

Report No. 2021-187
March 2021

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

**WASHINGTON 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, Herbert J. Taylor served as Superintendent of the Washington County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Vann Brock	1
Dr. Lou Cleveland, Chair	2
Milton L. Brown, Vice Chair	3
Will "Tonka" Taylor	4
Susan G. Roberts	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 Jason Law, and the audit was supervised by Shelly G. Curti, CPA.

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

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

SUMMARY OF REPORT ON FEDERAL AWARDS

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

AUDIT OBJECTIVES AND SCOPE

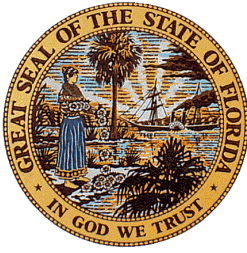
Our audit objectives were to determine whether the School Board and its officers with administrative and stewardship responsibilities for District operations:

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

The scope of this audit included an examination of the District's basic financial statements and the accompanying Schedule of Expenditures of Federal Awards, as of and for the fiscal year ended June 30, 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, each major fund, and the aggregate remaining fund information of the Washington 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 55 percent, respectively, of the assets and liabilities of the aggregate remaining fund information. That statement was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the school internal funds, is based solely on the report 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 report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington 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, Ten-Year Claims Development Information – Panhandle Area Educational Consortium – Risk Management Consortium Property/Casualty Program, 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 March 29, 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
March 29, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Washington 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:

- As of June 30, 2020, the assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by \$88,588,384.40.
- General revenues total \$44,377,152.75, or 77.94 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$12,558,836.87, or 22.06 percent of all revenues.
- Expenses total \$55,830,630.76. Only \$12,558,836.87 of these expenses was offset by program specific revenues, with the remainder paid from general revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$10,966,935.01, which is \$1,203,431.51 more than the prior fiscal year balance. The General Fund assigned and unassigned fund balances were \$3,880,751.95, or 11.92 percent of total General Fund revenues.
- The total long-term liabilities increased by \$3,430,835.80, or 9.54 percent, mainly because of an increase in the net pension liability related to the District's participation in the Florida Retirement System.

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. Additionally, all capital and debt financing activities are reported as governmental activities.
- Business-type activities – These activities account for the financial resources of the Panhandle Area Educational Consortium (PAEC) – Programs Other Than Risk Management; the PAEC – Risk Management Consortium (RMC) Property/Casualty Program, a public entity risk pool; and the PAEC - RMC Health Program. The District is fiscal agent for the PAEC as discussed in Note III. to the financial statements.

Fund Financial Statements

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

Proprietary Funds: Proprietary funds may be established to account for activities in which a fee is charged for services. Two types of proprietary funds are maintained:

- Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. Enterprise funds are appropriate for activities in which a fee is charged to external users of the District's goods and services. The District's enterprise funds are discussed in Note I.D.
- An internal service fund is used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses the internal service fund to account for the District's Health Self-Insurance Program. Since these services predominantly benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail, for those enterprise funds determined to be major. The District's major enterprise funds are the PAEC – Risk Management Property/Casualty Fund, PAEC – Risk Management Health Fund, and PAEC – Programs Other Than Risk Management Fund. Data from the nonmajor enterprise fund is reported as a single column because there is only one nonmajor enterprise fund. In addition, the internal service fund is reported as a single column in the proprietary fund financial statements.

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 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 obligation to provide other postemployment benefits (OPEB) to its employees, the District's net pension liability, and 10-year claims information of the PAEC – RMC Property/Casualty Program.

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 Activities		Business-Type Activities		Total	
	6-30-20	6-30-19	6-30-20	6-30-19	6-30-20	6-30-19
Current and Other Assets	\$ 20,063,710.44	\$ 17,222,937.35	\$ 28,966,527.51	\$ 30,291,693.28	\$ 49,030,237.95	\$ 47,514,630.63
Capital Assets	80,430,745.21	80,871,825.44	1,692,475.53	1,683,480.05	82,123,220.74	82,555,305.49
Total Assets	100,494,455.65	98,094,762.79	30,659,003.04	31,975,173.33	131,153,458.69	130,069,936.12
Deferred Outflows of Resources	8,441,034.00	8,583,605.00	1,352,387.00	1,371,022.00	9,793,421.00	9,954,627.00
Long-Term Liabilities	29,293,491.51	26,111,460.97	10,094,607.25	9,845,801.99	39,388,098.76	35,957,262.96
Other Liabilities	1,775,790.18	2,081,738.94	6,545,778.35	8,779,697.45	8,321,568.53	10,861,436.39
Total Liabilities	31,069,281.69	28,193,199.91	16,640,385.60	18,625,499.44	47,709,667.29	46,818,699.35
Deferred Inflows of Resources	4,044,803.00	4,927,964.00	604,025.00	737,870.00	4,648,828.00	5,665,834.00
Net Position:						
Net Investment in Capital Assets	80,330,530.41	80,744,096.67	1,692,475.53	1,683,480.05	82,023,005.94	82,427,576.72
Restricted	6,956,934.25	5,977,381.02	-	-	6,956,934.25	5,977,381.02
Unrestricted (Deficit)	(13,466,059.70)	(13,164,273.81)	13,074,503.91	12,299,345.84	(391,555.79)	(864,927.97)
Total Net Position	\$ 73,821,404.96	\$ 73,557,203.88	\$ 14,766,979.44	\$ 13,982,825.89	\$ 88,588,384.40	\$ 87,540,029.77

