

Report No. 2021-104  
January 2021

**STATE OF FLORIDA AUDITOR GENERAL**

**Financial and Federal Single Audit**

**LEON COUNTY  
DISTRICT SCHOOL BOARD**

For the Fiscal Year Ended  
June 30, 2020



Sherrill F. Norman, CPA  
Auditor General

## **Board Members and Superintendent**

During the 2019-20 fiscal year, Rocky Hanna served as Superintendent of the Leon County Schools and the following individuals served as School Board Members:

|   | <u>District No.</u> |
|---|---------------------|
| Alva Striplin   | 1                   |
| Rosanne Wood, Chair through 11-18-19                                  | 2                   |
| Darryl Jones  | 3                   |
| DeeDee Rasmussen, Chair from 11-19-19,<br>Vice Chair through 11-18-19 | 4                   |
| Georgia "Joy" Bowen, Vice Chair from 11-19-19                         | 5                   |

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

The team leader was Craig J. Pohlmann, CPA, and the audit was supervised by Maria G. Loar, CPA.

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

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## SUMMARY

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### SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

### SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

### SUMMARY OF REPORT ON FEDERAL AWARDS

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

### AUDIT OBJECTIVES AND SCOPE

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

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

The scope of this audit included an examination of the District's basic financial statements and the accompanying Schedule of Expenditures of Federal Awards, as of and for the fiscal year ended June 30, 2020. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

## AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA  
Auditor General

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Leon County District School Board, as of and for the fiscal year ended June 30, 2020, 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 statement of the school internal funds, which represents 9 percent and 35 percent, respectively, of the assets and 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 units columns. The financial statements of the school internal funds and the aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statement referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Leon County District School Board, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
January 13, 2021

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

The management of the Leon County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2020. 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 2019-20 fiscal year are as follows:

- In total, net position is \$182,438,263.80 which represents a 1.8 percent decrease from the 2018-19 fiscal year.
- General revenues total \$351,696,350.57, or 94.2 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$21,511,221.59, or 5.8 percent of all revenues.
- Expenses total \$376,546,533.20. Only \$21,511,221.59 of these expenses was offset by program specific revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$51,110,781.61, which is \$1,148,649.66 more than the prior fiscal year balance. The General Fund assigned and unassigned fund balances total \$41,455,512.37, or 15 percent of total General Fund revenues which total \$277,154,114.91. The unassigned fund balance totals \$29,963,772.90 which represents 10.8 percent of total General Fund revenues.
- The District's capital assets \$436,334,812.55 (net of depreciation) increased by \$12,378,577.55 as capital asset additions exceeded depreciation expense in the current year.

### **OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

- Governmental activities – This represents most of the District's services, including its educational programs such as basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- Business-type activities – The District charges fees to cover the cost of certain services provided by the District's Permitting Office.
- Component units – The District presents seven separate legal entities in this report.
  - The School of Arts and Sciences on Thomasville Road; the School of Arts and Sciences at the Centre; Stars Education Services, Inc.; Governors Charter Academy; and the Foundation for Leon County Schools, Inc. are legally separate organizations and component units that are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.

The Leon County District School Board Voluntary Employee Benefits Trust (VEBT) and the Leon County School Board Leasing Corporation (Leasing Corporation), although also legally separate entities, were formed to administer the District's group health, life, and dental insurance program and facilitate financing for the acquisition of facilities and equipment, respectively. Due to the substantive economic relationships between the District and the VEBT and Leasing Corporation, their financial activities have been included as an integral part of the primary government.

### **Fund Financial Statements**

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

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General Fund, Special Revenue – Other Fund, Debt Service – Other Fund, and the Capital Projects – Other Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

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

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

**Fiduciary Funds:** Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, 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 a private-purpose trust fund to account for scholarship funds established by private donors.

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

The District uses agency funds to account for resources held for student activities and groups.

### **Notes to Financial Statements**

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

### **Other Information**

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. The following is a summary of the District's net position as of June 30, 2020, compared to net position as of June 30, 2019:

### Net Position, End of Year

|                                       | Governmental<br>Activities |                          | Business-Type<br>Activities |                     | Total                    |                          |
|---------------------------------------|----------------------------|--------------------------|-----------------------------|---------------------|--------------------------|--------------------------|
|                                       | 6-30-20                    | 6-30-19                  | 6-30-20                     | 6-30-19             | 6-30-20                  | 6-30-19                  |
| Current and Other Assets              | \$ 132,327,428.31          | \$ 140,951,656.22        | \$ 239.45                   | \$ 15,805.00        | \$ 132,327,667.76        | \$ 140,967,461.22        |
| Capital Assets                        | 436,334,812.55             | 423,956,235.00           | -                           | -                   | 436,334,812.55           | 423,956,235.00           |
| <b>Total Assets</b>                   | <u>568,662,240.86</u>      | <u>564,907,891.22</u>    | <u>239.45</u>               | <u>15,805.00</u>    | <u>568,662,480.31</u>    | <u>564,923,696.22</u>    |
| <b>Deferred Outflows of Resources</b> | <u>79,283,930.00</u>       | <u>73,371,034.00</u>     | <u>-</u>                    | <u>-</u>            | <u>79,283,930.00</u>     | <u>73,371,034.00</u>     |
| Long-Term Liabilities                 | 425,956,230.00             | 406,967,183.00           | -                           | -                   | 425,956,230.00           | 406,967,183.00           |
| Other Liabilities                     | 16,359,846.27              | 18,327,610.00            | 161.24                      | 184.38              | 16,360,007.51            | 18,327,794.38            |
| <b>Total Liabilities</b>              | <u>442,316,076.27</u>      | <u>425,294,793.00</u>    | <u>161.24</u>               | <u>184.38</u>       | <u>442,316,237.51</u>    | <u>425,294,977.38</u>    |
| <b>Deferred Inflows of Resources</b>  | <u>23,191,909.00</u>       | <u>27,222,528.00</u>     | <u>-</u>                    | <u>-</u>            | <u>23,191,909.00</u>     | <u>27,222,528.00</u>     |
| Net Position:                         |                            |                          |                             |                     |                          |                          |
| Net Investment in Capital Assets      | 279,479,891.08             | 256,072,703.00           | -                           | -                   | 279,479,891.08           | 256,072,703.00           |
| Restricted                            | 75,825,942.63              | 79,511,823.00            | -                           | -                   | 75,825,942.63            | 79,511,823.00            |
| Unrestricted (Deficit)                | <u>(172,867,648.12)</u>    | <u>(149,822,921.78)</u>  | <u>78.21</u>                | <u>15,620.62</u>    | <u>(172,867,569.91)</u>  | <u>(149,807,301.16)</u>  |
| <b>Total Net Position</b>             | <u>\$ 182,438,185.59</u>   | <u>\$ 185,761,604.22</u> | <u>\$ 78.21</u>             | <u>\$ 15,620.62</u> | <u>\$ 182,438,263.80</u> | <u>\$ 185,777,224.84</u> |

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

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was the result, in part, of accruing \$29,887,303 in compensated absences payable, \$30,813,518 in other postemployment benefits payable, and \$206,003,749 in net pension liability.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2020, and June 30, 2019, are as follows:

## Operating Results for the Fiscal Year Ended

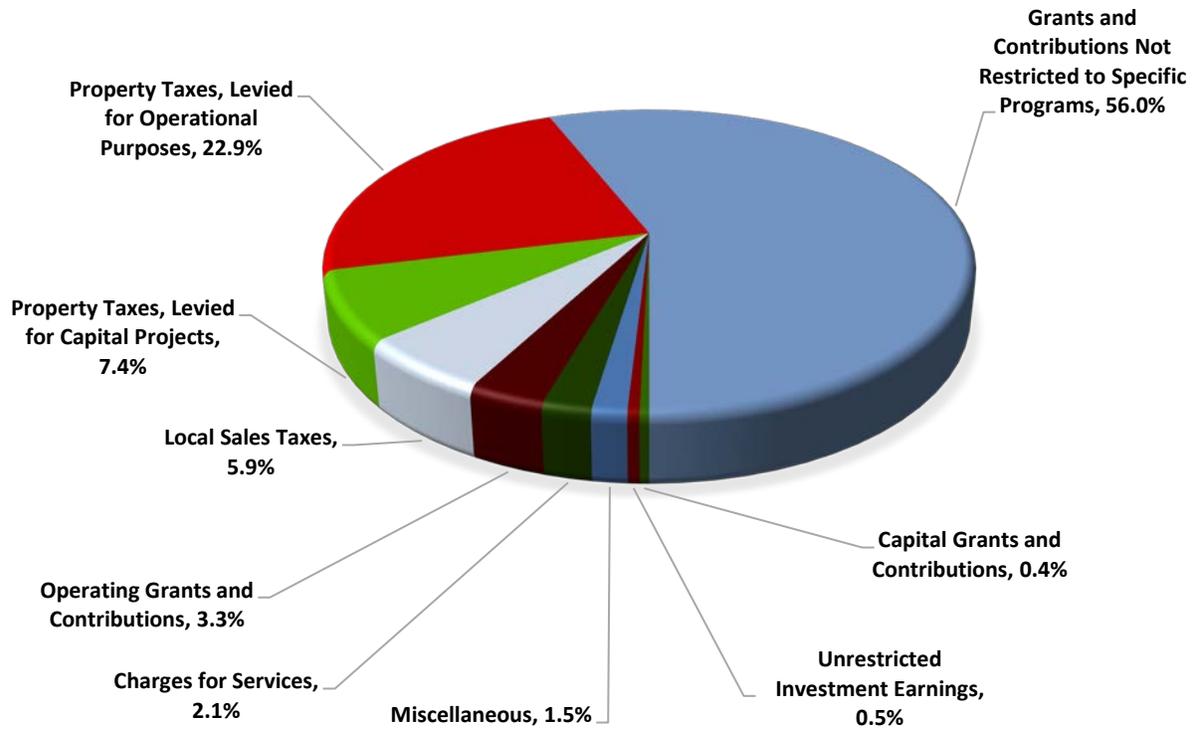
|  | Governmental<br>Activities |                          | Business-Type<br>Activities |                     | Total                    |                          |
|--|----------------------------|--------------------------|-----------------------------|---------------------|--------------------------|--------------------------|
|  | 6-30-20                    | 6-30-19                  | 6-30-20                     | 6-30-19             | 6-30-20                  | 6-30-19                  |
| Program Revenues:  |                            |                          |                             |                     |                          |                          |
| Charges for Services   | \$ 7,905,615.32            | \$ 9,415,425.00          | \$ -                        | \$ -                | \$ 7,905,615.32          | \$ 9,415,425.00          |
| Operating Grants and Contributions                           | 12,210,525.66              | 13,023,355.00            | -                           | -                   | 12,210,525.66            | 13,023,355.00            |
| Capital Grants and Contributions                             | 1,395,080.61               | 4,242,867.00             | -                           | -                   | 1,395,080.61             | 4,242,867.00             |
| General Revenues:  |                            |                          |                             |                     |                          |                          |
| Property Taxes, Levied for Operational Purposes              | 85,459,982.66              | 84,052,737.00            | -                           | -                   | 85,459,982.66            | 84,052,737.00            |
| Property Taxes, Levied for Debt Service                      | 0.11                       | -                        | -                           | -                   | 0.11                     | -                        |
| Property Taxes, Levied for Capital Projects                  | 27,462,481.85              | 26,021,120.00            | -                           | -                   | 27,462,481.85            | 26,021,120.00            |
| Local Sales Taxes  | 21,976,463.27              | 23,103,478.00            | -                           | -                   | 21,976,463.27            | 23,103,478.00            |
| Grants and Contributions Not Restricted to Specific Programs | 209,101,426.57             | 205,961,659.00           | -                           | -                   | 209,101,426.57           | 205,961,659.00           |
| Unrestricted Investment Earnings                             | 1,937,093.69               | 3,324,806.00             | 149.64                      | 401.00              | 1,937,243.33             | 3,325,207.00             |
| Miscellaneous  | 5,758,752.78               | 6,281,729.22             | -                           | -                   | 5,758,752.78             | 6,281,729.22             |
| <b>Total Revenues</b>  | <b>373,207,422.52</b>      | <b>375,427,176.22</b>    | <b>149.64</b>               | <b>401.00</b>       | <b>373,207,572.16</b>    | <b>375,427,577.22</b>    |
| Functions/Program Expenses:                                  |                            |                          |                             |                     |                          |                          |
| Instruction  | 190,358,414.76             | 181,897,484.00           | -                           | -                   | 190,358,414.76           | 181,897,484.00           |
| Student Support Services                                     | 11,956,640.97              | 11,629,757.00            | -                           | -                   | 11,956,640.97            | 11,629,757.00            |
| Instructional Media Services                                 | 4,470,676.21               | 3,685,199.00             | -                           | -                   | 4,470,676.21             | 3,685,199.00             |
| Instruction and Curriculum Development Services              | 14,527,535.87              | 12,776,453.00            | -                           | -                   | 14,527,535.87            | 12,776,453.00            |
| Instructional Staff Training Services                        | 1,334,359.99               | 1,616,884.00             | -                           | -                   | 1,334,359.99             | 1,616,884.00             |
| Instruction-Related Technology Board                         | 2,890,107.52               | 3,357,246.00             | -                           | -                   | 2,890,107.52             | 3,357,246.00             |
| General Administration                                       | 1,187,608.83               | 1,580,794.00             | -                           | -                   | 1,187,608.83             | 1,580,794.00             |
| School Administration  | 2,383,942.96               | 2,578,343.00             | -                           | -                   | 2,383,942.96             | 2,578,343.00             |
| Facilities Acquisition and Construction                      | 25,257,924.91              | 23,403,047.00            | -                           | -                   | 25,257,924.91            | 23,403,047.00            |
| Fiscal Services  | 6,128,133.06               | 9,693,163.00             | -                           | -                   | 6,128,133.06             | 9,693,163.00             |
| Food Services  | 2,666,999.31               | 2,708,775.00             | -                           | -                   | 2,666,999.31             | 2,708,775.00             |
| Central Services   | 14,822,763.01              | 14,908,779.00            | -                           | -                   | 14,822,763.01            | 14,908,779.00            |
| Student Transportation Services                              | 9,283,428.90               | 7,861,437.00             | -                           | -                   | 9,283,428.90             | 7,861,437.00             |
| Operation of Plant   | 14,427,787.87              | 14,939,729.00            | -                           | -                   | 14,427,787.87            | 14,939,729.00            |
| Maintenance of Plant   | 24,018,706.08              | 19,989,330.00            | -                           | -                   | 24,018,706.08            | 19,989,330.00            |
| Administrative Technology Services                           | 10,538,630.52              | 10,379,032.00            | -                           | -                   | 10,538,630.52            | 10,379,032.00            |
| Community Services   | 5,320,874.52               | 5,165,483.00             | -                           | -                   | 5,320,874.52             | 5,165,483.00             |
| Unallocated Interest on Long-Term Debt                       | 7,559,136.78               | 8,029,378.00             | -                           | -                   | 7,559,136.78             | 8,029,378.00             |
| Unallocated Depreciation Expense                             | 5,507,231.72               | 5,804,772.00             | -                           | -                   | 5,507,231.72             | 5,804,772.00             |
| Loss on Disposal of Capital Assets                           | 20,244,027.48              | 19,702,490.00            | -                           | -                   | 20,244,027.48            | 19,702,490.00            |
| District Permitting Office                                   | 1,645,909.88               | 884,647.00               | -                           | -                   | 1,645,909.88             | 884,647.00               |
|  | -                          | -                        | 15,692.05                   | 23,427.38           | 15,692.05                | 23,427.38                |
| <b>Total Functions/Program Expenses</b>                      | <b>376,530,841.15</b>      | <b>362,592,222.00</b>    | <b>15,692.05</b>            | <b>23,427.38</b>    | <b>376,546,533.20</b>    | <b>362,615,649.38</b>    |
| <b>Change in Net Position</b>                                | <b>(3,323,418.63)</b>      | <b>12,834,954.22</b>     | <b>(15,542.41)</b>          | <b>(23,026.38)</b>  | <b>(3,338,961.04)</b>    | <b>12,811,927.84</b>     |
| Net Position - Beginning                                     | 185,761,604.22             | 172,339,875.00           | 15,620.62                   | 38,647.00           | 185,777,224.84           | 172,378,522.00           |
| Adjustment to Beginning Net Position (1)                     | -                          | 586,775.00               | -                           | -                   | -                        | 586,775.00               |
| Net Position - Beginning, as Restated                        | 185,761,604.22             | 172,926,650.00           | 15,620.62                   | 38,647.00           | 185,777,224.84           | 172,965,297.00           |
| <b>Net Position - Ending</b>                                 | <b>\$ 182,438,185.59</b>   | <b>\$ 185,761,604.22</b> | <b>\$ 78.21</b>             | <b>\$ 15,620.62</b> | <b>\$ 182,438,263.80</b> | <b>\$ 185,777,224.84</b> |

Note: (1) In the 2018-19 fiscal year, the adjustment to beginning net position was due to the correction of certain errors in the District's capital assets and accumulated depreciation balances.

