Hernando HMA					Hospital/ Health Care	27,327,008	9	0.29%
Florida Crush Stone Corporation					Rock Mining	23,607,854	10	0.25%

(1) Percentage of Taxable Value to County Total Taxable Value. Total Taxable Value can be found on Table 7 page 113 of this report.

Source: Hernando County Property Appraiser

TABLE 10

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Total Tax Levy	Collected to End of Tax Year			Collected in Fiscal Year	
		Current Tax Collections (1)	Percent of Levy	Delinquent Collections (1)	Total Collections (1)	Percent of Levy
2018-2019	\$ 60,056,599	\$ 45,800,900	76.26%	\$ -	\$ 45,800,900	76.26%
2017-2019	59,304,391	58,741,901	99.05%	106,147	58,848,048	99.23%
2016-2017	59,970,401	57,007,130	95.06%	201,447	57,208,577	95.39%
2015-2016	60,506,513	58,492,947	96.67%	171,473	58,664,420	96.96%
2014-2015	58,585,003	56,797,930	96.95%	132,339	56,930,269	97.18%
2013-2014	57,696,331	57,372,277	99.44%	286,827	57,659,104	99.94%
2012-2013	61,332,036	59,856,352	97.59%	439,170	60,295,522	98.31%
2011-2012	66,067,422	60,364,306	91.37%	685,453	61,049,759	92.41%
2010-2011	71,473,086	64,278,055	89.93%	439,784	64,717,839	90.55%
2009-2010	78,787,235	75,774,531	96.18%	882,158	76,656,689	97.30%

(1) Net of allowable discounts

Note: Property taxes become due and are payable between November 1st of the year assessed and March 31st of the following year. A four percent (4%) discount is allowed if the taxes are paid in November, with the discount declining by one percent (1%) each month thereafter. Accordingly, taxes collected will never equal 100% of the tax levy. Taxes become delinquent on April 1st of each tax year and tax certificates for the full amount of any unpaid taxes and assessments must be sold no later than June 1st of each year. Accordingly, the majority of taxes are collected in the fiscal year levied.

Source: Hernando County Tax Collector and District records

TABLE 11

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Governmental Activities (1)										
Fiscal Year	General Obligation Bonds	State Board of Education Bonds	Certificates of Participation	District Revenue Bonds	Sales Tax Revenue Bonds	Notes	Capital Leases	Total Primary Government	Per Capita (2)	Percentage of Per Capita Income (2)
2018-2019	\$ -	\$ 1,688,760	\$ 110,178,385	\$ 1,935,000	\$ -	\$ 1,002,622	\$ -	\$ 114,804,767	557	1.51%
2017-2018	-	1,967,869	114,976,325	2,040,000	-	2,313,347	-	121,297,541	654	1.81%
2016-2017	-	2,607,978	119,648,434	2,140,000	-	3,598,654	-	127,995,066	703	2.09%
2015-2016	-	3,217,089	111,464,668	2,235,000	-	4,860,255	-	121,777,012	674	2.08%
2014-2015	-	3,877,466	123,451,185	2,325,000	-	6,097,551	-	135,751,202	764	2.43%
2013-2014	-	5,065,436	127,485,183	2,410,000	6,415,592	7,262,686	50,273	148,689,170	847	2.65%
2012-2013	-	5,047,935	131,150,945	2,495,000	12,596,181	8,371,212	283,633	159,944,906	923	3.00%
2011-2012	-	5,260,000	133,755,000	2,575,000	18,590,000	9,438,299	1,041,954	170,660,253	986	3.21%
2010-2011	-	6,158,406	136,282,396	2,650,000	24,342,358	10,465,497	2,833,904	182,732,561	1,055	3.59%
2009-2010	-	5,117,145	141,343,121	2,725,000	29,902,947	11,454,297	4,539,955	195,082,465	1,177	3.93%

Note: The primary government does not have any outstanding debt for business-type activities.

Source:

(1) District Records

(2) Total Primary Government Debt divided by Population and Per Capita Income from Table 18.