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 net investment in capital assets decreased \$404,570.78 mainly due to current year depreciation expense.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used.

The District's unrestricted net position increased \$473,372.18 as compared to the unrestricted net position at June 30, 2019. The increase was primarily due to an increase in cash and cash equivalents.

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 Activities		Business-Type 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	\$ 1,082,882.13	\$ 1,187,754.45	\$ 8,927,235.78	\$ 8,652,512.03	\$ 10,010,117.91	\$ 9,840,266.48
Operating Grants and Contributions	2,050,758.06	1,552,031.17	364,134.19	309,283.55	2,414,892.25	1,861,314.72
Capital Grants and Contributions	133,826.71	328,124.80	-	-	133,826.71	328,124.80
General Revenues:						
Property Taxes, Levied for Operational Purposes	4,412,947.51	4,543,118.89	-	-	4,412,947.51	4,543,118.89
Property Taxes, Levied for Capital Projects	1,160,943.40	1,241,997.98	-	-	1,160,943.40	1,241,997.98
Local Sales Taxes	1,093,988.07	459,110.65	-	-	1,093,988.07	459,110.65
Grants and Contributions Not Restricted to Specific Programs	30,534,536.05	29,424,715.11	4,769,382.66	4,594,974.49	35,303,918.71	34,019,689.60
Unrestricted Investment Earnings	266,507.18	362,784.03	364,165.35	528,891.97	630,672.53	891,676.00
Miscellaneous	1,041,613.28	919,224.35	733,069.25	502,457.62	1,774,682.53	1,421,681.97
Total Revenues	41,778,002.39	40,018,861.43	15,157,987.23	14,588,119.66	56,935,989.62	54,606,981.09
Functions/Program Expenses:						
Instruction	20,458,071.25	19,818,398.63	-	-	20,458,071.25	19,818,398.63
Student Support Services	2,074,083.69	1,974,276.16	-	-	2,074,083.69	1,974,276.16
Instructional Media Services	491,027.54	462,792.86	-	-	491,027.54	462,792.86
Instruction and Curriculum Development Services	1,052,552.11	767,238.01	-	-	1,052,552.11	767,238.01
Instructional Staff Training Services	147,165.83	287,632.67	-	-	147,165.83	287,632.67
Instruction-Related Technology	413,708.61	368,043.40	-	-	413,708.61	368,043.40
Board	447,011.80	480,499.28	-	-	447,011.80	480,499.28
General Administration	463,135.95	448,297.62	-	-	463,135.95	448,297.62
School Administration	2,580,569.35	2,608,434.72	-	-	2,580,569.35	2,608,434.72
Facilities Acquisition and Construction	46,907.78	38,279.43	-	-	46,907.78	38,279.43
Fiscal Services	635,934.77	573,738.10	-	-	635,934.77	573,738.10
Food Services	1,962,392.21	1,512,067.09	-	-	1,962,392.21	1,512,067.09
Central Services	236,407.41	251,129.58	-	-	236,407.41	251,129.58
Student Transportation Services	2,160,319.56	2,164,489.57	-	-	2,160,319.56	2,164,489.57
Operation of Plant	2,736,200.92	2,579,933.72	-	-	2,736,200.92	2,579,933.72
Maintenance of Plant	785,066.24	855,048.87	-	-	785,066.24	855,048.87
Administrative Technology Services	269,441.93	324,922.04	-	-	269,441.93	324,922.04
Community Services	1,105,579.17	1,170,437.72	-	-	1,105,579.17	1,170,437.72
Unallocated Interest on Long-Term Debt	224.60	408.38	-	-	224.60	408.38
Unallocated Depreciation Expense	3,356,052.65	3,224,486.78	-	-	3,356,052.65	3,224,486.78
Loss on Disposal of Capital Assets	1,538.63	-	-	-	1,538.63	-
PAEC - Risk Management Property/Casualty	-	-	6,193,523.87	5,220,013.36	6,193,523.87	5,220,013.36
PAEC - Risk Management Health	-	-	116,322.62	85,971.98	116,322.62	85,971.98
PAEC - Programs Other Than Risk Management	-	-	8,097,241.30	7,619,899.37	8,097,241.30	7,619,899.37
PAEC - Programs Other Than Risk Management Federal Economic Stimulus	-	-	150.97	345.70	150.97	345.70
Total Functions/Program Expenses	41,423,392.00	39,910,554.63	14,407,238.76	12,926,230.41	55,830,630.76	52,836,785.04
Excess Before Transfers and Special Item						
Special Item	354,610.39	108,306.80	750,748.47	1,661,889.25	1,105,358.86	1,770,196.05
Transfers In(Out)	(33,405.08)	(1,344.41)	33,405.08	1,344.41	-	-
Special Item	(57,004.23)	-	-	-	(57,004.23)	-
Change in Net Position	264,201.08	106,962.39	784,153.55	1,663,233.66	1,048,354.63	1,770,196.05
Net Position - Beginning	73,557,203.88	73,450,241.49	13,982,825.89	12,319,592.23	87,540,029.77	85,769,833.72
Net Position - Ending	\$ 73,821,404.96	\$ 73,557,203.88	\$ 14,766,979.44	\$ 13,982,825.89	\$ 88,588,384.40	\$ 87,540,029.77