The largest revenue source is the State of Florida (48.5 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP funding formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

The following chart depicts the distribution of revenues of the District as a whole for the 2019-20 fiscal year.

**Governmental Activities  
Revenues by Source – Statement of Activities  
2019-20 Fiscal Year**

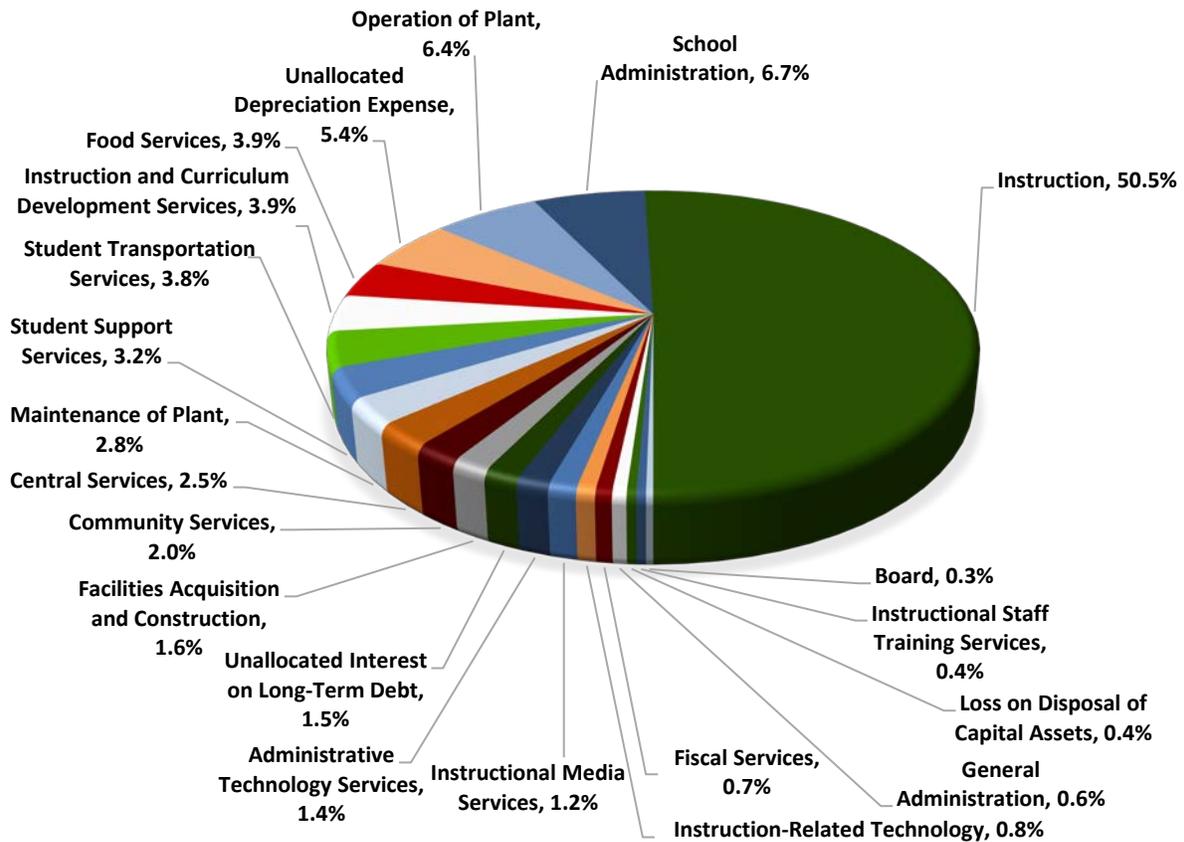


Key elements of the change in net position are as follows:

- Overall revenues decreased \$2,220,005.06, or 0.6 percent.
- Overall expenses increased by \$13,930,883.82, or 3.8 percent.
- Instruction expense increased by \$8,460,930.76, or 4.7 percent, from previous fiscal year due mainly from the amortization of the increase in net pension liability.

The following chart depicts the distribution of expenditures of the District as a whole for the 2019-20 fiscal year.

**Governmental Activities  
Expenses – Statement of Activities  
2019-20 Fiscal Year**



**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

**Governmental Funds**

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

The total fund balances of governmental funds decreased by \$6,656,464.18 during the fiscal year to \$115,967,582.04 at June 30, 2020. Approximately 25.8 percent of this amount is unassigned fund balance (\$29,899,822.82), which is available for spending at the District's discretion. The remainder of the fund balance is nonspendable, restricted, or assigned to indicate that it is (1) not in spendable form (\$2,097,395.19), (2) restricted for particular purposes (\$72,478,624.56), or (3) assigned for particular purposes (\$11,491,739.47).

## **Major Governmental Funds**

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is \$29,963,772.90, while the total fund balance is \$51,110,781.61. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is 15 percent of the total General Fund revenues, while total fund balance represents 18.4 percent of total General Fund revenues. Revenues and transfers exceeded expenditures by \$1,148,649.66 in the current fiscal year, compared to expenditures exceeding revenues and transfers by \$780,614 in the prior fiscal year.

The Special Revenue – Other Fund has total revenues and expenditures of \$27,473,435.80 each. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

Debt Service Fund – Other Fund has revenues totaling \$2,053,594.72, of which \$1,782,781.68 is receipts for payments from the IRS on Federal Stimulus bonds. The total fund balance is \$20,772,392.16.

The Capital Projects – Other Fund has a total fund balance of \$13,915,062.74 which is restricted for the acquisition, construction, and maintenance of capital assets. Of the total fund balances, \$9,046,162.44 has been encumbered for several renovation and remodeling projects. The fund balances decreased in the current fiscal year due to an increase in major construction projects.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the 2019-20 fiscal year, the District amended its General Fund budget several times, which resulted in a slight decrease in final budgeted revenues of \$404,279.62 and an insignificant increase in final appropriations of \$3,702,456.65.

Actual revenues are in line with the final budgeted amounts while actual expenditures are \$32,217,315.52, or 10.3 percent, less than final budget amounts. The decrease in expenditures was primarily due to continued cost containment measures implemented by the District. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$32,217,315.52.

### **CAPITAL ASSETS AND LONG-TERM DEBT**

#### **Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2020, is \$436,334,812.55 (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio-visual materials and computer software.

Major capital asset events included the following:

- Several renovations and additions to schools and other projects were ongoing during the year totaling \$31,929,983.91.
- Disposal of land, buildings, equipment, vehicles, and software net of depreciation totaled \$1,645,909.88.
- Depreciation expense totaled \$20,244,027.48

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

**Capital Assets (Net of Depreciation)**

|                                    | <b>Governmental Activities</b> |                          |
|------------------------------------|--------------------------------|--------------------------|
|                                    | <b>6-30-20</b>                 | <b>6-30-19</b>           |
| Land                               | \$ 17,543,679.00               | \$ 17,544,679.00         |
| Construction in Progress           | 51,226,100.07                  | 38,456,794.00            |
| Improvements Other Than Buildings  | 19,942,329.12                  | 16,097,462.00            |
| Buildings and Fixed Equipment      | 329,544,953.36                 | 329,387,247.00           |
| Furniture, Fixtures, and Equipment | 9,259,083.00                   | 10,008,492.00            |
| Motor Vehicles                     | 6,920,729.00                   | 8,734,643.00             |
| Audio Visual Materials             | 607,247.00                     | 1,361,237.00             |
| Computer Software                  | 1,290,692.00                   | 2,365,681.00             |
| Total Capital Assets               | <u>\$ 436,334,812.55</u>       | <u>\$ 423,956,235.00</u> |

**Long-Term Debt**

At June 30, 2020, the District has \$154,337,891 total capital asset-related debt outstanding. This amount is comprised of \$95,402,240 of certificates of participation payable, \$55,163,699 of bonds payable, and a \$3,771,952 installment-purchase payable.

|                                       | <b>Governmental Activities</b> |                       |
|---------------------------------------|--------------------------------|-----------------------|
|                                       | <b>6-30-20</b>                 | <b>6-30-19</b>        |
| Installment-Purchase Payable          | \$ 3,771,952                   | \$ 4,668,439          |
| State School/Sales Tax Revenue Bonds  | 55,163,699                     | 61,020,853            |
| Certificates of Participation Payable | 95,402,240                     | 102,194,240           |
| Total Long Term Debt                  | <u>\$ 154,337,891</u>          | <u>\$ 167,883,532</u> |

Additional information on the District’s long-term debt can be found in Notes I.F.6. and II.H. to the financial statements.

**OTHER MATTERS OF SIGNIFICANCE**

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

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

## REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer, Leon County School District, 2757 West Pensacola Street, Tallahassee, Florida, 32304.

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# BASIC FINANCIAL STATEMENTS

## Leon County District School Board Statement of Net Position June 30, 2020

|  | Primary Government         |                             |                          | Component<br>Units   |
|--|----------------------------|-----------------------------|--------------------------|----------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total                    |                      |
| <b>ASSETS</b>  |                            |                             |                          |                      |
| Cash and Cash Equivalents                            | \$ 78,526,657.17           | \$ 239.45                   | \$ 78,526,896.62         | \$ 4,485,471.00      |
| Investments  | 268,435.61                 | -                           | 268,435.61               | -                    |
| Accounts Receivable                                  | 854,050.62                 | -                           | 854,050.62               | 16,083.00            |
| Due from Other Agencies                              | 10,804,557.88              | -                           | 10,804,557.88            | 223,510.00           |
| Prepaid Items  | 5,379.10                   | -                           | 5,379.10                 | 54,404.00            |
| Inventories  | 2,097,395.19               | -                           | 2,097,395.19             | -                    |
| Other Assets   | -                          | -                           | -                        | 178,110.00           |
| Restricted Assets:                                   |                            |                             |                          |                      |
| Cash Equivalents with Fiscal Agents                  | 36,438,671.10              | -                           | 36,438,671.10            | 93,146.00            |
| Investments with Fiscal Agents                       | 3,332,281.64               | -                           | 3,332,281.64             | -                    |
| Capital Assets:                                      |                            |                             |                          |                      |
| Nondepreciable Capital Assets                        | 68,769,779.07              | -                           | 68,769,779.07            | 590,436.00           |
| Depreciable Capital Assets, Net                      | 367,565,033.48             | -                           | 367,565,033.48           | 16,066,089.00        |
| <b>TOTAL ASSETS</b>                                  | <b>568,662,240.86</b>      | <b>239.45</b>               | <b>568,662,480.31</b>    | <b>21,707,249.00</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                |                            |                             |                          |                      |
| OPEB   | 2,418,126.00               | -                           | 2,418,126.00             | -                    |
| Pensions   | 76,865,804.00              | -                           | 76,865,804.00            | 2,451,295.00         |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>          | <b>79,283,930.00</b>       | <b>-</b>                    | <b>79,283,930.00</b>     | <b>2,451,295.00</b>  |
| <b>LIABILITIES</b>                                   |                            |                             |                          |                      |
| Accrued Salaries and Benefits                        | 9,021,530.10               | -                           | 9,021,530.10             | 151,538.00           |
| Payroll Deductions and Withholdings                  | 1,272,691.38               | -                           | 1,272,691.38             | -                    |
| Accounts Payable                                     | 2,115,945.54               | 161.24                      | 2,116,106.78             | 1,388,022.00         |
| Construction Contracts Payable                       | 1,608,326.61               | -                           | 1,608,326.61             | -                    |
| Construction Contracts Payable - Retained Percentage | 908,703.86                 | -                           | 908,703.86               | -                    |
| Loans Payable  | -                          | -                           | -                        | 476,250.00           |
| Due to Other Agencies                                | 486,681.05                 | -                           | 486,681.05               | -                    |
| Matured Interest Payable                             | 3,370.44                   | -                           | 3,370.44                 | -                    |
| Deposits Payable                                     | 331,734.29                 | -                           | 331,734.29               | -                    |
| Unearned Revenue                                     | 610,863.00                 | -                           | 610,863.00               | 13,779.00            |
| Long-Term Liabilities:                               |                            |                             |                          |                      |
| Portion Due Within 1 Year                            | 21,905,832.00              | -                           | 21,905,832.00            | 445,099.00           |
| Portion Due After 1 Year                             | 404,050,398.00             | -                           | 404,050,398.00           | 21,037,973.00        |
| <b>TOTAL LIABILITIES</b>                             | <b>442,316,076.27</b>      | <b>161.24</b>               | <b>442,316,237.51</b>    | <b>23,512,661.00</b> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                 |                            |                             |                          |                      |
| OPEB   | 2,901,302.00               | -                           | 2,901,302.00             | -                    |
| Pensions   | 20,290,607.00              | -                           | 20,290,607.00            | 320,229.00           |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>           | <b>23,191,909.00</b>       | <b>-</b>                    | <b>23,191,909.00</b>     | <b>320,229.00</b>    |
| <b>NET POSITION</b>                                  |                            |                             |                          |                      |
| Net Investment in Capital Assets                     | 279,479,891.08             | -                           | 279,479,891.08           | (130,085.00)         |
| Restricted for:                                      |                            |                             |                          |                      |
| State Required Carryover Programs                    | 8,452,111.73               | -                           | 8,452,111.73             | -                    |
| Debt Service   | 39,608,672.62              | -                           | 39,608,672.62            | -                    |
| Capital Projects                                     | 26,934,870.68              | -                           | 26,934,870.68            | 123,880.00           |
| Food Service   | 830,287.60                 | -                           | 830,287.60               | -                    |
| Other Purposes                                       | -                          | -                           | -                        | 111,564.00           |
| Committed  | -                          | -                           | -                        | 132,731.00           |
| Unrestricted (Deficit)                               | (172,867,648.12)           | 78.21                       | (172,867,569.91)         | 87,564.00            |
| <b>TOTAL NET POSITION</b>                            | <b>\$ 182,438,185.59</b>   | <b>\$ 78.21</b>             | <b>\$ 182,438,263.80</b> | <b>\$ 325,654.00</b> |