TABLE 12

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2019
(Unaudited)

Jurisdiction	Other Debt Outstanding	Direct Debt		Direct and Overlapping Debt (1)	
		Percentage Applicable to School Board of Hernando County	Amount Applicable to School Board of Hernando County	Percentage Applicable To Hernando County	Amount Applicable To Hernando County
Hernando County Board of County Commissioners					
Non-Revolving Line of Credit Draws	\$ 8,292,951			100.00%	\$ 8,292,951
Non-Ad Valorem Refunding Bonds, Series 2012	15,556,000			100.00%	15,556,000
Non-Ad Valorem Refunding Bonds, Series 2010	<u>1,985,000</u>			100.00%	<u>1,985,000</u>
Subtotal Overlapping Debt	<u>25,833,951</u>				<u>25,833,951</u>
District School Board of Hernando County					
State Board of Education Bonds, Series 2010A	965,000	100.00%	\$ 965,000	100.00%	965,000
State Board of Education Bonds, Series 2011A Refunding	185,000	100.00%	185,000	100.00%	185,000
State Board of Education Bonds, Series 2014A Refunding	328,000	100.00%	328,000	100.00%	328,000
State Board of Education Bonds, Series 2014B Refunding	52,000	100.00%	52,000	100.00%	52,000
Bonds Payable-Unamortized Premium	158,761	100.00%	158,761	100.00%	158,761
Certificates of Participation, Series 2013A	12,267,827	100.00%	12,267,827	100.00%	12,267,827
Certificates of Participation, Series 2016A	88,090,000	100.00%	88,090,000	100.00%	88,090,000
Capital Improvement Bonds, Series 2001 Refunding	1,935,000	100.00%	1,935,000	100.00%	1,935,000
Note Payable	<u>1,001,696</u>	100.00%	<u>1,001,696</u>	100.00%	<u>1,001,696</u>
Subtotal Direct Debt	<u>104,983,284</u>		<u>104,983,284</u>		<u>104,983,284</u>
Totals	<u>\$ 130,817,235</u>		<u>\$ 104,983,284</u>		<u>\$ 130,817,235</u>

(1) Overlapping governments are those whose geographic area coincides at least in part with the area of the District.

Source: District Records and Hernando County, Florida Comprehensive Annual Financial Report

TABLE 13

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 CALCULATION OF LEGAL DEBT MARGIN
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)
 (Unaudited)

	Fiscal Year Ending			
	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Taxable Value (1)	\$ 9,325,714	\$ 8,460,725	\$ 8,799,604	\$ 8,228,070
Debt Limit - 10% of Taxable Value (2)	\$ 932,571	\$ 846,073	\$ 879,960	\$ 822,807
Amount of Debt Applicable to the Debt Limit:				
General Obligation Bonds Payable	\$ -	\$ -	\$ -	\$ -
Less, Amount Available for Debt Service	-	-	-	-
Total Debt Applicable to the Debt Limit	\$ -	\$ -	\$ -	\$ -
Legal Debt Margin	\$ 932,571	\$ 846,073	\$ 879,960	\$ 822,807
Total Debt Applicable to the Debt Limit as a Percentage of the Debt Limit	0.00%	0.00%	0.00%	0.00%

(1) Provided by Hernando County Property Appraiser. The 2017 Taxable Value based on Final Certification dated October 5, 2017. All other years based on re-certification values after Value Adjustment Board.

(2) This schedule was previously presented as a requirement of State Board of Education Rule 6A-1.037(2), Florida Administrative Code, which established a legal debt limit of 10 percent of the assessed valuation of the District. This rule was repealed in March 2006, however, management believes this information may still be of value to users.

Source: District Records

TABLE 13 (Continued)

Fiscal Year Ending					
June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
\$ 7,925,320	\$ 8,174,271	\$ 8,408,354	\$ 8,730,587	\$ 9,346,958	\$ 9,949,228
\$ 792,532	\$ 817,427	\$ 840,834	873,058	\$ 934,696	\$ 994,923
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	-	\$ -	\$ -
\$ 792,532	\$ 817,427	\$ 840,834	873,058	\$ 934,696	\$ 994,923
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

TABLE 14

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(dollar amounts expressed in thousands)
(Unaudited)

Fiscal Year	Population (1)	Taxable Value	Gross General Bonded Debt (2)	Less Debt Service Funds (3)	Net General Bonded Debt	Ratio of Net General Bonded Debt to Taxable Value	Per Capita
2018-2019	188,358	\$ 9,949,228	\$	\$	\$	0.00%	
2017-2018	182,114	9,346,958	-	-	-	0.00%	
2016-2017	182,114	8,730,587	-	-	-	0.00%	
2015-2016	180,777	8,408,354	-	-	-	0.00%	
2014-2015	177,584	8,174,271	-	-	-	0.00%	
2013-2014	175,502	7,925,320	-	-	-	0.00%	
2012-2013	173,227	8,228,070	-	-	-	0.00%	
2011-2012	173,142	8,799,604	-	-	-	0.00%	
2010-2011	173,162	8,460,725	-	-	-	0.00%	
2009-2010	165,802	9,325,714	-	-	-	0.00%	
2008-2009	165,048	10,298,659	805	805	-	0.00%	
2007-2008	164,907	11,398,471	4,555	2,573	1,982	0.02%	
1996-97	121,016	3,635,510,212	46,325,000	2,566,551	43,758,449	1.20%	362