The largest revenue source of governmental activities is the State of Florida (62.35 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.

PAEC – Risk Management Property/Casualty expenses increased by \$973,510.51, or 18.65 percent, mostly due to an increase in excess insurance premium expense.

Instruction expenses represent 49.39 percent of total governmental expenses in the 2019-20 fiscal year. Instruction expenses increased by \$639,672.62, or 3.23 percent, from the previous 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 increased by \$1,603,910.35 during the fiscal year to \$13,169,254.64 at June 30, 2020. Approximately 14.87 percent of this amount is unassigned fund balance (\$1,958,249.22), which is available for spending at the District's discretion. The remainder of the fund balance is restricted, committed, or assigned to indicate that it is (1) restricted for particular purposes (\$6,891,210.85), (2) committed for particular purposes (\$2,397,291.84), or (3) assigned for particular purposes (\$1,922,502.73).

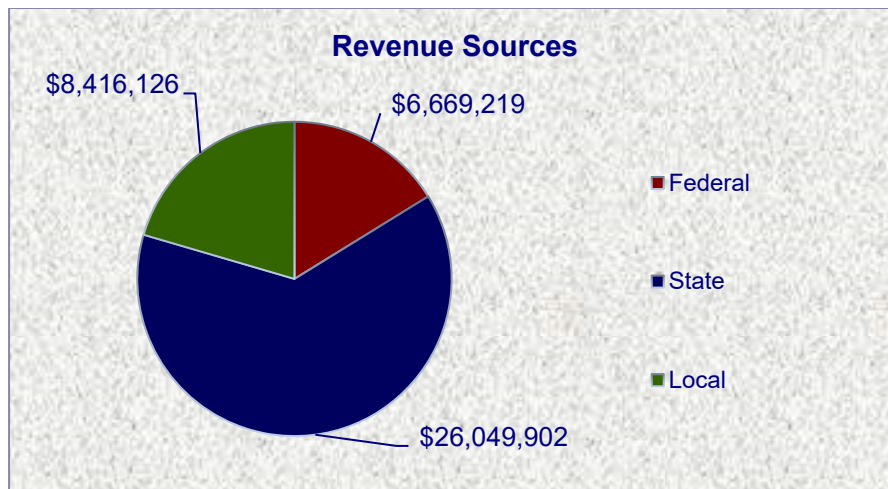
Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is \$1,958,249.22, while the total fund balance is \$10,966,935.01. 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 approximately 11.92 percent of the total General Fund revenues, while total fund balance represents 33.68 percent of total General Fund revenues.

Total fund balance of the General Fund increased by \$1,203,431.51 during the fiscal year. Key factors impacting the change in fund balance is a State revenue increase of \$661,985.65, primarily due to an increase in FEFP funding, and a \$348,432.18 increase in Federal through State and local revenue mainly due to receipt of temporary emergency impact moneys.

The Special Revenue – Other Fund has a zero fund balance at the end of the current fiscal year. The District uses these funds to account for certain Federal grant program resources. Since Federal revenue is recognized to the extent that eligible expenditures have been incurred, this fund generally does not accumulate a fund balance. Revenues and expenditures of the Special Revenue – Other Fund total \$4,019,868.19 each, representing an increase of \$96,461.63 each from the prior fiscal year.