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

**Leon County District School Board  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020**

| Functions/Programs   | Expenses                 | Program Revenues       |                                    |                                  |
|--|--------------------------|------------------------|------------------------------------|----------------------------------|
|  |                          | Charges for Services   | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary Government</b>                                    |                          |                        |                                    |                                  |
| <b>Governmental Activities:</b>                              |                          |                        |                                    |                                  |
| Instruction  | \$ 190,358,414.76        | \$ 6,777,270.73        | \$ -                               | \$ -                             |
| Student Support Services                                     | 11,956,640.97            | -                      | -                                  | -                                |
| Instructional Media Services                                 | 4,470,676.21             | -                      | -                                  | -                                |
| Instruction and Curriculum Development Services              | 14,527,535.87            | -                      | -                                  | -                                |
| Instructional Staff Training Services                        | 1,334,359.99             | -                      | -                                  | -                                |
| Instruction-Related Technology                               | 2,890,107.52             | -                      | -                                  | -                                |
| Board  | 1,187,608.83             | -                      | -                                  | -                                |
| General Administration                                       | 2,383,942.96             | -                      | -                                  | -                                |
| School Administration  | 25,257,924.91            | -                      | -                                  | -                                |
| Facilities Acquisition and Construction                      | 6,128,133.06             | -                      | -                                  | 1,213,011.04                     |
| Fiscal Services  | 2,666,999.31             | -                      | -                                  | -                                |
| Food Services  | 14,822,763.01            | 1,128,344.59           | 11,372,976.66                      | -                                |
| Central Services   | 9,283,428.90             | -                      | -                                  | -                                |
| Student Transportation Services                              | 14,427,787.87            | -                      | -                                  | -                                |
| Operation of Plant   | 24,018,706.08            | -                      | -                                  | -                                |
| Maintenance of Plant   | 10,538,630.52            | -                      | 837,549.00                         | -                                |
| Administrative Technology Services                           | 5,320,874.52             | -                      | -                                  | -                                |
| Community Services   | 7,559,136.78             | -                      | -                                  | -                                |
| Unallocated Interest on Long-Term Debt                       | 5,507,231.72             | -                      | -                                  | 182,069.57                       |
| Unallocated Depreciation Expense                             | 20,244,027.48            | -                      | -                                  | -                                |
| Loss on Disposal of Capital Assets                           | 1,645,909.88             | -                      | -                                  | -                                |
| <b>Total Governmental Activities</b>                         | <b>376,530,841.15</b>    | <b>7,905,615.32</b>    | <b>12,210,525.66</b>               | <b>1,395,080.61</b>              |
| <b>Business-Type Activities:</b>                             |                          |                        |                                    |                                  |
| District Permitting Office                                   | 15,692.05                | -                      | -                                  | -                                |
| <b>Total Primary Government</b>                              | <b>\$ 376,546,533.20</b> | <b>\$ 7,905,615.32</b> | <b>\$ 12,210,525.66</b>            | <b>\$ 1,395,080.61</b>           |
| <b>Component Units</b>                                       |                          |                        |                                    |                                  |
| Charter Schools/Educational Foundation                       | \$ 16,170,180.00         | \$ 460,439.00          | \$ 1,635,266.00                    | \$ 837,649.00                    |
| <b>General Revenues:</b>                                     |                          |                        |                                    |                                  |
| Taxes:   |                          |                        |                                    |                                  |
| Property Taxes, Levied for Operational Purposes              |                          |                        |                                    |                                  |
| Property Taxes, Levied for Debt Service                      |                          |                        |                                    |                                  |
| Property Taxes, Levied for Capital Projects                  |                          |                        |                                    |                                  |
| Local Sales Taxes  |                          |                        |                                    |                                  |
| Grants and Contributions Not Restricted to Specific Programs |                          |                        |                                    |                                  |
| Unrestricted Investment Earnings                             |                          |                        |                                    |                                  |
| Miscellaneous  |                          |                        |                                    |                                  |
| <b>Total General Revenues</b>                                |                          |                        |                                    |                                  |
| <b>Change in Net Position</b>                                |                          |                        |                                    |                                  |
| Net Position - Beginning                                     |                          |                        |                                    |                                  |
| <b>Net Position - Ending</b>                                 |                          |                        |                                    |                                  |

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

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

| <b>Primary Government</b>          |                                     |                          |                            |
|------------------------------------|-------------------------------------|--------------------------|----------------------------|
| <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>             | <b>Component<br/>Units</b> |
| \$ (183,581,144.03)                | \$ -                                | \$ (183,581,144.03)      | \$ -                       |
| (11,956,640.97)                    | -                                   | (11,956,640.97)          | -                          |
| (4,470,676.21)                     | -                                   | (4,470,676.21)           | -                          |
| (14,527,535.87)                    | -                                   | (14,527,535.87)          | -                          |
| (1,334,359.99)                     | -                                   | (1,334,359.99)           | -                          |
| (2,890,107.52)                     | -                                   | (2,890,107.52)           | -                          |
| (1,187,608.83)                     | -                                   | (1,187,608.83)           | -                          |
| (2,383,942.96)                     | -                                   | (2,383,942.96)           | -                          |
| (25,257,924.91)                    | -                                   | (25,257,924.91)          | -                          |
| (4,915,122.02)                     | -                                   | (4,915,122.02)           | -                          |
| (2,666,999.31)                     | -                                   | (2,666,999.31)           | -                          |
| (2,321,441.76)                     | -                                   | (2,321,441.76)           | -                          |
| (9,283,428.90)                     | -                                   | (9,283,428.90)           | -                          |
| (14,427,787.87)                    | -                                   | (14,427,787.87)          | -                          |
| (24,018,706.08)                    | -                                   | (24,018,706.08)          | -                          |
| (9,701,081.52)                     | -                                   | (9,701,081.52)           | -                          |
| (5,320,874.52)                     | -                                   | (5,320,874.52)           | -                          |
| (7,559,136.78)                     | -                                   | (7,559,136.78)           | -                          |
| (5,325,162.15)                     | -                                   | (5,325,162.15)           | -                          |
| (20,244,027.48)                    | -                                   | (20,244,027.48)          | -                          |
| (1,645,909.88)                     | -                                   | (1,645,909.88)           | -                          |
| <u>(355,019,619.56)</u>            | <u>-</u>                            | <u>(355,019,619.56)</u>  | <u>-</u>                   |
| -                                  | (15,692.05)                         | (15,692.05)              | -                          |
| <u>(355,019,619.56)</u>            | <u>(15,692.05)</u>                  | <u>(355,035,311.61)</u>  | <u>-</u>                   |
| -                                  | -                                   | -                        | (13,236,826.00)            |
| 85,459,982.66                      | -                                   | 85,459,982.66            | 8,809,622.00               |
| 0.11                               | -                                   | 0.11                     | -                          |
| 27,462,481.85                      | -                                   | 27,462,481.85            | -                          |
| 21,976,463.27                      | -                                   | 21,976,463.27            | -                          |
| 209,101,426.57                     | -                                   | 209,101,426.57           | 4,167,996.00               |
| 1,937,093.69                       | 149.64                              | 1,937,243.33             | 22,613.00                  |
| 5,758,752.78                       | -                                   | 5,758,752.78             | 120,557.00                 |
| <u>351,696,200.93</u>              | <u>149.64</u>                       | <u>351,696,350.57</u>    | <u>13,120,788.00</u>       |
| (3,323,418.63)                     | (15,542.41)                         | (3,338,961.04)           | (116,038.00)               |
| <u>185,761,604.22</u>              | <u>15,620.62</u>                    | <u>185,777,224.84</u>    | <u>441,692.00</u>          |
| <u>\$ 182,438,185.59</u>           | <u>\$ 78.21</u>                     | <u>\$ 182,438,263.80</u> | <u>\$ 325,654.00</u>       |

**Leon County District School Board  
Balance Sheet – Governmental Funds  
June 30, 2020**

|  | <u>General<br/>Fund</u> | <u>Special Revenue -<br/>Other<br/>Fund</u> | <u>Debt Service -<br/>Other<br/>Fund</u> |
|--|-------------------------|---|--|
| <b>ASSETS</b>  |                         |   |  |
| Cash and Cash Equivalents                            | \$ 54,352,936.69        | \$ -  | \$ 112,325.33                            |
| Investments  | 251,171.50              | -   | -  |
| Accounts Receivable                                  | 853,135.62              | -   | -  |
| Due from Other Funds                                 | 5,569,574.13            | 227,017.98                                  | -  |
| Due from Other Agencies                              | 275,249.48              | 5,251,706.32                                | -  |
| Prepaid Items  | 5,379.10                | -   | -  |
| Inventories  | 1,203,157.51            | -   | -  |
| Restricted Assets:                                   |                         |   |  |
| Cash Equivalents with Fiscal Agents                  | 100,000.00              | -   | 17,327,785.19                            |
| Investments with Fiscal Agents                       | -                       | -   | 3,332,281.64                             |
| <b>TOTAL ASSETS</b>                                  | <u>\$ 62,610,604.03</u> | <u>\$ 5,478,724.30</u>                      | <u>\$ 20,772,392.16</u>                  |
| <b>LIABILITIES AND FUND BALANCES</b>                 |                         |   |  |
| Liabilities:   |                         |   |  |
| Accrued Salaries and Benefits                        | \$ 8,301,689.70         | \$ 674,602.58                               | \$ -                                     |
| Payroll Deductions and Withholdings                  | 1,160,180.41            | 98,484.54                                   | -  |
| Accounts Payable                                     | 1,329,941.05            | 57,239.90                                   | -  |
| Construction Contracts Payable                       | -                       | -   | -  |
| Construction Contracts Payable - Retained Percentage | -                       | -   | -  |
| Due to Other Funds                                   | 227,017.98              | 4,642,709.51                                | -  |
| Due to Other Agencies                                | 480,993.28              | 5,687.77                                    | -  |
| Matured Interest Payable                             | -                       | -   | -  |
| Deposits Payable                                     | -                       | -   | -  |
| Unearned Revenue                                     | -                       | -   | -  |
| <b>Total Liabilities</b>                             | <u>11,499,822.42</u>    | <u>5,478,724.30</u>                         | <u>-</u>                                 |
| Fund Balances:                                       |                         |   |  |
| Nonspendable:  |                         |   |  |
| Inventories  | 1,203,157.51            | -   | -  |
| Restricted for:                                      |                         |   |  |
| State Required Carryover Programs                    | 8,452,111.73            | -   | -  |
| Debt Service   | -                       | -   | 20,772,392.16                            |
| Capital Projects                                     | -                       | -   | -  |
| Total Restricted Fund Balance                        | <u>8,452,111.73</u>     | <u>-</u>                                    | <u>20,772,392.16</u>                     |
| Assigned for:  |                         |   |  |
| Purchases on Order                                   | 493,444.90              | -   | -  |
| Specific Projects                                    | 10,998,294.57           | -   | -  |
| Total Assigned Fund Balance                          | <u>11,491,739.47</u>    | <u>-</u>                                    | <u>-</u>                                 |
| Unassigned Fund Balance                              | 29,963,772.90           | -   | -  |
| <b>Total Fund Balances</b>                           | <u>51,110,781.61</u>    | <u>-</u>                                    | <u>20,772,392.16</u>                     |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>           | <u>\$ 62,610,604.03</u> | <u>\$ 5,478,724.30</u>                      | <u>\$ 20,772,392.16</u>                  |

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

| <b>Capital Projects -<br/>Other<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---|---|
| \$ 11,997,712.49                             | \$ 12,063,682.66                        | \$ 78,526,657.17                        |
| -  | 17,264.11                               | 268,435.61                              |
| -  | 915.00                                  | 854,050.62                              |
| -  | 71,275.90                               | 5,867,868.01                            |
| 4,856,951.01                                 | 362,105.77                              | 10,746,012.58                           |
| -  | -                                       | 5,379.10                                |
| -  | 894,237.68                              | 2,097,395.19                            |
| 251.73                                       | 19,010,634.18                           | 36,438,671.10                           |
| -  | -                                       | 3,332,281.64                            |
| <u>\$ 16,854,915.23</u>                      | <u>\$ 32,420,115.30</u>                 | <u>\$ 138,136,751.02</u>                |
| <br>   |   |   |
| \$ -   | \$ 45,237.82                            | \$ 9,021,530.10                         |
| -  | 14,026.43                               | 1,272,691.38                            |
| -  | 728,764.59                              | 2,115,945.54                            |
| 1,538,355.49                                 | 69,971.12                               | 1,608,326.61                            |
| 790,634.00                                   | 118,069.86                              | 908,703.86                              |
| -  | 939,595.22                              | 5,809,322.71                            |
| -  | -                                       | 486,681.05                              |
| -  | 3,370.44                                | 3,370.44                                |
| -  | 331,734.29                              | 331,734.29                              |
| 610,863.00                                   | -                                       | 610,863.00                              |
| <u>2,939,852.49</u>                          | <u>2,250,769.77</u>                     | <u>22,169,168.98</u>                    |
| <br>   |   |   |
| -  | 894,237.68                              | 2,097,395.19                            |
| -  | -                                       | 8,452,111.73                            |
| -  | 18,836,280.46                           | 39,608,672.62                           |
| 13,915,062.74                                | 10,502,777.47                           | 24,417,840.21                           |
| <u>13,915,062.74</u>                         | <u>29,339,057.93</u>                    | <u>72,478,624.56</u>                    |
| <br>   |   |   |
| -  | -                                       | 493,444.90                              |
| -  | -                                       | 10,998,294.57                           |
| -  | -                                       | 11,491,739.47                           |
| -  | (63,950.08)                             | 29,899,822.82                           |
| 13,915,062.74                                | 30,169,345.53                           | 115,967,582.04                          |
| <u>\$ 16,854,915.23</u>                      | <u>\$ 32,420,115.30</u>                 | <u>\$ 138,136,751.02</u>                |

**Leon County District School Board  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2020**

**Total Fund Balances - Governmental Funds** \$ 115,967,582.04

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 436,334,812.55

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

|                                       |    |                        |               |
|---------------------------------------|----|------------------------|---------------|
| Deferred Outflows Related to OPEB     | \$ | 2,418,126.00           |               |
| Deferred Outflows Related to Pensions |    | 76,865,804.00          |               |
| Deferred Inflows Related to OPEB      |    | (2,901,302.00)         |               |
| Deferred Inflows Related to Pensions  |    | <u>(20,290,607.00)</u> | 56,092,021.00 |

Long-term liabilities are not due and payable in the fiscal year and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

|                                       |    |                        |                         |
|---------------------------------------|----|------------------------|-------------------------|
| Estimated Insurance Claims Payable    | \$ | (4,913,769.00)         |                         |
| Installment-Purchase Payable          |    | (3,771,952.00)         |                         |
| Bonds Payable                         |    | (55,163,699.00)        |                         |
| Certificates of Participation Payable |    | (95,402,240.00)        |                         |
| Compensated Absences Payable          |    | (29,887,303.00)        |                         |
| Net Pension Liability                 |    | (206,003,749.00)       |                         |
| Other Postemployment Benefits Payable |    | <u>(30,813,518.00)</u> | <u>(425,956,230.00)</u> |