(1) Hernando County Monthly Demographics Update Summary - through February 1, 2017

(2) Includes General Obligation Bonds only

(3) Reserved for Debt Service - General Obligation Bonds only

Source: District records

TABLE 15

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
 FOR GENERAL OBLIGATION BONDED DEBT
 TO TOTAL GENERAL GOVERNMENT EXPENDITURES
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Principal	Interest and Dues & Fees	Total Debt Service	Total General Governmental Noncapital Expenditures	Ratio of Debt Service to General Governmental Noncapital Expenditures
2018-2019	\$ -	\$ -	\$ -	\$ 204,771,357	0.00%
2017-2018	-	-	-	201,621,234	0.00%
2016-2017	-	-	-	189,371,463	0.00%
2015-2016	-	-	-	191,701,406	0.00%
2014-2015	-	-	-	206,416,604	0.00%
2013-2014	-	-	-	200,803,789	0.00%
2012-2013	-	-	-	191,775,959	0.00%
2011-2012	-	-	-	194,856,647	0.00%
2010-2011	-	-	-	211,749,992	0.00%
2009-2010	805,000	44,680	849,680	203,613,376	0.42%

Source: District records

TABLE 16

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 ANTICIPATED CAPITAL OUTLAY MILLAGE LEVY
 REQUIRED TO COVER CERTIFICATES OF PARTICIPATION PAYMENTS
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)
 (Unaudited)

Fiscal Year	Taxable Value	Annual Lease Payment	Millage Levy to Provide 1.00x Coverage (1)
2018-2019	\$ 9,949,228	\$ 8,245	0.863 Mills
2017-2018	9,346,958	8,241	0.918 Mills
2016-2017	8,730,587	7,144	0.852 Mills
2015-2016	8,408,354	5,891	0.730 Mills
2014-2015	8,174,271	9,254	1.179 Mills
2013-2014	7,925,320	9,376	1.232 Mills
2012-2013	8,228,070	9,641	1.221 Mills
2011-2012	8,799,604	7,771	0.920 Mills
2010-2011	8,460,725	7,775	0.957 Mills
2009-2010	9,325,714	9,663	1.091 Mills

(1) Millage rate calculated using 95 percent of the taxable value through Fiscal Year 2009-2010. Increased to 96 percent of taxable value beginning in Fiscal Year 2010-2011.

Note: Capital lease arrangements financed by certificates of participation are not considered general obligation debt as no specific property tax levy has been pledged.

Source: District records

TABLE 17

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 ANTICIPATED SALES TAX REVENUE COLLECTIONS
 REQUIRED TO COVER SALES TAX REVENUE BOND PAYMENTS
 LAST NINE FISCAL YEARS
 (Unaudited)

Fiscal Year	10-Year Sales Tax Revenue (1)	Principal	Interest and Dues & Fees	Annual Debt Service on Sales Tax Revenue Bonds	Sales Tax Revenue Coverage (2)
2018-2019	\$ 11,015,453	\$	\$	\$	
2017-2018	11,353,186				
2016-2017	10,391,995				
2015-2016	4,955,233				
2014-2015	5,284,711	6,415,000	118,175	6,533,175	0.81
2013-2014	9,007,765	6,180,000	353,449	6,533,449	1.38
2012-2013	8,206,074	5,995,000	578,938	6,573,938	1.25
2011-2012	7,832,909	5,750,000	792,834	6,542,834	1.20
2010-2011	7,828,758	5,560,000	997,240	6,557,240	1.19
2009-2010	7,470,501	5,370,000	1,187,265	6,557,265	1.14

(1) Collections on the District's second local option half-cent sales tax (10 Years) approved by the voters on March 9, 2004, began January 1, 2005 and ended December 31, 2014. The District issued \$45,000,000 in sales tax revenue bonds on November 1, 2006. The local half-cent sales tax (10 Years) was approved by the voters on September 8, 2015 and the District began collecting again on January 1, 2016.

(2) Sales tax revenue collections divided by the debt service on the sales tax revenue bonds.