The following chart indicates the source of revenues for the District's governmental activities for the 2019-20 fiscal year.



Proprietary Funds

The net position of the PAEC – Risk Management Property/Casualty Fund totaled \$13,860,089.77 at June 30, 2020, an increase of \$403,367.56 from the previous fiscal year.

The net position of the PAEC – Risk Management Health Fund totaled \$39,335.68 at June 30, 2020, an increase of \$2,092.63 from the previous fiscal year.

The net position of the PAEC – Programs Other Than Risk Management Fund totaled \$867,340.08 at June 30, 2020, an increase of \$378,844.33 from the previous fiscal year. The increase is primarily due to an increase in gifts and grants.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2019-20 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues amounting to \$356,544.19, and an increase in final appropriations of \$1,914,224.92 from original budgeted amounts. The positive final budget variances include amounts budgeted for instruction, compensated absences, school roll-forward, contract schools, grants, and construction and maintenance projects, which were in excess of the actual expenditures. Actual expenditures were less than the final budget by \$5,351,707.53 primarily because the District budgeted for the expenditure of various carryover funds that did not materialize in the current fiscal year.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District’s investment in capital assets for its governmental activities and business-type activities as of June 30, 2020, is \$82,123,220.74 (net of accumulated depreciation). This investment in capital assets includes land; land improvements; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software. The total decrease in capital assets for the current fiscal year was \$432,084.75, or 0.52 percent.

Major capital asset events included the following:

- Completed remodeling of the old Kate Smith cafeteria to the new District board room.
- Began remodeling of the Learning Resource Center at the Florida Panhandle Technical Center.
- Started replacement of the Vernon High School HVAC system.

Additional information on the District’s capital assets can be found in Notes I.F.3. and II.C. to the financial statements.

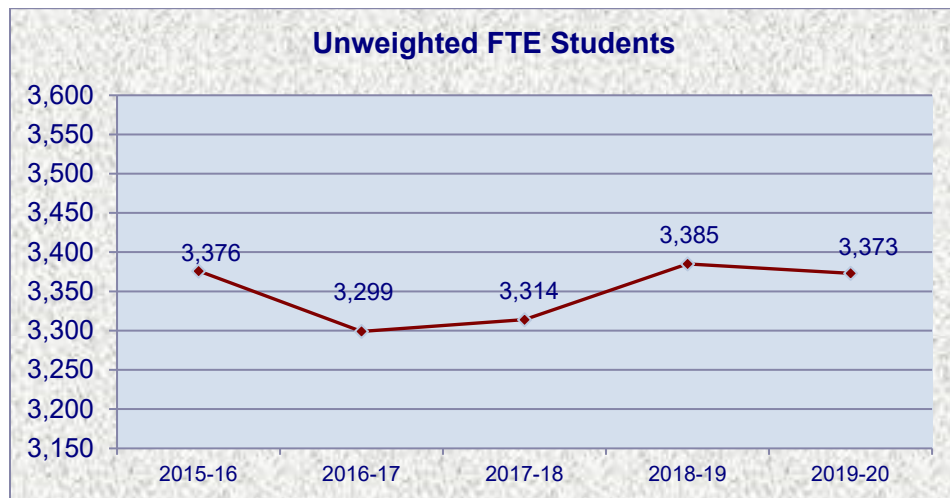
Long-Term Debt

The District paid the balance on its State School Bonds, Series 2014B Refunding, and did not issue any long-term debt during the 2019-20 fiscal year.

OTHER MATTERS OF SIGNIFICANCE

State revenues comprise 79.53 percent of total General Fund revenues and are primarily from the FEFP administered by the Florida Department of Education (FDOE) under the provisions of Section 1011.62, Florida Statutes. In accordance with this Statute, the District determines and reports the number of full-time equivalent (FTE) students and related data to the FDOE. FEFP funding is determined based on these counts of FTE students.

The following chart reflects the trend of unweighted FTE counts for the last 5 years. The 2019-20 fiscal year count is down 3 from the 2015-16 fiscal year count.



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 Director of Finance, Washington County District School Board, 652 Third Street, Chipley, Florida 32428.