**Net Position - Governmental Activities** \$ 182,438,185.59

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

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**Leon County District School Board  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances – Governmental Funds  
For the Fiscal Year Ended June 30, 2020**

|  | General<br>Fund         | Special Revenue -<br>Other<br>Fund | Debt Service -<br>Other<br>Fund |
|--|-------------------------|------------------------------------|---------------------------------|
| <b>Revenues</b>  |                         |                                    |                                 |
| Intergovernmental:                                       |                         |                                    |                                 |
| Federal Direct   | \$ 293,055.50           | \$ 2,784,089.18                    | \$ 1,782,781.68                 |
| Federal Through State and Local                          | 248,482.86              | 24,689,346.62                      | -                               |
| State  | 178,249,921.94          | -                                  | -                               |
| Local:   |                         |                                    |                                 |
| Property Taxes   | 85,459,982.66           | -                                  | -                               |
| Local Sales Taxes  | -                       | -                                  | -                               |
| Charges for Services - Food Service                      | -                       | -                                  | -                               |
| Miscellaneous  | 12,902,671.95           | -                                  | 270,813.04                      |
| Total Local Revenues                                     | <u>98,362,654.61</u>    | <u>-</u>                           | <u>270,813.04</u>               |
| <b>Total Revenues</b>                                    | <u>277,154,114.91</u>   | <u>27,473,435.80</u>               | <u>2,053,594.72</u>             |
| <b>Expenditures</b>                                      |                         |                                    |                                 |
| Current - Education:                                     |                         |                                    |                                 |
| Instruction  | 163,893,842.15          | 12,943,633.93                      | -                               |
| Student Support Services                                 | 10,118,303.88           | 995,022.86                         | -                               |
| Instructional Media Services                             | 4,135,625.31            | -                                  | -                               |
| Instruction and Curriculum Development Services          | 6,420,326.63            | 6,948,960.03                       | -                               |
| Instructional Staff Training Services                    | 478,573.31              | 806,467.06                         | -                               |
| Instruction-Related Technology                           | 2,535,415.25            | 151,738.50                         | -                               |
| Board  | 1,138,349.62            | -                                  | -                               |
| General Administration                                   | 1,176,968.74            | 1,131,298.27                       | -                               |
| School Administration                                    | 23,241,681.55           | -                                  | -                               |
| Facilities Acquisition and Construction                  | 1,388,217.92            | -                                  | -                               |
| Fiscal Services  | 2,463,250.34            | -                                  | -                               |
| Food Services  | -                       | -                                  | -                               |
| Central Services   | 8,073,662.01            | 603,481.24                         | -                               |
| Student Transportation Services                          | 12,511,904.96           | 979,106.00                         | -                               |
| Operation of Plant                                       | 23,342,625.95           | 2,840.01                           | -                               |
| Maintenance of Plant                                     | 9,860,292.58            | 3,326.00                           | -                               |
| Administrative Technology Services                       | 4,976,385.47            | -                                  | -                               |
| Community Services                                       | 4,595,522.74            | 2,793,959.48                       | -                               |
| Fixed Capital Outlay:                                    |                         |                                    |                                 |
| Facilities Acquisition and Construction                  | 303,499.22              | -                                  | -                               |
| Other Capital Outlay                                     | 588,282.62              | 113,602.42                         | -                               |
| Debt Service:  |                         |                                    |                                 |
| Principal  | -                       | -                                  | 7,688,488.09                    |
| Interest and Fiscal Charges                              | -                       | -                                  | 2,817,165.24                    |
| <b>Total Expenditures</b>                                | <u>281,242,730.25</u>   | <u>27,473,435.80</u>               | <u>10,505,653.33</u>            |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> | <u>(4,088,615.34)</u>   | <u>-</u>                           | <u>(8,452,058.61)</u>           |
| <b>Other Financing Sources (Uses)</b>                    |                         |                                    |                                 |
| Transfers In   | 5,787,265.00            | -                                  | 10,809,266.90                   |
| Issuance of Bonds  | -                       | -                                  | -                               |
| Premium on Sale of Bonds                                 | -                       | -                                  | -                               |
| Transfers Out  | (550,000.00)            | -                                  | -                               |
| <b>Total Other Financing Sources (Uses)</b>              | <u>5,237,265.00</u>     | <u>-</u>                           | <u>10,809,266.90</u>            |
| <b>Net Change in Fund Balances</b>                       | 1,148,649.66            | -                                  | 2,357,208.29                    |
| Fund Balances, Beginning                                 | 49,962,131.95           | -                                  | 18,415,183.87                   |
| <b>Fund Balances, Ending</b>                             | <u>\$ 51,110,781.61</u> | <u>\$ 0.00</u>                     | <u>\$ 20,772,392.16</u>         |

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

| <b>Capital Projects -<br/>Other<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---|---|
| \$ -   | \$ 850,823.76                           | \$ 5,710,750.12                         |
| -  | 11,203,868.66                           | 36,141,698.14                           |
| -  | 2,604,662.64                            | 180,854,584.58                          |
| -  | 27,462,481.96                           | 112,922,464.62                          |
| 21,976,463.27                                | -                                       | 21,976,463.27                           |
| -  | 1,128,344.59                            | 1,128,344.59                            |
| 653,665.59                                   | 640,568.42                              | 14,467,719.00                           |
| <u>22,630,128.86</u>                         | <u>29,231,394.97</u>                    | <u>150,494,991.48</u>                   |
| <u>22,630,128.86</u>                         | <u>43,890,750.03</u>                    | <u>373,202,024.32</u>                   |
| -  | -                                       | 176,837,476.08                          |
| -  | -                                       | 11,113,326.74                           |
| -  | -                                       | 4,135,625.31                            |
| -  | -                                       | 13,369,286.66                           |
| -  | -                                       | 1,285,040.37                            |
| -  | -                                       | 2,687,153.75                            |
| -  | -                                       | 1,138,349.62                            |
| -  | -                                       | 2,308,267.01                            |
| -  | -                                       | 23,241,681.55                           |
| 1,358,932.49                                 | 3,341,980.76                            | 6,089,131.17                            |
| -  | -                                       | 2,463,250.34                            |
| -  | 14,130,804.03                           | 14,130,804.03                           |
| -  | -                                       | 8,677,143.25                            |
| -  | -                                       | 13,491,010.96                           |
| -  | -                                       | 23,345,465.96                           |
| -  | -                                       | 9,863,618.58                            |
| -  | -                                       | 4,976,385.47                            |
| -  | -                                       | 7,389,482.22                            |
| 21,645,936.28                                | 9,980,548.41                            | 31,929,983.91                           |
| 1,342,627.51                                 | 294,018.45                              | 2,338,531.00                            |
| -  | 5,120,000.00                            | 12,808,488.09                           |
| -  | 3,527,219.39                            | 6,344,384.63                            |
| <u>24,347,496.28</u>                         | <u>36,394,571.04</u>                    | <u>379,963,886.70</u>                   |
| <u>(1,717,367.42)</u>                        | <u>7,496,178.99</u>                     | <u>(6,761,862.38)</u>                   |
| 550,000.00                                   | 8,652,549.32                            | 25,799,081.22                           |
| -  | 100,000.00                              | 100,000.00                              |
| -  | 5,398.20                                | 5,398.20                                |
| <u>(7,450,070.00)</u>                        | <u>(17,799,011.22)</u>                  | <u>(25,799,081.22)</u>                  |
| <u>(6,900,070.00)</u>                        | <u>(9,041,063.70)</u>                   | <u>105,398.20</u>                       |
| (8,617,437.42)                               | (1,544,884.71)                          | (6,656,464.18)                          |
| <u>22,532,500.16</u>                         | <u>31,714,230.24</u>                    | <u>122,624,046.22</u>                   |
| <u>\$ 13,915,062.74</u>                      | <u>\$ 30,169,345.53</u>                 | <u>\$ 115,967,582.04</u>                |

**Leon County District School Board**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2020**

**Net Change in Fund Balances - Governmental Funds** \$ (6,656,464.18)

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current fiscal year. 14,024,487.43

The loss on the disposal of capital assets during the current fiscal year is reported in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the fiscal year purchased. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the disposed assets. (1,645,909.88)

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

|                 |                 |               |
|-----------------|-----------------|---------------|
| Debt Issued     | \$ (100,000.00) |               |
| Debt Refunded   | 105,000.00      |               |
| Debt Repayments | 12,808,488.09   | 12,813,488.09 |

Amortized expenses for deferred charges and premiums on debt issues not reported in the governmental funds. 732,152.91

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 paid in excess of the amount earned in the current fiscal year. 508,201.00

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

|   |                 |              |
|---|-----------------|--------------|
| Increase in Total OPEB Liability                  | \$ (395,521.00) |              |
| Increase in Deferred Outflows of Resources - OPEB | 711,495.00      |              |
| Increase in Deferred Inflows of Resources - OPEB  | (920,066.00)    | (604,092.00) |

The net increase in the liability for estimated insurance claims is reported in the statement of activities, but not in the governmental funds statements. (59,736.00)

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

|                          |                  |                 |
|--------------------------|------------------|-----------------|
| FRS Pension Contribution | \$ 12,662,828.00 |                 |
| HIS Pension Contribution | 3,124,005.00     |                 |
| FRS Pension Expense      | (33,467,524.00)  |                 |
| HIS Pension Expense      | (4,754,855.00)   | (22,435,546.00) |

**Change in Net Position - Governmental Activities** **\$ (3,323,418.63)**

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

**Leon County District School Board  
Statement of Net Position – Proprietary Fund  
June 30, 2020**

|                           | <u><b>Business-Type<br/>Activities -<br/>Nonmajor<br/>Enterprise Fund<br/>District<br/>Permitting Office</b></u> |
|---------------------------|--|
| <b>ASSETS</b>             |  |
| Current Assets:           |  |
| Cash and Cash Equivalents | <u>\$ 239.45</u>   |
| <b>LIABILITIES</b>        |  |
| Current Liabilities:      |  |
| Accounts Payable          | <u>161.24</u>  |
| <b>NET POSITION</b>       |  |
| Unrestricted              | <u><u>\$ 78.21</u></u>   |

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

**Leon County District School Board  
Statement of Revenues, Expenses, and Changes in Fund  
Net Position – Proprietary Fund  
For the Fiscal Year Ended June 30, 2020**

|                                    | <u><b>Business-Type<br/>Activities -<br/>Nonmajor<br/>Enterprise Fund<br/>District<br/>Permitting Office</b></u> |
|------------------------------------|--|
| <b>OPERATING EXPENSES</b>          |  |
| Purchased Services                 | \$ 10,072.38   |
| Materials and Supplies             | 1,121.06   |
| Capital Outlay                     | 1,369.81   |
| Other                              | <u>3,128.80</u>  |
| <b>Total Operating Expenses</b>    | <u>15,692.05</u>   |
| <b>Operating Loss</b>              | <u>(15,692.05)</u>   |
| <b>NONOPERATING REVENUES</b>       |  |
| Interest                           | <u>149.64</u>  |
| <b>Change in Net Position</b>      | (15,542.41)  |
| Total Net Position - Beginning     | <u>15,620.62</u>   |
| <b>Total Net Position - Ending</b> | <u><u>\$ 78.21</u></u>   |

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

**Leon County District School Board  
Statement of Cash Flows – Proprietary Fund  
For the Fiscal Year Ended June 30, 2020**

|   | <u><b>Business-Type<br/>Activities -<br/>Nonmajor<br/>Enterprise Fund<br/>District<br/>Permitting Office</b></u> |
|---|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>       |  |
| Cash Payments to Suppliers for Goods and Services | \$ (15,715.19)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |  |
| Interest Income                                   | 149.64   |
| <b>Net Decrease in Cash and Cash Equivalents</b>  | (15,565.55)  |
| Cash and Cash Equivalents, Beginning              | 15,805.00  |
| <b>Cash and Cash Equivalents, Ending</b>          | <u>\$ 239.45</u>   |

**Reconciliation of Operating Loss to Net Cash Used by Operating Activities:**

|  |                       |
|--|-----------------------|
| Operating Loss   | \$ (15,692.05)        |
| Adjustments to Reconcile Operating Loss to Net Cash<br>Used by Operating Activities: |                       |
| Changes in Assets and Liabilities:   |                       |
| Accounts Payable   | (23.14)               |
| <b>Net Cash Used by Operating Activities</b>   | <u>\$ (15,715.19)</u> |

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

**Leon County District School Board  
Statement of Fiduciary Net Position – Fiduciary Funds  
June 30, 2020**

|   | <b>Other Employee<br/>Benefits Trust<br/>Fund</b> | <b>Private-Purpose<br/>Trust<br/>Fund</b> | <b>Agency<br/>Funds</b>     |
|---|---|---|-----------------------------|
|   | <u>                    </u>                       | <u>                    </u>               | <u>                    </u> |
| <b>ASSETS</b>   |   |   |                             |
| Cash and Cash Equivalents                                 | \$ 13,374,057.90                                  | \$ 41,789.82                              | \$ 4,450,259.00             |
| Accounts Receivable                                       | -   | -   | 28,936.00                   |
| <b>TOTAL ASSETS</b>                                       | <u>\$ 13,374,057.90</u>                           | <u>\$ 41,789.82</u>                       | <u>\$ 4,479,195.00</u>      |
| <b>LIABILITIES</b>  |   |   |                             |
| Payroll Deductions and Withholdings                       | \$ 6,180,227.39                                   | \$ -                                      | \$ -                        |
| Due to Other Funds  | -   | -   | 58,545.30                   |
| Accounts Payable  | 9,376.00  | -   | -                           |
| Internal Accounts Payable                                 | -   | -   | 4,420,649.70                |
| <b>TOTAL LIABILITIES</b>                                  | <u>6,189,603.39</u>                               | <u>-</u>                                  | <u>\$ 4,479,195.00</u>      |
| <b>NET POSITION</b>                                       |   |   |                             |
| Held in Trust for Employee Benefits<br>and Other Purposes | <u>\$ 7,184,454.51</u>                            | <u>\$ 41,789.82</u>                       |                             |

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

**Leon County District School Board  
Statement of Changes in Fiduciary Net Position – Fiduciary Funds  
For the Fiscal Year Ended June 30, 2020**

|                                | <b>Other Employee<br/>Benefits Trust<br/>Fund</b> | <b>Private-Purpose<br/>Trust<br/>Fund</b> |
|--------------------------------|---|---|
| <b>ADDITIONS</b>               |   |   |
| <b>Contributions:</b>          |   |   |
| Employer                       | \$ 24,995,326.02                                  | \$ -                                      |
| Plan Members                   | 19,951,355.25                                     | -   |
| <b>Total Contributions</b>     | 44,946,681.27                                     | -   |
| <b>Investment Income:</b>      |   |   |
| Interest, Dividends, and Other | 23,046.47   | 1,052.89                                  |
| <b>Total Additions</b>         | 44,969,727.74                                     | 1,052.89                                  |
| <b>DEDUCTIONS</b>              |   |   |
| Purchased Services             | 39,816.70   | -   |
| Payments to Providers          | 42,816,654.01                                     | -   |
| <b>Total Deductions</b>        | 42,856,470.71                                     | -   |
| <b>Change in Net Position</b>  | 2,113,257.03                                      | 1,052.89                                  |
| Net Position - Beginning       | 5,071,197.48                                      | 40,736.93                                 |
| <b>Net Position - Ending</b>   | \$ 7,184,454.51                                   | \$ 41,789.82                              |

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

# **NOTES TO FINANCIAL STATEMENTS**

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## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Leon County School District's (District) governmental activities and for each segment of the business-type 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 is not readily associated with a particular function and is reported as unallocated.

### **B. Reporting Entity**

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

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

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

The District's employee group health, life, and dental insurance program, as well as its dependent care and medical expense reimbursement program, are administered through the Leon County District

School Board Voluntary Employee Benefits Trust (VEBT). Due to the substantive economic relationship between the District and the VEBT, the financial activities of the VEBT are reported in the accompanying basic financial statements. Separate financial statements for the VEBT are not published.

The Leon County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note II.H.2. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

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

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

The School of Arts and Sciences on Thomasville Road; the School of Arts and Sciences at the Centre; Stars Education Services, Inc.; and Governors Charter Academy (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. Each charter school operates under a charter approved by its sponsor, the Board. A portion of these not-for-profit corporations' funding comes from the District based on their weighted full-time equivalent student membership and the Legislature approved funding for the District. The charter schools are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charters, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District.

The financial data reported on the accompanying statements was derived from the Foundation's and charter schools' audited financial statements for the fiscal year ended June 30, 2020. The audit reports are filed in the District's administrative offices at 2757 West Pensacola Street, Tallahassee, Florida 32304-2998.

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

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

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

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

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Other Fund – to account for certain Federal grant program resources.
- Debt Service – Other Fund – to account for all funds transferred in to pay principal and interest payments on the Installment-Purchase and Certificates of Participation.
- Capital Projects – Other Fund – to account for various financial resources (e.g., certificates of participation, capital outlay sales tax, remediation assistance settlements) to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.

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

- Enterprise Fund – to account for the activities of the District Permitting Office.
- Other Employee Benefits Trust Fund – to account for resources used of the VEBT that administers the District's employee group health, life, and dental insurance programs, as well as the dependent care and medical expense reimbursement programs.
- Private-Purpose Trust Fund – to account for resources of the Frank Stoutamire Scholarship Trust Fund, the interest earnings of which are used for scholarships to students at Lively Technical Center.
- Agency Funds – to account for resources of the school internal funds, which are used to administer moneys collected at several schools in connection with school, student athletic, class, and club activities.