Source: District records

TABLE 18

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
COUNTY-WIDE DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Estimated Population (1)	Personal Income (2)	Per Capita Income (1)	Public School Enrollment (3)	Percentage of Students on Free and Reduced Lunch (5)	Labor Force (1)	Unemployment Rate % (1)	Median Age (1)	Citizens With a Bachelor's Degree (4)
2018-2019	188,358	6,946,266	36,878	23,357	57.0%	71,547	3%	47.7	17.5%
2017-2018	185,604	6,711,626	36,161	23,340	65.0%	63,757	4.2%	49.2	17.1%
2016-2017	182,114	6,131,050	33,666	23,950	66.9%	67,842	5.9%	47.7	16.4%
2015-2016	180,777	5,843,436	32,324	23,621	69.3%	67,937	6.2%	47.7	15.5%
2014-2015	177,584	5,580,044	31,422	22,444	65.1%	66,785	7.0%	47.7	15.5%
2013-2014	175,502	5,603,252	31,927	22,186	64.3%	64,040	8.4%	47.7	15.7%
2012-2013	173,227	5,323,092	30,729	22,228	66.1%	63,513	8.9%	47.7	16.2%
2011-2012	173,142	5,320,481	30,729	22,442	62.6%	63,088	10.8%	47.7	16.2%
2010-2011	173,162	5,090,443	29,397	22,998	60.5%	62,854	13.8%	47.7	16.1%
2009-2010	165,802	4,965,770	29,950	23,296	59.5%	64,364	15.0%	50.7	12.7%

Source:

- (1) Hernando County Monthly Demographics Update Summary - through January 31, 2017
(2) Personal Income was calculated by multiplying the Estimated Population and Per Capita Income. Personal Income stated in thousands.
(3) District enrollment records as of August 31, 2017
(4) U.S. Census Bureau - State & County Quickfacts
Bachelor's degree or higher, % of persons 25+ 2012-2016
(5) Food & Nutrition Data as of 8/1/17 Reduced = 6.36% Free = 60.54%

TABLE 19

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 PRINCIPAL EMPLOYERS
 NON-RETAIL, NON-GOVERNMENT
 LAST TWO FISCAL YEARS
 (Unaudited)

Employer / Type of Business	2017-2018*			2016-2017	
	Number of Employees	Rank	% (1)	Number of Employees	Rank
Citrus Memorial Health Care Systems	1,320	1	1.9%	1,320	1
Oak Hill Hospital Healthcare	1,089	2	1.6%	1,089	2
Hernando Healthcare	1,032	3	1.5%	1,032	3
Wal-Mart Distribution Center Distribution Center	1,020	4	1.5%	1,020	4
Heart Institute at Oak Hill Hospital Distribution Center	947	5	1.4%	947	5
HealthSouth	355	6	0.5%	355	6
Accuform, Inc. Manufacturer	280	7	0.4%	280	7
Cemex, Inc. Cement Manufacturer	250	8	0.4%	250	8
Hernando Pasco Hospice Healthcare	221	9	0.3%	221	9
Sparton Electronics Manufacturer	219	10	0.3%	219	10
SunTrust Banking					
Withlacoochee River Electric					
Total	<u>5,413</u>		<u>8.0%</u>	<u>5,413</u>	

(1) Percentage shown represents the number of employees as a percent of Hernando County's total labor force of 67,842

*Noted that 2018/2019 data was not available at the time of issuance

(2) Last updated list of Major Private Sector Employees from Hernando Chamber of Commerce 2014-2015

TABLE 20

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
SCHOOL BUILDING INFORMATION AND STUDENT ENROLLMENT DATA
LAST TEN FISCAL YEARS
(Unaudited)

	Year Constructed (1)	Age of School in Years	Square Footage (2)	Permanent Student Stations (3)	Current Utilization Based on Permanent Student Stations	Relocatables	Relocatable Student Stations (4)
Elementary Schools:							
Brooksville Elementary	1968	49	118,217	751	85.4%	8	150
Chocachatti Elementary (Magnet)	1998	19	111,262	737	98.5%	8	300
Deltona Elementary	1989	28	114,971	743	109.8%	7	156
Eastside Elementary	1973	44	93,669	736	82.7%	6	72
John D. Floyd Elementary	1986	31	108,736	696	139.2%	19	480
Moton Elementary	1989	28	95,943	755	75.9%	4	98
Pine Grove Elementary	1988	29	123,530	698	123.9%	12	332
Spring Hill Elementary	1980	37	95,285	588	139.8%	11	265
Suncoast Elementary	1994	23	130,003	744	121.1%	4	128
Westside Elementary	1972	45	83,917	590	86.8%	13	240
Total Elementary School Student Enrollment							
Middle Schools:							
Fox Chapel Middle School	1978	39	123,502	1,120	65.4%	7	132
D. S. Parrott Middle School	1988	29	147,544	1,143	57.0%		
Powell Middle School	1984	33	153,878	1,195	82.1%		
West Hernando Middle School	1993	24	198,184	1,269	56.6%	6	220
Total Middle School Student Enrollment							
Combination Schools:							
Challenger K-8 School of Science and Mathematics (Magnet)	2004	13	237,114	1,734	85.2%	1	44
Explorer K-8	2008	9	278,292	2,073	79.9%		
Winding Waters K-8	2012	5	183,590	1,560	83.4%		
Total Combination School Student Enrollment							
High Schools:							
Central High School	1989	28	244,451	1,581	83.0%	4	100
Hernando High School	1962	55	247,679	1,665	72.6%	5	120
Nature Coast Technical High School (Magnet)	2001	16	255,290	1,413	93.9%		
Springstead High School	1975	42	224,751	1,685	102.2%	22	525
Weeki Wachee High School (Grades 9-12)	2011	6	211,964	1,665	80.7%		
Total High School Student Enrollment							
Specialty Schools:							
Endeavor Academy (formerly STAR Center)	1974	43	19,260	121	95.9%	4	70
Hernando eSchool	N/A		N/A	N/A	N/A	N/A	N/A
Incarcerated Youth Program	N/A		N/A	N/A	N/A	N/A	N/A
Stop Camp/Withlacoochee DJJ	N/A		N/A	N/A	N/A	N/A	N/A
Total Specialty Schools Student Enrollment							
Charter Schools:							
Best Academy	N/A		N/A	N/A	N/A	N/A	N/A
Gulf Coast Middle School	N/A		N/A	N/A	N/A	N/A	N/A
Gulf Coast Academy of Science and Mathematics	N/A		N/A	N/A	N/A	N/A	N/A
Total Charter School Student Enrollment							
Total Pre-Kindergarten to Grade 12 Student Enrollment							
Adult Education:							
Adult Education Centers	N/A		N/A	N/A	N/A	N/A	N/A
Heart Literacy	1986	31	3,598	N/A	N/A	N/A	N/A
Total Adult Student Enrollment							
District Total Pre-Kindergarten to Adult Student Enrollment							

(1) Year constructed date from the Florida Inventory of School Housing (FISH). This date does not reflect additions, renovations, replacements or remodelings.

Average age of the schools 28.5 years.

(2) Square footage is current permanent and does not include portables.

(3) Permanent student stations reflect student stations in permanent buildings which excludes student stations in relocatables.

(4) Student stations in relocatable classrooms.

(5) Permanent student stations reflect utilization factor per State Requirements for Educational Facilities (SREF).

Source: District records

TABLE 20 (Continued)

Student Enrollment									
2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
802	881	765	778	788	782	661	641	648	674
940	936	920	865	826	762	744	726	739	736
862	808	806	831	833	922	793	816	828	808
593	540	532	508	468	528	580	609	652	663
0	0	0	0	0	0	0	969	954	945
826	793	632	650	615	603	640	573	569	551
1,147	1,085	616	578	610	650	763	865	914	948
694	735	680	697	914	735	749	822	924	870
890	923	941	926	693	988	860	901	891	908
787	778	581	571	594	564	518	512	557	582
7,541	7,479	6,473	6,404	6,341	6,534	6,308	7,434	7,676	7,685
737	702	677	681	642	594	698	733	772	751
841	836	840	811	792	683	632	652	661	724
954	979	1,021	919	827	797	922	981	1,013	1,082
1,000	963	953	847	738	617	660	718	689	694
3,532	3,480	3,491	3,258	2,999	2,691	2,912	3,084	3,135	3,251
1,553	1,648	1,626	1,586	1,593	1,574	1,542	1,477	1,429	1,397
2,014	1,799	1,770	1,827	1,770	1,748	1,668	1,656	1,686	1,689
0	0	805	1,044	1,208	1,391	1,298	1,301	1,378	1,391
3,567	3,447	4,201	4,457	4,571	4,713	4,508	4,434	4,493	4,477
1,753	1,579	1,337	1,169	1,151	1,160	1,253	1,312	1,267	1,259
1,383	1,410	1,371	1,296	1,270	1,189	1,179	1,209	1,161	1,205
1,480	1,408	1,331	1,304	1,284	1,266	1,327	1,327	1,457	1,404
2,164	1,833	1,774	1,615	1,606	1,656	1,784	1,722	1,724	1,791
569	569	915	1,265	1,381	1,459	1,402	1,343	1,278	1,274
6,780	6,799	6,728	6,649	6,692	6,730	6,945	6,913	6,887	6,933
94	92	39	57	52	71	104	116	125	133
0	45	39	60	31	5	7	55	49	43
0	20	11	10	12	9	9	8	2	2
0	0	0	0	0	0	0	0	0	0
94	157	89	127	95	85	120	179	176	178
0	0	0	0	76	126	121	130	119	90
0	0	0	0	108	107	109	110	0	0
117	119	120	117	116	130	128	124	236	236
117	119	120	117	300	363	358	364	355	326
21,631	21,481	21,102	21,012	20,998	21,116	21,151	22,408	22,722	22,850
274	99	6	1	22	49	35	28	53	53
327	258	175	166	159	261	86	96	101	123
601	357	181	167	181	310	121	124	154	176
22,232	21,838	21,283	21,179	21,179	21,426	21,272	22,532	22,876	23,026