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

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

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

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

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

The proprietary, other employee benefits trust, and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

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

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

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

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 3 months or less from the date of acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits, except for cash with fiscal agents, are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. Cash equivalents and investments with fiscal agents are uncollateralized, but held in a trust capacity both under a paying agent agreement for payment of maturing bond principal and interest and under a trust agreement.

### **2. Investments**

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

The District's investment in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

Investment made locally consist of obligations of United States government agencies and instrumentalities, which are reported at fair value and money market funds, which are reported at amortized cost.

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

### **3. Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption in the course of District operations. Warehouse, Maintenance, and Transportation inventories are stated on a weighted, moving average basis. Food service inventories are stated at the last invoice price, which approximates the first-in, first-out basis, except that 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.

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

#### 4. Capital Assets

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

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

| <u>Description</u>                           | <u>Estimated Useful Lives</u> |
|--|-------------------------------|
| Improvements Other Than Buildings            | 8 - 35 years                  |
| Buildings and Fixed Equipment                | 40 years                      |
| Furniture, Fixtures, and Equipment           | 3 - 15 years                  |
| Motor Vehicles                               | 5 - 10 years                  |
| Audio Visual Materials and Computer Software | 3 - 5 years                   |

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

#### 5. Pensions

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

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

#### 6. Long-Term Liabilities

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

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

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

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

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The deferred inflows of resources related to pensions and OPEB are discussed in subsequent notes.

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

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

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

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

## **10. Fund Balance Policies**

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

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

The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances at June 30, 2020.

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

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

### **1. Program Revenues**

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

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

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

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

General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the balance of categorical and earmarked educational program resources.

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 FDOE.

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

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

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

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

The Board adopted the 2019 tax levy on September 10, 2019. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

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

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

In November 2012, the voters of Leon County approved a one-half cent school capital outlay surtax on sales in the County for 15 years, effective January 1, 2013, to pay construction costs of certain school facilities and related costs in accordance with Section 212.055(6), Florida Statutes.

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

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

and related revenues based upon an audit of the District's compliance with applicable Federal awards requirements. Normally, such adjustments are treated as reductions of expenditures and related revenues in the fiscal year when the adjustments are made.

## **6. Compensated Absences**

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

## **7. Proprietary Fund Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues and expenses of the District's proprietary fund relate to the services provided by the District Permitting Office. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

### **A. Cash Deposits with Financial Institutions**

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

## B. Investments

The District's investments at June 30, 2020, are reported as follows:

| Investments  | Maturities       | Fair Value              |
|--|------------------|-------------------------|
| SBA:   |                  |                         |
| Florida PRIME (1)  | 53 Days          | \$ 38,799,833.69        |
| Debt Service Accounts  | 6 Months         | 17,264.11               |
| First American US Treasury Money Market Fund Class A (1)                 | 43 Day Average   | 9,734.26                |
| First American Government Obligations Fund Class Z (1)                   | 42 Day Average   | 8,568,151.61            |
| Fidelity Investments Money Market Government Portfolio Class I (1)       | 38 Day Average   | 27,600,711.54           |
| First American Institutional Prime Obligation Fund Class V (1)           | 37 Day Average   | 526,748.60              |
| Obligations of United States Government                                  |                  |                         |
| Agencies and Instrumentalities   | Less than 1 Year | 329.16                  |
|  | 1 to 10 Years    | 43,183.05               |
|  | Over 10 Years    | 3,539,940.93            |
|  |                  | <u>79,105,896.95</u>    |
| Total Investments and Investments with Fiscal Agents, Primary Government |                  | <u>\$ 79,105,896.95</u> |

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

### Fair Value Measurement

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

|  | Amount                  | Fair Value Measurements Using   |   |  |
|--|-------------------------|---|---|--|
|  |                         | Quoted<br>Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>Investments by Fair Value Level</b>   |                         |   |   |  |
| SBA Debt Service Accounts  | \$ 17,264.11            | \$ 17,264.11  | \$ -  | \$ -   |
| Obligations of U.S. Government<br>Agencies and Instrumentalities                             | 3,583,453.14            | -   | 3,583,453.14  | -  |
| Total Investments by Fair Value Level  | <u>3,600,717.25</u>     | <u>\$ 17,264.11</u>   | <u>\$ 3,583,453.14</u>                                    | <u>\$ 0.00</u>                                     |
| <b>Investments Measured at Amortized Cost</b>  |                         |   |   |  |
| SBA Florida PRIME  | 38,799,833.69           |   |   |  |
| Money Market Funds   | 36,705,346.01           |   |   |  |
| Total Investments Measured at Amortized Cost   | <u>75,505,179.70</u>    |   |   |  |
| <b>Total District Investments and Investments<br/>with Fiscal Agents, Primary Government</b> | <u>\$ 79,105,896.95</u> |   |   |  |
| <b>Fiduciary Fund</b>  |                         |   |   |  |
| SBA Florida PRIME  | <u>\$ 45,081.65</u>     |   |   |  |

### 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 investments to a

maximum of 5 years, unless specifically matched with cash flow needs as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on the contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2020, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit as a participant's daily access to 100 percent of their account value.

### **Credit Risk**

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

The District's investments in the SBA debt service accounts are to provide for debt service payments on bond debt issued by the SBE for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate risk and credit risk for this account. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

The District's investment in Florida PRIME is rated AAAM by Standard & Poor's. The District's investments in First American US Treasury Money Market Fund Class A, First American Government Obligations Fund Class Z, Fidelity Investments Money Market Government Portfolio Class I, and First American Institutional Prime Obligation Fund Class V are rated AAAM by Standard and Poor's and Aaa-mf by Moody's Investors Service.

The District's investments in the Government National Mortgage Association are backed by the full faith and credit of the United States government.

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

### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy requires the concentration limits not to exceed 15 percent for certain portfolios. No single issuer exceeded 5 percent of the District's total investments. The District's investment in the Government National Mortgage Association is 16.1 percent of the investments in the Debt Service – Other Fund.

## C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>        | <u>Deletions</u>        | <u>Ending<br/>Balance</u> |
|---|------------------------------|-------------------------|-------------------------|---------------------------|
| GOVERNMENTAL ACTIVITIES                         |                              |                         |                         |                           |
| Capital Assets Not Being Depreciated:           |                              |                         |                         |                           |
| Land  | \$ 17,544,679.00             | \$ -                    | \$ 1,000.00             | \$ 17,543,679.00          |
| Construction in Progress                        | 38,456,794.00                | 26,264,071.97           | 13,494,765.90           | 51,226,100.07             |
| Total Capital Assets Not Being Depreciated      | <u>56,001,473.00</u>         | <u>26,264,071.97</u>    | <u>13,495,765.90</u>    | <u>68,769,779.07</u>      |
| Capital Assets Being Depreciated:               |                              |                         |                         |                           |
| Improvements Other Than Buildings               | 44,891,659.00                | 5,162,081.00            | 19,388.88               | 50,034,351.12             |
| Buildings and Fixed Equipment                   | 569,998,985.00               | 13,998,596.84           | 1,729.00                | 583,995,852.84            |
| Furniture, Fixtures, and Equipment              | 37,159,208.00                | 2,329,977.00            | 2,910,262.00            | 36,578,923.00             |
| Motor Vehicles                                  | 30,361,411.00                | 5,287.00                | 160,496.00              | 30,206,202.00             |
| Audio Visual Materials and<br>Computer Software | 9,817,009.00                 | 3,267.00                | 1,779,003.00            | 8,041,273.00              |
| Total Capital Assets Being Depreciated          | <u>692,228,272.00</u>        | <u>21,499,208.84</u>    | <u>4,870,878.88</u>     | <u>708,856,601.96</u>     |
| Less Accumulated Depreciation for:              |                              |                         |                         |                           |
| Improvements Other Than Buildings               | 28,794,197.00                | 1,340,562.00            | 42,737.00               | 30,092,022.00             |
| Buildings and Fixed Equipment                   | 240,611,738.00               | 13,939,015.48           | 99,854.00               | 254,450,899.48            |
| Furniture, Fixtures, and Equipment              | 27,150,716.00                | 2,431,061.00            | 2,261,937.00            | 27,319,840.00             |
| Motor Vehicles                                  | 21,626,768.00                | 1,802,045.00            | 143,340.00              | 23,285,473.00             |
| Audio Visual Materials and<br>Computer Software | 6,090,091.00                 | 731,344.00              | 678,101.00              | 6,143,334.00              |
| Total Accumulated Depreciation                  | <u>324,273,510.00</u>        | <u>20,244,027.48</u>    | <u>3,225,969.00</u>     | <u>341,291,568.48</u>     |
| Total Capital Assets Being Depreciated, Net     | <u>367,954,762.00</u>        | <u>1,255,181.36</u>     | <u>1,644,909.88</u>     | <u>367,565,033.48</u>     |
| Governmental Activities Capital Assets, Net     | <u>\$ 423,956,235.00</u>     | <u>\$ 27,519,253.33</u> | <u>\$ 15,140,675.78</u> | <u>\$ 436,334,812.55</u>  |

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

## D. Retirement Plans

### 1. FRS – Defined Benefit Pension Plans

#### General Information about the FRS

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

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

The District's FRS and HIS pension expense totaled \$38,222,379 for the fiscal year ended June 30, 2020.

### **FRS Pension Plan**

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2019-20 fiscal year were as follows:

| <u>Class</u>  | <u>Percent of Gross Salary</u> |                     |
|---|--------------------------------|---------------------|
|   | <u>Employee</u>                | <u>Employer (1)</u> |
| FRS, Regular  | 3.00                           | 8.47                |
| FRS, Elected County Officers                                  | 3.00                           | 48.82               |
| FRS, Special Risk   | 3.00                           | 25.48               |
| DROP – Applicable to<br>Members from All of the Above Classes | 0.00                           | 14.60               |
| FRS, Reemployed Retiree                                       | (2)                            | (2)                 |

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

The District's contributions to the Plan totaled \$12,662,828 for the fiscal year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the District reported a liability of \$141,110,878 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the District's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the District's proportionate share was 0.409746175 percent, which was an increase of 0.023805259 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized the Plan pension expense of \$33,467,524. 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<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences Between Expected and<br>Actual Experience   | \$ 8,369,690                              | \$ 87,572                                |
| Change of Assumptions   | 36,243,345                                | -  |
| Net Difference Between Projected and Actual<br>Earnings on FRS Pension Plan Investments                                 | -   | 7,806,990                                |
| Changes in Proportion and Differences Between<br>District FRS Contributions and Proportionate<br>Share of Contributions | 4,046,609                                 | 4,480,577                                |
| District FRS Contributions Subsequent to<br>the Measurement Date  | 12,662,828                                | -  |
| <b>Total</b>  | <b>\$ 61,322,472</b>                      | <b>\$ 12,375,139</b>                     |

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$12,662,828, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. 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>        |
|-----------------------------------|----------------------|
| 2021                              | \$ 12,250,291        |
| 2022                              | 3,202,569            |
| 2023                              | 9,709,557            |
| 2024                              | 7,814,363            |
| 2025                              | 2,538,532            |
| Thereafter                        | 769,193              |
| <b>Total</b>                      | <b>\$ 36,284,505</b> |

Actuarial Assumptions. The total pension liability in the July 1, 2019, 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 | 6.90 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

| <u>Asset Class</u>       | <u>Target Allocation (1)</u> | <u>Annual Arithmetic Return</u> | <u>Compound Annual (Geometric) Return</u> | <u>Standard Deviation</u> |
|--------------------------|------------------------------|---------------------------------|---|---------------------------|
| Cash                     | 1%                           | 3.3%                            | 3.3%                                      | 1.2%                      |
| Fixed Income             | 18%                          | 4.1%                            | 4.1%                                      | 3.5%                      |
| Global Equity            | 54%                          | 8.0%                            | 6.8%                                      | 16.5%                     |
| Real Estate (Property)   | 10%                          | 6.7%                            | 6.1%                                      | 11.7%                     |
| Private Equity           | 11%                          | 11.2%                           | 8.4%                                      | 25.8%                     |
| Strategic Investments    | 6%                           | 5.9%                            | 5.7%                                      | 6.7%                      |
| <b>Total</b>             | <b>100%</b>                  |                                 |   |                           |
| Assumed inflation - Mean |                              |                                 | 2.6%                                      | 1.7%                      |

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

Discount Rate. The discount rate used to measure the total pension liability was 6.9 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2019 valuation was updated from 7 percent to 6.9 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.9 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.9 percent) or 1 percentage point higher (7.9 percent) than the current rate:

|  | <b>1%<br/>Decrease<br/>(5.9%)</b> | <b>Current<br/>Discount Rate<br/>(6.9%)</b> | <b>1%<br/>Increase<br/>(7.9%)</b> |
|--|-----------------------------------|---|-----------------------------------|
| District's Proportionate Share of<br>the Net Pension Liability | \$ 243,933,718                    | \$ 141,110,878                              | \$ 55,236,414                     |

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

### **HIS Pension Plan**

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

Benefits Provided. For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2020, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$3,124,005 for the fiscal year ended June 30, 2020.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2020, the District reported a net pension liability of \$64,892,871 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, and update procedures were used to determine the net pension liability as of June 30, 2019. The District's proportionate share of the net pension liability was based on the District's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the District's proportionate share was 0.57997028 percent, which was an increase of 0.039833219 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized the HIS Plan pension expense of \$4,754,855. 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<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Experience  | \$ 788,196                                | \$ 79,459                                |
| Change of Assumptions   | 7,513,981                                 | 5,303,814                                |
| Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments                              | 41,874                                    | -  |
| Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions | 4,075,276                                 | 2,532,195                                |
| District HIS Contributions Subsequent to the Measurement Date   | 3,124,005                                 | -  |
| <b>Total</b>  | <u>\$ 15,543,332</u>                      | <u>\$ 7,915,468</u>                      |

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$3,124,005, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. 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>       |
|-----------------------------------|---------------------|
| 2021                              | \$ 1,039,550        |
| 2022                              | 1,054,911           |
| 2023                              | 676,701             |
| 2024                              | 71,912              |
| 2025                              | 534,479             |
| Thereafter                        | 1,126,306           |
| <b>Total</b>                      | <b>\$ 4,503,859</b> |

Actuarial Assumptions. The total pension liability in the July 1, 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 |
| Municipal Bond Rate | 3.50 percent                               |

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

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

Discount Rate. The discount rate used to measure the total pension liability was 3.5 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.87 percent to 3.5 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5 percent) or 1 percentage point higher (4.5 percent) than the current rate:

|  | <u>1%<br/>Decrease<br/>(2.5%)</u> | <u>Current<br/>Discount Rate<br/>(3.5%)</u> | <u>1%<br/>Increase<br/>(4.5%)</u> |
|--|-----------------------------------|---|-----------------------------------|
| District's Proportionate Share of<br>the Net Pension Liability | \$ 74,078,538                     | \$ 64,892,871                               | \$ 57,242,249                     |

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

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

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2019-20 fiscal year were as follows:

| <u>Class</u>                 | <u>Percent of Gross Compensation</u> |
|------------------------------|--------------------------------------|
| FRS, Regular                 | 6.30                                 |
| FRS, Elected County Officers | 11.34                                |
| FRS, Special Risk Regular    | 14.00                                |

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$2,561,366.56 for the fiscal year ended June 30, 2020.

**E. Other Postemployment Benefit Obligations**

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District that provides OPEB for all employees who satisfy the District's retirement eligibility provisions. Pursuant to Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical, prescription drug, and life insurance coverage. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. No assets are accumulated in a trust that meet all of the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides healthcare and life insurance benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

Employees Covered by Benefit Terms. At June 30, 2019, the following employees were covered by the benefit terms:

|  |              |
|--|--------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 1,073        |
| Active Employees   | <u>3,031</u> |
| Total  | <u>4,104</u> |

Total OPEB Liability. The District's total OPEB liability of \$30,813,518 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2019.