TABLE 21

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NUMBER OF PERSONNEL
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Classroom Teachers (1)	Other Instructional (2)	Administrative (3)	Support Services (4)	Total Full Time	Ratio of Instructional Personnel to Administrators
2018-2019	1,442	82	98	1,253	2,875	15.55
2017-2018	1,452	86	100	1,259	2,897	15.38
2016-2017	1,433	87	92	1,226	2,838	16.52
2015-2016	1,473	87	97	1,192	2,849	16.08
2014-2015	1,514	98	95	1,230	2,937	16.97
2013-2014	1,507	69	96	1,135	2,807	16.42
2012-2013	1,525	169	92	1,113	2,899	18.41
2011-2012	1,575	175	93	1,134	2,977	18.82
2010-2011	1,590	201	92	1,241	3,124	19.47
2009-2010	1,508	193	81	1,240	3,022	21.00

(1) Elementary classroom teachers, secondary classroom teachers, exceptional education teachers, other teachers

(2) Guidance counselors, occupational specialists, social workers, psychologists, media specialists

(3) Principals, assistant principals, superintendent, executive directors, directors, managers, coordinators

(4) Paraprofessionals, bus drivers, clerical, secretarial, service workers, skilled craft, etc.

Source: District records

TABLE 22

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 AVERAGE TEACHER SALARIES
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Bachelor's	Master's	Specialist's	Doctorate	All Degrees
2018-2019	\$ 46,321	\$ 48,821	\$ 49,821	\$ 50,821	\$ 47,236
2017-2018	46,729	49,229	50,229	51,229	47,644
2016-2017	45,777	48,277	49,277	50,277	43,176
2015-2016	45,034	47,534	48,534	49,534	43,176
2014-2015	43,026	48,930	48,131	47,402	45,017
2013-2014	40,614	49,042	40,453	52,577	43,107
2012-2013	40,872	47,773	47,841	48,932	43,970
2011-2012	41,425	47,678	47,892	48,095	43,616
2010-2011	40,880	46,096	46,431	48,202	42,681
2009-2010	40,568	45,963	43,496	50,705	42,398

Source: District records

TABLE 23

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Government-Wide Governmental Activities Expenses	Public School Enrollment (1)	Percentage Change	Cost per Student	Percentage Change	Classroom Teachers	Percentage Change	Pupil Teacher Ratio
2018-2019	\$ 217,385,088	23,533	0.8%	\$ 9,237	-0.5%	1,442	-0.7%	16.32
2017-2018	216,702,802	23,340	-2.5%	9,285	9.5%	1,452	1.3%	16.07
2016-2017	203,166,169	23,950	1.4%	8,483	0.7%	1,433	-2.7%	16.71
2015-2016	199,052,650	23,621	5.2%	8,427	-6.8%	1,473	-2.7%	16.04
2014-2015	203,030,347	22,444	1.2%	9,046	-2.9%	1,514	0.5%	14.82
2013-2014	206,783,822	22,186	-0.2%	9,320	4.7%	1,507	-1.2%	14.72
2012-2013	197,926,671	22,228	-1.0%	8,904	0.5%	1,525	-3.2%	14.58
2011-2012	198,906,971	22,442	-2.4%	8,863	-7.3%	1,575	-0.9%	14.25
2010-2011	219,964,029	22,998	-1.3%	9,564	6.9%	1,590	5.4%	14.46
2009-2010	208,416,520	23,296	-0.7%	8,946	-1.1%	1,508	-3.5%	15.45

(1) Enrollment includes grades prekindergarten through adult students.

Source: District records

COMPLIANCE SECTION



HERNANDO
SCHOOL DISTRICT

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**DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
COMPLIANCE SECTION**

This part of the District School Board of Hernando County, Florida's comprehensive annual financial report presents specific compliance information.