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

|                             |  |
|-----------------------------|--|
| Inflation                   | 2.25 percent   |
| Salary Increases            | 3.6 percent – 8 percent, including inflation   |
| Discount Rate               | 3.13 percent   |
| Healthcare Cost Trend Rates | Based on the Getzen Model, with trend starting at 7 percent (to reflect actual premium increases for 2019), followed by 6.5 percent and gradually decreasing to an ultimate trend rate of 3.99 percent plus 0.25 percent increase for excise tax |
| Aging Factors               | Based on the 2013 SOA Study “Health Care Costs – From Birth to Death.”   |
| Expenses                    | Administrative expenses are included in the per capita health costs.   |

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

Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2019, actuarial valuation of the FRS Defined Benefit Pension Plan. These demographic assumptions were developed by FRS from an actuarial experience study, and therefore are appropriate for use in the OPEB Plan actuarial valuation. These include assumed rates of future termination, mortality, disability, and retirement. In addition, salary increase assumptions (for development of the pattern of the normal cost increases) were the same as those used in the July 1, 2019, actuarial valuation of the FRS Defined Benefit Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment Plan are the same as for similarly situated participants of the FRS Defined Benefit Pension Plan.

Changes in the Total OPEB Liability.

|  | <u>Amount</u>               |
|--|-----------------------------|
| Balance at June 30, 2019                           | <u>\$ 30,417,997</u>        |
| Changes for the year:                              |                             |
| Service Cost                                       | 1,075,849                   |
| Interest   | 1,109,187                   |
| Differences Between Expected and Actual Experience | 1,298,077                   |
| Changes of Assumptions or Other Inputs             | (1,380,961)                 |
| Benefit Payments                                   | <u>(1,706,631)</u>          |
| Net Changes  | <u>395,521</u>              |
| Balance at June 30, 2020                           | <u><u>\$ 30,813,518</u></u> |

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

- A change in the discount rate from 3.62 percent as of the beginning of the measurement period to 3.13 percent as of June 30, 2019.
- The medical claims costs and premiums were updated to reflect scheduled premium information provided for this valuation.
- The retiree medical coverage acceptance assumption was lowered from 60 percent (50 percent for single enrollment and 10 percent for dual enrollment) to 50 percent (40 percent for single enrollment and 10 percent for dual enrollment) to reflect recent plan experience.

- The healthcare cost trend assumption was revised to reflect a lower long-term inflation assumption changed from 2.5 percent to 2.25 percent.
- The assumed load to model the expected cost of the excise tax was lowered from 0.37 percent beginning in 2022 to 0.25 percent beginning in 2023.
- Changes to demographic assumptions, such as rates of mortality, retirements, termination, disability, and salary increases, to match assumptions developed by the FRS and adopted for its July 1, 2019, valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13 percent) or 1 percentage point higher (4.13 percent) than the current rate:

|                      | <b>1%<br/>Decrease<br/>(2.13%)</b> | <b>Current<br/>Discount Rate<br/>(3.13%)</b> | <b>1%<br/>Increase<br/>(4.13%)</b> |
|----------------------|------------------------------------|--|------------------------------------|
| Total OPEB Liability | \$ 35,010,332                      | \$ 30,813,518                                | \$ 27,334,543                      |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6 percent decreasing to 3.24 percent) or 1 percentage point higher (8 percent decreasing to 5.24 percent) than the current healthcare cost trend rates:

|                      | <b>1% Decrease<br/>(6% decreasing<br/>to 3.24%)</b> | <b>Healthcare<br/>Cost Trend<br/>Rates (7%<br/>decreasing to<br/>4.24%)</b> | <b>1% Increase<br/>(8% decreasing<br/>to 5.24%)</b> |
|----------------------|---|---|---|
| Total OPEB Liability | \$ 28,356,953                                       | \$ 30,813,518   | \$ 33,831,332                                       |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$1,878,674. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| <u>Description</u>                                 | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences Between Expected and Actual Experience | \$ 1,143,544                              | \$ -                                     |
| Changes of Assumptions or Other Inputs             | -   | 2,901,302                                |
| Benefits Paid Subsequent to the Measurement Date   | 1,274,582                                 | -  |
| <b>Total</b>                                       | <b>\$ 2,418,126</b>                       | <b>\$ 2,901,302</b>                      |

The deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date, totaling \$1,274,582, will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u>         |
|-----------------------------------|-----------------------|
| 2021                              | \$ (306,362)          |
| 2022                              | (306,362)             |
| 2023                              | (306,362)             |
| 2024                              | (306,362)             |
| 2025                              | (306,362)             |
| Thereafter                        | (225,948)             |
| <b>Total</b>                      | <b>\$ (1,757,758)</b> |

## F. Construction and Other Significant Commitments

**Construction Contracts.** The following is a schedule of major construction contract commitments at June 30, 2020:

| <u>Project</u>   | <u>Contract Amount</u>  | <u>Completed to Date</u> | <u>Balance Committed</u> |
|--|-------------------------|--------------------------|--------------------------|
| Fairview - Renovation, Remodel, New Construction, Sitework, Demolition | \$ 22,212,556.80        | \$ 19,240,781.65         | \$ 2,971,775.15          |
| Rickards - Renovation, Remodel, New Construction, Sitework, Demolition | 30,956,818.00           | 30,900,165.84            | 56,652.16                |
| Leon High School - Turf Field  | 1,762,942.00            | 1,198,276.29             | 564,665.71               |
| <b>Total</b>   | <b>\$ 54,932,316.80</b> | <b>\$ 51,339,223.78</b>  | <b>\$ 3,593,093.02</b>   |

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

The following is a schedule of encumbrances at June 30, 2020:

| <u>Major Funds</u>   |                                |                                 |                                    |                                 |
|----------------------|--------------------------------|---------------------------------|------------------------------------|---------------------------------|
| <u>General</u>       | <u>Special Revenue - Other</u> | <u>Capital Projects - Other</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
| <u>\$ 493,444.90</u> | <u>\$ 44,985.20</u>            | <u>\$ 9,046,162.44</u>          | <u>\$ 1,064,702.16</u>             | <u>\$ 10,649,294.70</u>         |

## G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Workers' compensation, automobile liability, and general liability coverage are being provided on a self-insured basis up to \$100,000 for each property damage claim, \$500,000 for each workers' compensation claim, \$500,000 for each automobile liability claim, and \$500,000 for each general liability claim. The District has entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis. The District has contracted with

an insurance administrator to administer these self-insurance programs, including the processing, investigating, and payment of claims.

A liability in the amount of \$4,913,769 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2020.

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

| <u>Fiscal Year</u> | <u>Beginning of Fiscal Year Liability</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>Balance at Fiscal Year End</u> |
|--------------------|---|---|------------------------|-----------------------------------|
| 2018-19            | \$ 5,043,183                              | \$ 409,378  | \$ (598,528)           | \$ 4,854,033                      |
| 2019-20            | 4,854,033                                 | 744,849   | (685,113)              | 4,913,769                         |

The District's health and hospitalization coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

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

## H. Long-Term Liabilities

### 1. Installment-Purchase Payable – Direct Placement

The District entered into an installment-purchase agreement on December 18, 2014, for the purchase of 50 school buses. The asset balance of the school buses is \$8,113,870. The District uses a Master Equipment Lease Purchase Agreement (direct placement), to finance the purchase of vehicles. In the event of a default, the lessor may terminate the lease. The Lessor may also demand all unpaid rental payments and liquidated damages immediately. The Lessor may also request the District to convey any or all the vehicles to the Lessor so the vehicles can be leased or sold. The proceeds will be applied to the unpaid obligations.

Events of default related to the vehicle lease would be failure to pay promptly when due, failure to observe and perform any covenant, condition or agreement for a period of 30 days after written notice specifying such failure and requesting it be remedied. In addition, false statements or representation pursuant to the lease, and any default occurs under any other agreement for borrowing money, lease financing, or otherwise receiving credit under, filing of bankruptcy, consolidation, merger or otherwise combine with any other entity, or sell, lease or dispose of all or a substantial portion of assets.

Future minimum installment-purchase payments and the present value of the minimum installment-purchase payments as of June 30 are as follows:

| <u>Fiscal Year Ending June 30</u>   | <u>Total</u>               | <u>Principal</u>           | <u>Interest</u>          |
|-------------------------------------|----------------------------|----------------------------|--------------------------|
| 2021                                | \$ 991,398                 | \$ 914,714                 | \$ 76,684                |
| 2022                                | 991,398                    | 933,310                    | 58,088                   |
| 2023                                | 991,397                    | 952,284                    | 39,113                   |
| 2024                                | 991,398                    | 971,644                    | 19,754                   |
| <b>Total Minimum Lease Payments</b> | <b><u>\$ 3,965,591</u></b> | <b><u>\$ 3,771,952</u></b> | <b><u>\$ 193,639</u></b> |

The stated interest rate is 2.033 percent.

## 2. Certificates of Participation – Direct Placement

Certificates of participation at June 30, 2020, are as follows:

| <u>Series</u>                              | <u>Amount<br/>Outstanding</u> | <u>Interest<br/>Rates<br/>(Percent)</u> | <u>Lease<br/>Term<br/>Maturity</u> | <u>Original<br/>Amount</u>   |
|--|-------------------------------|---|------------------------------------|------------------------------|
| Series 2004 QZABs                          | \$ 3,313,000                  | NA                                      | 2021                               | \$ 3,313,000                 |
| Series 2008A QZABs                         | 1,248,000                     | 0.019                                   | 2025                               | 5,000,000                    |
| Series 2008B QZABs                         | 4,000,000                     | 1.7                                     | 2024                               | 15,000,000                   |
| Series 2010 QSCBs                          | 18,597,100                    | 4.84                                    | 2028                               | 18,597,100                   |
| Series 2010 QZABs                          | 33,209,140                    | 5.68                                    | 2029                               | 33,209,140                   |
| Series 2016A, Refunding                    | <u>35,035,000</u>             | 1.818                                   | 2027                               | <u>58,410,000</u>            |
| <b>Total Certificates of Participation</b> | <b><u>\$95,402,240</u></b>    |   |                                    | <b><u>\$ 133,529,240</u></b> |

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

On November 1, 2004, the master financial arrangement was amended and the Leasing Corporation issued COPs, Series 2004 Qualified Zone Academy Bonds (QZABs), in the amount of \$3,313,000. Under the terms of the lease agreement for the Series 2004 QZABs, the District is required to make the five annual payments of \$418,854, which are deposited with a trustee and are to be invested in accordance with a repurchase agreement until maturity and, when combined with interest earnings, will be sufficient to pay off the principal balance in full, at maturity on November 23, 2020.

On March 9, 2005, the Leasing Corporation issued COPs, Series 2005, Refunding, in the amount of \$27,285,000 to advance refund a portion of the COPs, Series 1997.

On June 15, 2006, the master financing arrangement was amended and the Leasing Corporation issued COPs, Series 2006, in the amount of \$61,795,000. The COPs were issued to secure financing of various educational facilities throughout the District.

On March 6, 2008, the master financing arrangement was amended and the Leasing Corporation issued COPs, Series 2008A QZABs, in the amount of \$5,000,000. The QZABs were issued to secure financing of improvements to be made at three District schools.

On July 25, 2008, the master financing arrangement was amended and the Leasing Corporation issued COPs, Series 2008B QZABs, in the amount of \$15,000,000. The QZABs were issued to secure financing of improvements to be made at three District Schools.

On September 24, 2010, the master financing arrangement was amended and the Leasing Corporation issued COPs, Series 2010 Qualified School Construction Bonds (QSCBs), in the amount of \$18,597,000. The QSCBs were issued to secure financing of improvements to be made at four District schools.

On December 28, 2010, the master financing arrangement was amended and the Leasing Corporation issued COPs, Series 2010 QZABs, in the amount of \$33,209,140. The QZABs were issued to secure financing of improvements to be made at ten District schools.

On April 14, 2016, the master financing arrangement was amended and the Leasing Corporation issued COPs, Series 2016A, Refunding, in the amount of \$58,410,00, to refund COPs Series 2005, Refunding, and Series 2006.

The district gave ground leases on District properties to the Leasing Corporation with a rental fee of \$10 per year as a condition of the financing arrangements. The initial terms of the leases are approximately 35 years commencing on October 1, 1997 (Series 1997); 16 years commencing on November 1, 2004, (series 2004 QZABs); 17 years commencing on March 1, 2005, (Series 2005, refunding); 20 years commencing June 15, 2006, (Series 2006); 16 years commencing on March 6, 2009, (Series 2008A QZABs); 15 years commencing on July 25, 2008, (Series 2008B QZABs); 15 years commencing on July 1, 2012, (Series 2010 QSCBs); and 18 years commencing on December 1, 2011, (Series 2010 QZABs). The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the district fails to renew the leases and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the COPs for a period of time specified by the arrangement which may be up to 35 years from the date of inception of the arrangement.

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

Series 2004 QZABs – Technology equipment at 24 District school sites as listed in the lease schedule.

Series 2008A QZABs and Series 2008B QZABs – Technology-related improvements at Riley Elementary School, Griffin Middle School, and Godby High School.

Series 2010 QSCBs – New construction at Gilchrist Elementary School, Killlearn Lakes Elementary School, Kate Sullivan Elementary School, and Gretchen Everhart School.

Series 2010 QZABs – Renovations at Astoria Park Elementary School, Canopy Oaks Elementary School, Ft. Braden School, Oak Ridge Elementary School, Sabal Palm Elementary School,

Springwood Elementary School, Woodville Elementary School, Fairview Middle School, Raa Middle School, and Rickards High School.

Series 2016A, Refunding (Refunding of Series 2005 refunding, which originally refunded Series 1997, and Refunding of Series 2006) – Construction of Lawton Chiles High School, Montford Middle School, Conley Elementary School, and renovations to Pineview Elementary School, Deerlake Middle School, Killlearn Lakes Elementary School, Lawton Chiles High School, and Lincoln High School.

The Series 2004 QZABs mature on November 23, 2020, with interest rates paid by the Federal government in the form of annual tax credits to COP holders. The Series 2008A QZAB lease payments are payable annually on March 9 at a fixed interest rate of 0.019 percent. The Series 2008B QZABs lease payments are payable annually on September 1 at a fixed rate of 1.7 percent. The lease payments for the Series 2010 QSCBs are payable annually on September 1 at a fixed rate of 4.84 percent. The lease payments for the Series 2010 QZABs are payable annually on December 1 at a fixed interest rate of 5.68 percent. The Series 2010 QSCB and the Series 2010 QZABs receive Federal subsidies at the same interest rates as the bonds, resulting in a net zero percent cost to the District. The Series 2016A, Refunding, are payable semiannually on July 1 and January 1 at a fixed interest rate of 1.818 percent.

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

| <u>Fiscal Year Ending June 30</u>   | <u>Total</u>          | <u>Principal</u>    | <u>Interest</u>     |
|-------------------------------------|-----------------------|---------------------|---------------------|
| 2021                                | \$ 13,698,686         | \$10,205,000        | \$ 3,493,686        |
| 2022                                | 10,366,649            | 6,992,000           | 3,374,649           |
| 2023                                | 10,350,794            | 7,097,000           | 3,253,794           |
| 2024                                | 10,333,030            | 7,202,000           | 3,131,030           |
| 2025                                | 9,001,357             | 5,995,000           | 3,006,357           |
| 2026-2029                           | 66,874,455            | 57,911,240          | 8,963,215           |
| <b>Total Minimum Lease Payments</b> | <b>\$ 120,624,971</b> | <b>\$95,402,240</b> | <b>\$25,222,731</b> |

### 3. Bonds Payable

Bonds payable at June 30, 2020, are as follows:

| <u>Bond Type</u>              | <u>Amount Outstanding</u> | <u>Interest Rates (Percent)</u> | <u>Annual Maturity To</u> |
|-------------------------------|---------------------------|---------------------------------|---------------------------|
| State School Bonds:           |                           |                                 |                           |
| Series 2019A, Refunding       | \$ 574,000                | 5                               | 2029                      |
| Series 2020A, Refunding       | 100,000                   | 5                               | 2022                      |
| District Revenue Bonds:       |                           |                                 |                           |
| Sales Tax Revenue Bonds, 2014 | 49,810,000                | 4 - 5                           | 2028                      |
| Total Bonds Payable           | 50,484,000                |                                 |                           |
| Add Unamortized Bond Premium  | 4,679,699                 |                                 |                           |
| <b>Total Bonds Payable</b>    | <b>\$ 55,163,699</b>      |                                 |                           |

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

### **State School Bonds**

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

### **Sales Tax Revenue Bonds**

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

The District pledged a total of \$59,395,500 of discretionary surtax sales revenues (sales tax revenues) in connection with the Series 2014 Sales Tax Revenue Bond issue described above. During the 2019-20 fiscal year, the District recognized sales tax revenues totaling \$21,976,463.27 and expended \$7,447,075 (34 percent) of these revenues for debt service directly collateralized by these revenues. The pledged sales tax revenues are committed until final maturity of the debt, or September 1, 2027. Assuming a nominal growth rate in the collection of sales tax revenues, which are levied through December 31, 2027, approximately 35 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2020, are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Total</u>         | <u>Principal</u>     | <u>Interest</u>     |
|-----------------------------------|----------------------|----------------------|---------------------|
| State School Bonds:               |                      |                      |                     |
| 2021                              | \$ 133,519           | \$ 100,000           | \$ 33,519           |
| 2022                              | 117,700              | 89,000               | 28,700              |
| 2023                              | 74,250               | 50,000               | 24,250              |
| 2024                              | 76,750               | 55,000               | 21,750              |
| 2025                              | 80,000               | 61,000               | 19,000              |
| 2026-2029                         | 361,000              | 319,000              | 42,000              |
| Total State School Bonds          | 843,219              | 674,000              | 169,219             |
| District Revenue Bonds:           |                      |                      |                     |
| 2021                              | 7,442,075            | 5,225,000            | 2,217,075           |
| 2022                              | 7,434,325            | 5,485,000            | 1,949,325           |
| 2023                              | 7,428,200            | 5,760,000            | 1,668,200           |
| 2024                              | 7,418,075            | 6,045,000            | 1,373,075           |
| 2025                              | 7,413,200            | 6,350,000            | 1,063,200           |
| 2026-2028                         | 22,259,625           | 20,945,000           | 1,314,625           |
| Total District Revenue Bonds      | 59,395,500           | 49,810,000           | 9,585,500           |
| <b>Total</b>                      | <b>\$ 60,238,719</b> | <b>\$ 50,484,000</b> | <b>\$ 9,754,719</b> |

#### 4. Defeased Debt

In a prior year, the Certificates of Participation (COPs), Series 2005 and 2006, were defeased in substance by placing a portion of the proceeds of new COPs in an irrevocable trust to provide for all future debt service payments on the old COPs. Accordingly, the trust account assets and the liability for the in substance defeased COPs are not included in the District's financial statements. The details of the in-substance defeased debt as of June 30, 2020, are as follows:

| <u>COPS Issued</u> | <u>Defeased Debt</u> |
|--------------------|----------------------|
| COPs, Series 2005  | \$ 6,665,000         |
| COPs, Series 2006  | 34,425,000           |
| <b>Total</b>       | <b>\$ 41,090,000</b> |

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

## 5. Changes in Long-Term Liabilities

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

| Description                             | Beginning Balance        | Additions                | Deductions               | Ending Balance           | Due In One Year         |
|---|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>          |                          |                          |                          |                          |                         |
| Estimated Insurance Claims Payable      | \$ 4,854,033.00          | \$ 744,849.00            | \$ 685,113.00            | \$ 4,913,769.00          | \$ 509,062.00           |
| Installment-Purchase Payable -          |                          |                          |                          |                          |                         |
| Direct Placement                        | 4,668,439.00             | -                        | 896,487.00               | 3,771,952.00             | 914,714.00              |
| Bonds Payable                           | 61,020,853.00            | 100,000.00               | 5,957,154.00             | 55,163,699.00            | 5,325,000.00            |
| Certificates of Participation Payable - |                          |                          |                          |                          |                         |
| Direct Placement                        | 102,194,240.00           | -                        | 6,792,000.00             | 95,402,240.00            | 10,205,000.00           |
| Compensated Absences Payable            | 30,395,504.00            | 2,068,227.00             | 2,576,428.00             | 29,887,303.00            | 2,576,428.00            |
| Net Pension Liability                   | 173,416,117.00           | 123,903,350.00           | 91,315,718.00            | 206,003,749.00           | 1,101,046.00            |
| Other Postemployment Benefits Payable   | 30,417,997.00            | 3,483,113.00             | 3,087,592.00             | 30,813,518.00            | 1,274,582.00            |
| <b>Total Governmental Activities</b>    | <b>\$ 406,967,183.00</b> | <b>\$ 130,299,539.00</b> | <b>\$ 111,310,492.00</b> | <b>\$ 425,956,230.00</b> | <b>\$ 21,905,832.00</b> |

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

### I. Fund Balance Reporting

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

- **Nonspendable Fund Balance.** Nonspendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash.
- **Restricted Fund Balance.** Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance.
- **Unassigned Fund Balance.** The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

### J. Interfund Receivables and Payables

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

| Funds                 | Interfund              |                        |
|-----------------------|------------------------|------------------------|
|                       | Receivables            | Payables               |
| Major:                |                        |                        |
| General               | \$ 5,569,574.13        | \$ 227,017.98          |
| Special Revenue:      |                        |                        |
| Other                 | 227,017.98             | 4,642,709.51           |
| Nonmajor Governmental | 71,275.90              | 939,595.22             |
| Fiduciary             | -                      | 58,545.30              |
| <b>Total</b>          | <b>\$ 5,867,868.01</b> | <b>\$ 5,867,868.01</b> |

The principal purposes of the interfund balances are to meet current obligations where sufficient moneys were not available. All balances are expected to be repaid within 1 year.

## K. Revenues

### 1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2019-20 fiscal year:

| <u>Source</u>   | <u>Amount</u>                          |
|---|--|
| Florida Education Finance Program                           | \$ 127,864,735.53                      |
| Categorical Educational Program - Class Size Reduction      | 36,416,756.00                          |
| Workforce Development Program                               | 6,581,703.00                           |
| School Recognition  | 2,037,608.00                           |
| Motor Vehicle License Tax (Capital Outlay and Debt Service) | 1,395,080.61                           |
| Miscellaneous   | 6,558,701.44                           |
| <b>Total</b>  | <b><u><u>\$ 180,854,584.58</u></u></b> |

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

### 2. Property Taxes

The following is a summary of millages and taxes levied on the 2019 tax roll for the 2019-20 fiscal year:

| <u>General Fund</u>   | <u>Millages</u>            | <u>Taxes Levied</u>                    |
|---|----------------------------|--|
| Nonvoted School Tax:  |                            |  |
| Required Local Effort   | 3.9190                     | \$ 74,418,699.45                       |
| Basic Discretionary Local Effort                                | 0.7480                     | 14,203,926.30                          |
| <b><u>Capital Projects - Local Capital Improvement Fund</u></b> |                            |  |
| Nonvoted Tax:   |                            |  |
| Local Capital Improvements                                      | 1.500                      | 28,483,809.43                          |
| <b>Total</b>  | <b><u><u>6.167</u></u></b> | <b><u><u>\$ 117,106,435.18</u></u></b> |

## L. Interfund Transfers

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

| <u>Funds</u>          | <u>Interfund</u>               |                                |
|-----------------------|--------------------------------|--------------------------------|
|                       | <u>Transfers In</u>            | <u>Transfers Out</u>           |
| Major:                |                                |                                |
| General               | \$ 5,787,265.00                | \$ 550,000.00                  |
| Debt Service:         |                                |                                |
| Other                 | 10,809,266.90                  | -                              |
| Capital Projects:     |                                |                                |
| Other                 | 550,000.00                     | 7,450,070.00                   |
| Nonmajor Governmental | <u>8,652,549.32</u>            | <u>17,799,011.22</u>           |
| <b>Total</b>          | <b><u>\$ 25,799,081.22</u></b> | <b><u>\$ 25,799,081.22</u></b> |

The principal purposes of the interfund transfers were to transfer nonmajor Capital Projects – Local Capital Improvement Fund maintenance money to the General Fund and transfer funds from the Capital Projects – Other and nonmajor Capital Projects – Local Capital Improvement Funds to the Debt Service – Other and nonmajor debt service funds for repayment of COPs and sales tax revenue bonds, respectively.

## III. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

### A. Litigation

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

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## OTHER REQUIRED SUPPLEMENTARY INFORMATION

### Budgetary Comparison Schedule General and Major Special Revenue Funds For the Fiscal Year Ended June 30, 2020

|   | General Fund            |                         |                         | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|-------------------------|-------------------------|-------------------------|---|
|   | Original<br>Budget      | Final<br>Budget         | Actual                  |   |
| <b>Revenues</b>                                 |                         |                         |                         |   |
| Intergovernmental:                              |                         |                         |                         |   |
| Federal Direct                                  | \$ 265,000.00           | \$ 293,055.50           | \$ 293,055.50           | \$ -  |
| Federal Through State and Local                 | 50,000.00               | 248,482.86              | 248,482.86              | -   |
| State   | 181,284,510.97          | 178,249,921.94          | 178,249,921.94          | -   |
| Local:  |                         |                         |                         |   |
| Property Taxes                                  | 85,341,434.00           | 85,459,982.66           | 85,459,982.66           | -   |
| Miscellaneous                                   | 10,617,449.56           | 12,902,671.95           | 12,902,671.95           | -   |
| Total Local Revenues                            | 95,958,883.56           | 98,362,654.61           | 98,362,654.61           | -   |
| <b>Total Revenues</b>                           | <b>277,558,394.53</b>   | <b>277,154,114.91</b>   | <b>277,154,114.91</b>   | <b>-</b>  |
| <b>Expenditures</b>                             |                         |                         |                         |   |
| Current - Education:                            |                         |                         |                         |   |
| Instruction                                     | 186,806,572.88          | 178,135,460.77          | 163,893,842.15          | 14,241,618.62   |
| Student Support Services                        | 8,739,284.38            | 10,542,025.56           | 10,118,303.88           | 423,721.68  |
| Instructional Media Services                    | 4,214,117.33            | 4,482,803.43            | 4,135,625.31            | 347,178.12  |
| Instruction and Curriculum Development Services | 5,139,799.22            | 7,081,391.22            | 6,420,326.63            | 661,064.59  |
| Instructional Staff Training Services           | 1,327,658.46            | 1,655,317.33            | 478,573.31              | 1,176,744.02  |
| Instruction-Related Technology                  | 2,925,927.76            | 3,032,463.18            | 2,535,415.25            | 497,047.93  |
| Board   | 1,633,478.18            | 1,657,041.17            | 1,138,349.62            | 518,691.55  |
| General Administration                          | 1,202,106.07            | 1,388,368.64            | 1,176,968.74            | 211,399.90  |
| School Administration                           | 21,654,947.44           | 23,947,419.24           | 23,241,681.55           | 705,737.69  |
| Facilities Acquisition and Construction         | 2,972,860.10            | 3,776,157.99            | 1,388,217.92            | 2,387,940.07  |
| Fiscal Services                                 | 2,427,776.59            | 2,643,765.09            | 2,463,250.34            | 180,514.75  |
| Central Services                                | 10,274,428.50           | 11,307,442.49           | 8,073,662.01            | 3,233,780.48  |
| Student Transportation Services                 | 14,230,600.00           | 13,524,708.28           | 12,511,904.96           | 1,012,803.32  |
| Operation of Plant                              | 23,470,867.12           | 27,217,015.07           | 23,342,625.95           | 3,874,389.12  |
| Maintenance of Plant                            | 9,505,533.46            | 10,128,260.74           | 9,860,292.58            | 267,968.16  |
| Administrative Technology Services              | 5,145,336.95            | 5,648,563.70            | 4,976,385.47            | 672,178.23  |
| Community Services                              | 8,086,294.68            | 6,400,060.03            | 4,595,522.74            | 1,804,537.29  |
| Fixed Capital Outlay:                           |                         |                         |                         |   |
| Facilities Acquisition and Construction         | -                       | 303,499.22              | 303,499.22              | -   |
| Other Capital Outlay                            | -                       | 588,282.62              | 588,282.62              | -   |
| <b>Total Expenditures</b>                       | <b>309,757,589.12</b>   | <b>313,460,045.77</b>   | <b>281,242,730.25</b>   | <b>32,217,315.52</b>                                      |
| <b>Deficiency of Revenues Over Expenditures</b> | <b>(32,199,194.59)</b>  | <b>(36,305,930.86)</b>  | <b>(4,088,615.34)</b>   | <b>32,217,315.52</b>                                      |
| <b>Other Financing Sources (Uses)</b>           |                         |                         |                         |   |
| Transfers In                                    | 5,559,393.00            | 5,787,265.00            | 5,787,265.00            | -   |
| Transfers Out                                   | -                       | (550,000.00)            | (550,000.00)            | -   |
| <b>Total Other Financing Sources</b>            | <b>5,559,393.00</b>     | <b>5,237,265.00</b>     | <b>5,237,265.00</b>     | <b>-</b>  |
| <b>Net Change in Fund Balances</b>              | <b>(26,639,801.59)</b>  | <b>(31,068,665.86)</b>  | <b>1,148,649.66</b>     | <b>32,217,315.52</b>                                      |
| Fund Balances, Beginning                        | 49,962,131.95           | 49,962,131.95           | 49,962,131.95           | -   |
| <b>Fund Balances, Ending</b>                    | <b>\$ 23,322,330.36</b> | <b>\$ 18,893,466.09</b> | <b>\$ 51,110,781.61</b> | <b>\$ 32,217,315.52</b>                                   |

**Special Revenue - Other Fund**

| <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>        | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|----------------------------|-------------------------|----------------------|---|
| \$ 2,157,148.88            | \$ 3,210,046.14         | \$ 2,784,089.18      | \$ (425,956.96)   |
| 35,805,513.25              | 35,059,446.02           | 24,689,346.62        | (10,370,099.40)   |
| -                          | -                       | -                    | -   |
| -                          | -                       | -                    | -   |
| -                          | -                       | -                    | -   |
| <u>37,962,662.13</u>       | <u>38,269,492.16</u>    | <u>27,473,435.80</u> | <u>(10,796,056.36)</u>  |
| 17,512,806.45              | 18,071,234.49           | 12,943,633.93        | 5,127,600.56  |
| 1,655,533.74               | 1,686,506.87            | 995,022.86           | 691,484.01  |
| -                          | -                       | -                    | -   |
| 9,795,368.26               | 9,460,104.93            | 6,948,960.03         | 2,511,144.90  |
| 2,080,245.31               | 1,636,273.17            | 806,467.06           | 829,806.11  |
| 138,320.80                 | 151,738.50              | 151,738.50           | -   |
| -                          | -                       | -                    | -   |
| 1,822,146.62               | 1,528,175.63            | 1,131,298.27         | 396,877.36  |
| -                          | -                       | -                    | -   |
| 5,000.00                   | 5,000.00                | -                    | 5,000.00  |
| -                          | 14,017.60               | -                    | 14,017.60   |
| 1,202,203.64               | 850,397.41              | 603,481.24           | 246,916.17  |
| 1,577,888.43               | 1,702,226.70            | 979,106.00           | 723,120.70  |
| 7,500.00                   | 8,090.43                | 2,840.01             | 5,250.42  |
| 8,500.00                   | 8,500.00                | 3,326.00             | 5,174.00  |
| -                          | -                       | -                    | -   |
| 2,157,148.88               | 3,033,624.01            | 2,793,959.48         | 239,664.53  |
| -                          | -                       | -                    | -   |
| -                          | 113,602.42              | 113,602.42           | -   |
| <u>37,962,662.13</u>       | <u>38,269,492.16</u>    | <u>27,473,435.80</u> | <u>10,796,056.36</u>  |
| -                          | -                       | -                    | -   |
| -                          | -                       | -                    | -   |
| -                          | -                       | -                    | -   |
| -                          | -                       | -                    | -   |
| <u>\$ 0.00</u>             | <u>\$ 0.00</u>          | <u>\$ 0.00</u>       | <u>\$ 0.00</u>  |