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DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Expenditures
Clustered			
Child Nutrition Cluster			
United States Department of Agriculture:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	14002	\$ 2,630,315
National School Lunch Program	10.555	14001, 14003	10,334,332
Summer Food Service Program for Children	10.559	14006, 14007	409,632
Total Child Nutrition Cluster			13,374,279
Student Financial Assistance Cluster			
United States Department of Education:			
Federal Pell Grant Program	84.063	N/A	63,449
Special Education Cluster			
United States Department of Education:			
Florida Department of Education:			
Special Education - Grants to States	84.027	262,263	4,517,367
Special Education - Preschool Grants	84.173	267	90,225
Total Special Education Cluster			4,607,592
Not Clustered			
United States Department of Agriculture			
Florida Department of Health:			
Child and Adult Care Food Program	10.558	A-4575	564,232
Total United States Department of Agriculture			564,232
United States Department of Defense			
Air Force Junior Reserve Officers Training Corps	12 UNK	N/A	125,798
Navy Junior Reserve Officers Training Corps	12 UNK	N/A	78,907
Total United States Department of Defense			204,705
United States Department of Education			
Florida Department of Education:			
Adult Education - Basic Grants to States	84.002	191,193	252,245
Title I Grants to Local Educational Agencies	84.010	212,226	6,475,065
Career and Technical Education - Basic Grants to States	84.048	161	263,172
Education for Homeless Children and Youth	84.196	127	60,597
English Language Acquisition State Grants	84.365	102	97,902
Supporting Effective Instruction State Grants	84.367	224	926,811
Student Support and Academic Enrichment Program	84.424	241	251,806
Hurricane Education Recovery Assistance	84.938	107	8,301
Total United States Department of Education			8,335,899
Total Expenditure of Federal Awards			\$ 27,150,156

The notes below are an integral part of this Schedule.

Notes:

- (1) **Basis of Presentation.** The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Hernando County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2019. 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, 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 or changes in net position.
- (2) **Summary of Significant Accounting Policies.** Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) **Indirect Cost Rate.** The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) **Non-Cash Assistance.**
 - (A) National School Lunch Program - Includes -0- of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

**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**

Hernando County District School Board and
Superintendent of School
Brooksville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Hernando County District School Board (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 30, 2020.

Our report includes a reference to other auditors, who audited the financial statements of the discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

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Hernando County District School Board and
Superintendent of Schools
Brooksville, 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***

of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2019-1 to be a material weakness.

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. We consider the deficiency described in the accompany schedule of findings and questioned costs under prior year findings as item 2017-1.

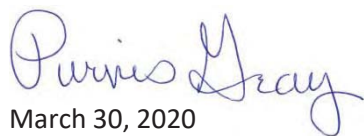
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

The District's response to the findings identified in our audit is described in the accompanying management's response and schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 30, 2020
Ocala, Florida

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

Hernando County District School Board and
Superintendent of Schools
Brooksville, Florida

Report on Compliance for Each Major Federal Program

We have audited the Hernando 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, 2019. 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

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

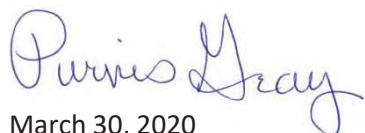
Report on Internal Control Over Compliance

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

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

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

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



March 30, 2020
Ocala, Florida

**HERNANDO COUNTY SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified? Yes

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over the major Federal program:

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 the major Federal program:

CFDA Numbers:	Name of Federal Program or Cluster:
84.027 and 84.173	Special Education Cluster
84.367	Supporting Effective Instruction State Grants

Dollar threshold used to distinguish between type A and type B programs: \$814,505

Auditee qualified as low risk auditee? Yes

**HERNANDO COUNTY SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

SECTION II - FINANCIAL STATEMENT FINDINGS

The following material weakness in internal control over financial reporting was noted as follows:

2019-1 Software Implementation Issues

The Hernando County District School Board (the District) implemented new financial reporting software during the year, which created transitional difficulties with how the software was setup. Certain aspects of the software setup was not properly designed and the District’s Finance Department needed to obtain additional assistance from the software provider to correct problems with the initial setup of the software.

The District had several financial reporting transactions areas that were not automatically reconciling as per the software system capabilities. In response to the system set up limitations and issues, finance management had to find ways to override the software system and implement extensive manual reconciliation processes that were difficult to resolve and required several material audit adjustments in the following areas:

- Operating Bank Account
- Accounts Payable
- Compensated Absences
- Capital Assets

The difficulties associated with new financial reporting software is common to entities as employees learn the new system. We recommend the District continue to work with the software vendor to provide timely software training to employees to assist with understanding the reporting capabilities associated with the software and to ensure timely financial reporting.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters are reported.

HERNANDO COUNTY SCHOOL BOARD PRIOR AUDIT FOLLOW-UP

The District partially corrected the financial statement finding included in the prior financial audit report.

HERNANDO COUNTY SCHOOL BOARD SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Audit Report No. Finding No.	Program/Area	Brief Description	Status	Comments
Purvis, Gray and Company (2017-1)	Inventory of Capital Assets	District procedures over capital assets need Improvement.	Partially corrected.	The District will strengthen its procedures to provide complete physical inventories each year and follow up for any items not located during annual physical inventories.