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

|   | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          |
|---|----------------------|----------------------|----------------------|
| <b>Total OPEB Liability</b>   |                      |                      |                      |
| Service Cost  | \$ 1,075,849         | \$ 1,041,636         | \$ 1,143,416         |
| Interest  | 1,109,187            | 1,082,279            | 948,268              |
| Differences Between Expected and<br>Actual Experience                       | 1,298,077            | -                    | -                    |
| Changes of Assumptions or Other Inputs                                      | (1,380,961)          | (209,587)            | (2,340,268)          |
| Benefit Payments  | <u>(1,706,631)</u>   | <u>(1,711,610)</u>   | <u>(1,735,284)</u>   |
| <b>Net Change in Total OPEB Liability</b>                                   | <u>395,521</u>       | <u>202,718</u>       | <u>(1,983,868)</u>   |
| Total OPEB Liability - Beginning  | <u>30,417,997</u>    | <u>30,215,279</u>    | <u>32,199,147</u>    |
| <b>Total OPEB Liability - Ending</b>  | <u>\$ 30,813,518</u> | <u>\$ 30,417,997</u> | <u>\$ 30,215,279</u> |
| Covered-Employee Payroll  | \$ 158,793,158       | \$ 158,793,158       | \$ 114,416,406       |
| <b>Total OPEB Liability as a Percentage<br/>of Covered-Employee Payroll</b> | 19.40%               | 19.16%               | 26.41%               |

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

|  | <u>2019</u>    | <u>2018</u>    | <u>2017</u>    | <u>2016</u>    | <u>2015</u>    | <u>2014</u>    | <u>2013</u>    |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| District's Proportion of the FRS<br>Net Pension Liability  | 0.409746175%   | 0.385940916%   | 0.394829900%   | 0.395759454%   | 0.449757910%   | 0.463930418%   | 0.464637005%   |
| District's Proportionate Share of<br>the FRS Net Pension Liability   | \$ 141,110,878 | \$ 116,247,404 | \$ 116,788,035 | \$ 99,929,573  | \$ 58,092,266  | \$ 28,306,578  | \$ 79,984,708  |
| District's Covered Payroll   | \$ 194,297,131 | \$ 176,456,446 | \$ 176,038,046 | \$ 167,212,535 | \$ 174,262,691 | \$ 170,819,266 | \$ 175,193,569 |
| District's Proportionate Share of<br>the FRS Net Pension Liability as a<br>Percentage of Its Covered Payroll | 72.63%         | 65.88%         | 66.34%         | 59.76%         | 33.34%         | 16.57%         | 45.66%         |
| FRS Plan Fiduciary Net Position<br>as a Percentage of the<br>Total Pension Liability                         | 82.61%         | 84.26%         | 83.89%         | 84.88%         | 92.00%         | 96.09%         | 88.54%         |

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

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

|   | <u>2020</u>         | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         | <u>2016</u>        | <u>2015</u>         | <u>2014</u>         |
|---|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
| Contractually Required FRS Contribution                                     | \$ 12,662,828       | \$ 12,705,088       | \$ 10,999,006       | \$ 10,278,395       | \$ 9,651,225       | \$ 10,965,480       | \$ 10,162,045       |
| FRS Contributions in Relation to the<br>Contractually Required Contribution | <u>(12,662,828)</u> | <u>(12,705,088)</u> | <u>(10,999,006)</u> | <u>(10,278,395)</u> | <u>(9,651,225)</u> | <u>(10,965,480)</u> | <u>(10,162,045)</u> |
| FRS Contribution Deficiency (Excess)  | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>        | <u>\$ -</u>         | <u>\$ -</u>         |
| District's Covered Payroll  | \$ 188,312,116      | \$ 194,297,131      | \$ 176,456,446      | \$ 176,038,046      | \$ 167,212,535     | \$ 174,262,691      | \$ 170,819,266      |
| FRS Contributions as a Percentage of<br>Covered Payroll                     | 6.72%               | 6.54%               | 6.23%               | 5.84%               | 5.77%              | 6.29%               | 5.95%               |

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

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

|  | 2019           | 2018           | 2017           | 2016           | 2015           | 2014           | 2013           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| District's Proportion of the HIS Net Pension Liability   | 0.579970280%   | 0.540137061%   | 0.549877103%   | 0.540887223%   | 0.574085981%   | 0.575286134%   | 0.602917579%   |
| District's Proportionate Share of the HIS Net Pension Liability  | \$ 64,892,871  | \$ 57,168,713  | \$ 58,795,397  | \$ 63,038,165  | \$ 58,547,740  | \$ 53,790,657  | \$ 52,491,902  |
| District's Covered Payroll   | \$ 194,297,131 | \$ 176,456,446 | \$ 176,038,046 | \$ 167,212,535 | \$ 174,262,691 | \$ 170,819,266 | \$ 175,193,569 |
| District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll | 33.40%         | 32.40%         | 33.40%         | 37.70%         | 33.60%         | 31.49%         | 29.96%         |
| HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                         | 2.63%          | 2.15%          | 1.64%          | 0.97%          | 0.50%          | 0.99%          | 1.78%          |

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

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

|  | 2020           | 2019           | 2018           | 2017           | 2016           | 2015           | 2014           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually Required HIS Contribution                                  | \$ 3,124,005   | \$ 3,220,519   | \$ 2,929,117   | \$ 2,910,109   | \$ 2,772,392   | \$ 2,194,514   | \$ 1,970,737   |
| HIS Contributions in Relation to the Contractually Required Contribution | (3,124,005)    | (3,220,519)    | (2,929,117)    | (2,910,109)    | (2,772,392)    | (2,194,514)    | (1,970,737)    |
| HIS Contribution Deficiency (Excess)                                     | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           |
| District's Covered Payroll   | \$ 188,312,116 | \$ 194,297,131 | \$ 176,456,446 | \$ 176,038,046 | \$ 167,212,535 | \$ 174,262,691 | \$ 170,819,266 |
| HIS Contributions as a Percentage of Covered Payroll                     | 1.66%          | 1.66%          | 1.66%          | 1.65%          | 1.66%          | 1.26%          | 1.15%          |

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**1. Budgetary Basis of Accounting**

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

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

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

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The June 30, 2020, total OPEB liability increased from the prior fiscal year as a result of changes in assumptions as discussed below:

- A change in the discount rate from 3.62 as of the beginning of the measurement period to 3.13 percent as of June 30, 2019.
- The medical claims costs and premiums were updated to reflect scheduled premium information provided for this valuation.
- The retiree medical coverage acceptance assumption was lowered from 60 percent (50 percent for single enrollment and 10 percent for dual enrollment) to 50 percent (40 percent for single enrollment and 10 percent for dual enrollment) to reflect recent plan experience.
- The healthcare cost trend assumption was revised to reflect a lower long-term inflation assumption changed from 2.5 percent to 2.25 percent.
- The assumed load to model the expected cost of the excise tax was lowered from 0.37 percent beginning in 2022 to 0.25 percent beginning in 2023.
- Changes to demographic assumptions, such as rates of mortality, retirements, termination, disability, and salary increases, to match assumptions developed by the FRS and adopted for its July 1, 2019, valuation.

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

*Changes of Assumptions.* In 2019, the long-term expected rate of return was decreased from 7 percent to 6.9 percent, and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.

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

*Changes of Assumptions.* In 2019, the municipal bond rate used to determine total pension liability was decreased from 3.87 percent to 3.5 percent.

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# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## Leon County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2020

| Federal Grantor/Pass-Through Grantor/<br>Program or Cluster                                  | Federal<br>CFDA<br>Number | Pass - Through<br>Entity Identifying<br>Number | Passed<br>Through to<br>Subrecipient | Total<br>Expenditures   |
|--|---------------------------|--|--------------------------------------|-------------------------|
| <b>Clustered</b>   |                           |  |                                      |                         |
| <b>Child Nutrition Cluster</b>   |                           |  |                                      |                         |
| United States Department of Agriculture:   |                           |  |                                      |                         |
| Florida Department of Agriculture and Consumer Services:                                     |                           |  |                                      |                         |
| School Breakfast Program   | 10.553                    | 20002  | \$ -                                 | \$ 2,153,934.00         |
| National School Lunch Program  | 10.555                    | 20001, 20003                                   | -                                    | 7,163,410.00            |
| Summer Food Service Program for Children   | 10.559                    | 19006, 19007, 20006, 20007                     | -                                    | 1,172,403.00            |
| <b>Total Child Nutrition Cluster</b>   |                           |  | <u>-</u>                             | <u>10,489,747.00</u>    |
| <b>Forest Service Schools and Roads Cluster</b>  |                           |  |                                      |                         |
| United States Department of Agriculture:   |                           |  |                                      |                         |
| Florida Department of Financial Services:  |                           |  |                                      |                         |
| Schools and Roads - Grants to States   | 10.665                    | None   | -                                    | 48,503.00               |
| <b>Student Financial Assistance Cluster</b>  |                           |  |                                      |                         |
| United States Department of Education:   |                           |  |                                      |                         |
| Federal Supplemental Educational Opportunity Grants  | 84.007                    | N/A  | -                                    | 33,264.00               |
| Federal Pell Grant Program   | 84.063                    | N/A  | -                                    | 2,225,965.94            |
| <b>Total Student Financial Assistance Cluster</b>  |                           |  | <u>-</u>                             | <u>2,259,229.94</u>     |
| <b>Special Education Cluster</b>   |                           |  |                                      |                         |
| United States Department of Education:   |                           |  |                                      |                         |
| Florida Department of Education:   |                           |  |                                      |                         |
| Special Education - Grants to States   | 84.027                    | 262, 263                                       | 452,032.19                           | 10,975,989.00           |
| Special Education - Preschool Grants   | 84.173                    | 266, 267                                       | -                                    | 394,172.00              |
| <b>Total Special Education Cluster</b>   |                           |  | <u>452,032.19</u>                    | <u>11,370,161.00</u>    |
| <b>Not Clustered</b>   |                           |  |                                      |                         |
| <b>United States Department of Agriculture</b>   |                           |  |                                      |                         |
| Florida Department of Health:  |                           |  |                                      |                         |
| Child and Adult Care Food Program  | 10.558                    | A-3770   | -                                    | 601,063.00              |
| Florida Department of Agriculture and Consumer Services:                                     |                           |  |                                      |                         |
| Fresh Fruit and Vegetable Program  | 10.582                    | 20004  | -                                    | 88,808.12               |
| Healthier US School Challenge: Smarter Lunchrooms  | 10.543                    | N/A  | -                                    | 500.00                  |
| Farm to School Grant Program   | 10.575                    | N/A  | -                                    | 48,306.00               |
| <b>Total United States Department of Agriculture</b>   |                           |  | <u>-</u>                             | <u>738,677.12</u>       |
| <b>United States Department of Defense</b>   |                           |  |                                      |                         |
| Air Force Junior Reserve Officers Training Corps   | 12.UNK                    | N/A  | -                                    | 54,527.17               |
| Army Junior Reserve Officers Training Corps  | 12.UNK                    | N/A  | -                                    | 78,252.93               |
| Marine Junior Reserve Officers Training Corps  | 12.UNK                    | N/A  | -                                    | 74,298.99               |
| Navy Junior Reserve Officers Training Corps  | 12.UNK                    | N/A  | -                                    | 85,976.07               |
| <b>Total United States Department of Defense</b>   |                           |  | <u>-</u>                             | <u>293,055.16</u>       |
| <b>United States Department of Education</b>   |                           |  |                                      |                         |
| Education Stabilization Fund Under the Coronavirus Aid, Relief,<br>and Economic Security Act |                           |  |                                      |                         |
|  | 84.425                    | N/A  | -                                    | 524,859.24              |
| Florida Department of Education:   |                           |  |                                      |                         |
| Adult Education - Basic Grants to States   | 84.002                    | 191, 193                                       | -                                    | 310,567.35              |
| Title I Grants to Local Educational Agencies   | 84.010                    | 212, 223, 226                                  | 320,228.00                           | 9,177,101.51            |
| Career and Technical Education - Basic Grants to States                                      | 84.048                    | 161  | -                                    | 543,431.18              |
| Education for Homeless Children and Youth  | 84.196                    | 127  | -                                    | 45,959.21               |
| Twenty-First Century Community Learning Centers  | 84.287                    | 244  | 56,076.00                            | 1,263,370.00            |
| English Language Acquisition State Grants  | 84.365                    | 102  | -                                    | 124,648.29              |
| Supporting Effective Instruction State Grants  | 84.367                    | 224  | -                                    | 1,220,449.09            |
| Student Support and Academic Enrichment Program  | 84.424                    | 241  | -                                    | 609,102.19              |
| <b>Total United States Department of Education</b>   |                           |  | <u>376,304.00</u>                    | <u>13,819,488.06</u>    |
| <b>United States Department of Homeland Security:</b>  |                           |  |                                      |                         |
| Florida Division of Emergency Management:  |                           |  |                                      |                         |
| Disaster Grants - Public Assistance (Presidentially Declared<br>Disasters)                   | 97.036                    | Z1015  | -                                    | 199,979.50              |
| <b>Total Expenditures of Federal Awards</b>  |                           |  | <u>\$ 828,336.19</u>                 | <u>\$ 39,218,840.78</u> |

The accompanying notes are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Leon County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
- (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance - National School Lunch Program. Includes \$828,704 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Disaster Grants – Public Assistance (Presidentially Declared Disaster). The District incurred \$199,979.50 in expenditures for the Disaster Grants – Public Assistance (Presidentially Declared Disaster) grant in the 2018-19 fiscal year.



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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Tallahassee, Florida 32399-1450



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Fax: (850) 488-6975

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Leon County District School Board as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 13, 2021, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
January 13, 2021



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### Report on Compliance for Each Major Federal Program

We have audited the Leon County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2020. The District's major Federal programs are identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

### *Management's Responsibility*

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

### *Auditor's Responsibility*

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

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

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

In our opinion, the District complies, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2020.

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

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

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

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

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
January 13, 2021

# **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

### **Financial Statements**

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

### **Federal Awards**

|  |   |
|--|---|
| Internal control over major Federal programs:  |   |
| Material weakness(es) identified?  | No  |
| Significant deficiency(ies) identified?  | None reported                                   |
| Type of auditor’s report issued on compliance for major Federal programs:                          | Unmodified                                      |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No  |
| Identification of major Federal programs:  |   |
| CFDA Numbers:  | Name of Federal Program or Cluster:             |
| 10.553, 10.555, and 10.559   | Child Nutrition Cluster                         |
| 84.027 and 84.173  | Special Education Cluster                       |
| 84.287   | Twenty-First Century Community Learning Centers |
| Dollar threshold used to distinguish between type A and type B programs:                           | \$1,176,565                                     |
| Auditee qualified as low risk auditee?   | No  |

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

No matters are reported.

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

No matters are reported.

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

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The District had taken corrective actions for the financial statement audit finding included in the prior audit report.

# SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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BOARD CHAIR  
DeeDee Rasmussen

BOARD VICE CHAIR  
Georgia "Joy" Bowen



BOARD MEMBERS  
Darryl Jones  
Alva Swafford Striplin  
Rosanne Wood

SUPERINTENDENT  
Rocky Hanna

| <u>Audit Report No.<br/>(Finding No.)</u>  | <u>Program/Area</u> | <u>Brief Description</u>   | <u>Status</u>   | <u>Comments</u> |
|--|---------------------|--|-----------------|-----------------|
| Purvis, Gray and Company, LLC<br>(2019-01) | Financial Reporting | District financial reporting procedures need improvement to ensure financial statement account balances and transactions are properly reported and required schedules are properly disclosed in the annual financial report. | Fully Corrected |                 |