MANAGEMENT LETTER

Hernando County District School Board and
Superintendent of Schools
Brooksville, Florida

Report on the Financial Statements

We have audited the financial statements of the Hernando County District School Board (the District) as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated March 30, 2020. Our report includes a reference to other auditors. 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 auditors, and such information related to those audits is reported on separately by those auditors.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance with Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.800, *Rules of the Auditor General*. Disclosures in this report, which is dated March 30, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.804(1)(f)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in our preceding annual financial audit report for the fiscal year end June 30, 2018. Partial corrective actions have been taken to address findings and recommendations made in our preceding annual financial audit report. See Question Costs and Findings Report comment 2017-1.

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Hernando County District School Board and
Superintendent of Schools
Brooksville, Florida

MANAGEMENT LETTER

Financial Condition and Management

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

Pursuant to Sections 10.804(1)(f)5.a and 10.805(7), *Rules of the Auditor General*, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on 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, there are no management letter comments.

Transparency

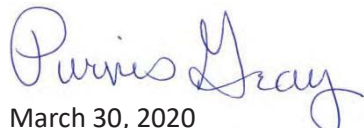
Section 10.804(1)(f)6., *Rules of the Auditor General*, requires that we communicate the results of our determination as to whether the District maintains on its Web site the information specified in Section 1011.035, Florida Statutes. In connection with our audit, we determined that the District maintained on its Web site the information specified in Section 1011.035, Florida Statutes.

Additional Matters

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

Purpose of this Letter

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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.



March 30, 2020
Ocala, Florida

INDEPENDENT ACCOUNTANT'S REPORT

Hernando County District School Board and
Superintendent of Schools
Brooksville, Florida

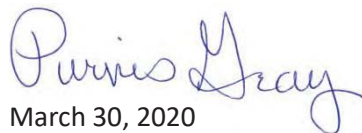
We have examined the Hernando County District School Board's (the District) compliance with the requirements of Section 218.415, Florida Statutes with regards to the District's investments during the year ended June 30, 2019. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of 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 for our opinion.

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 during the fiscal year ended June 30, 2019.

This report is intended solely for the information and use of the Florida Auditor General, the Board of Supervisors of the District, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



March 30, 2020
Ocala, Florida

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March 30, 2020

Helen Y. Painter, CPA, Partner
Purvis Gray & Company
2347 SE 17th Street
Ocala, FL 34471

Re: Hernando County District School Board Preliminary and Tentative Audit Findings for the Fiscal Year Ended June 30, 2019

Dear Ms. Painter,

In response to your recent letter regarding the Comprehensive Annual Financial Report for the Hernando County District School Board fiscal year end June 30, 2019, you will find the status of the corrective actions taken as seen below to the audit findings and the supporting documentation to ensure compliance with the laws and regulations that were cited by the auditors.

Audit Finding 2019-1: Software Implementation Issues

As recommended in previous audits the District purchased a new Enterprise Resource Planning System (Skyward) covering all key business and financial applications. The ERP system development and implementation stages were performed simultaneously. Due to the fluid nature of the ERP implementation and lack of in depth training, Finance staff was unable to identify that some financial data converted inappropriately. Management contracted with an outside accountant to assist with identifying several in depth errors. Once the errors were identified the Finance team made several manual adjusting entries.

Now that the system is up and functioning, we are focusing on reassessing the business process controls that were in place with the old system and determining the continued relevance with the new system. Also, the Business Services Division has posted a new position, a Business Systems Coordinator to work with Business Services staff to identify widespread problems and determine whether the problem can be resolved through training or whether revisions to the ERP software are necessary.

If you should have any questions or concerns, please feel free to contact me at (352-797-7004).

Sincerely,

Joyce M. McIntyre
Director of Finance & Purchasing

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Joyce McIntyre, Director of Finance and Purchasing, who being duly sworn, deposes and says on oath that:

1. I am the Director of Finance & Purchasing of the District School Board of Hernando County which is a district school board of the State of Florida;
2. The Board of County Commissioners adopted Ordinance No. 2019-6 filed on December 18, 2019 implementing an impact fee;
3. The School Board of Hernando County has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.


FURTHER AFFIANT SAYETH NAUGHT.



Director of Finance & Purchasing

STATE OF FLORIDA
COUNTY OF Hernando

SWORN TO AND SUBSCRIBED before me this 30th day of March 30, 2020.

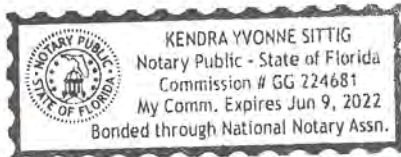


NOTARY PUBLIC
Print Name Kendra Yvonne Sittig

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:
6-9-2022





HERNANDO
SCHOOL DISTRICT

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