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BASIC FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 13,570,675.19	\$ 32,231,180.44	\$ 45,801,855.63
Accounts Receivable	150,585.35	17,610.78	168,196.13
Internal Balances	4,891,540.60	(4,891,540.60)	-
Due from Other Agencies	942,627.30	484,253.21	1,426,880.51
Due from Excess Insurer	508,282.00	1,125,023.68	1,633,305.68
Capital Assets:			
Nondepreciable Capital Assets	3,214,778.38	665,380.10	3,880,158.48
Depreciable Capital Assets, Net	77,215,966.83	1,027,095.43	78,243,062.26
TOTAL ASSETS	100,494,455.65	30,659,003.04	131,153,458.69
DEFERRED OUTFLOWS OF RESOURCES			
OPEB	422,085.00	43,384.00	465,469.00
Pensions	8,018,949.00	1,309,003.00	9,327,952.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,441,034.00	1,352,387.00	9,793,421.00
LIABILITIES			
Accrued Salaries and Benefits	423,691.25	-	423,691.25
Payroll Deductions and Withholdings	243,998.32	-	243,998.32
Accounts Payable	563,525.66	231,246.77	794,772.43
Construction Contracts Payable	52,436.43	-	52,436.43
Construction Contracts Payable - Retained Percentage	47,778.37	-	47,778.37
Due to Other Agencies	186,610.00	6,125,896.14	6,312,506.14
Deposits Payable	1,915.45	-	1,915.45
Unearned Revenue	8,953.70	188,635.44	197,589.14
Estimated Insurance Claims Payable	246,881.00	-	246,881.00
Long-Term Liabilities:			
Portion Due Within 1 Year	427,727.72	2,139,166.42	2,566,894.14
Portion Due After 1 Year	28,865,763.79	7,955,440.83	36,821,204.62
TOTAL LIABILITIES	31,069,281.69	16,640,385.60	47,709,667.29
DEFERRED INFLOWS OF RESOURCES			
OPEB	1,133,033.00	174,344.00	1,307,377.00
Pensions	2,911,770.00	429,681.00	3,341,451.00
TOTAL DEFERRED INFLOWS OF RESOURCES	4,044,803.00	604,025.00	4,648,828.00
NET POSITION			
Net Investment in Capital Assets	80,330,530.41	1,692,475.53	82,023,005.94
Restricted for:			
State Required Carryover Programs	3,359,488.23	-	3,359,488.23
Food Service	602,848.68	-	602,848.68
Capital Projects	1,665,194.35	-	1,665,194.35
Workforce Development	1,277,971.33	-	1,277,971.33
Other Required Carryover Programs	51,431.66	-	51,431.66
Unrestricted	(13,466,059.70)	13,074,503.91	(391,555.79)
TOTAL NET POSITION	\$ 73,821,404.96	\$ 14,766,979.44	\$ 88,588,384.40

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

**Washington 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
Governmental Activities:				
Instruction	\$ 20,458,071.25	\$ 919,597.91	\$ -	\$ -
Student Support Services	2,074,083.69	-	-	-
Instructional Media Services	491,027.54	-	-	-
Instruction and Curriculum Development Services	1,052,552.11	-	-	-
Instructional Staff Training Services	147,165.83	-	-	-
Instruction-Related Technology	413,708.61	-	-	-
Board	447,011.80	-	-	-
General Administration	463,135.95	-	-	-
School Administration	2,580,569.35	-	-	-
Facilities Acquisition and Construction	46,907.78	26,339.90	-	129,787.66
Fiscal Services	635,934.77	-	-	-
Food Services	1,962,392.21	90,604.81	2,050,758.06	-
Central Services	236,407.41	-	-	-
Student Transportation Services	2,160,319.56	46,339.51	-	-
Operation of Plant	2,736,200.92	-	-	-
Maintenance of Plant	785,066.24	-	-	-
Administrative Technology Services	269,441.93	-	-	-
Community Services	1,105,579.17	-	-	-
Unallocated Interest on Long-Term Debt	224.60	-	-	4,039.05
Unallocated Depreciation Expense*	3,356,052.65	-	-	-
Loss on Disposal of Capital Assets	1,538.63	-	-	-
Total Governmental Activities	41,423,392.00	1,082,882.13	2,050,758.06	133,826.71
Business-Type Activities:				
PAEC - Risk Management Property/Casualty	6,193,523.87	6,277,002.00	-	-
PAEC - Risk Management Health	116,322.62	-	118,174.00	-
PAEC - Programs Other Than Risk Management	8,097,241.30	2,650,233.78	245,960.19	-
PAEC - Programs Other Than Risk Management Federal Economic Stimulus	150.97	-	-	-
Total Business-Type Activities	14,407,238.76	8,927,235.78	364,134.19	-
Total Primary Government	\$ 55,830,630.76	\$ 10,010,117.91	\$ 2,414,892.25	\$ 133,826.71

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Local Sales Taxes

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Special Item: Transfer of Assets to Okeechobee District School Board

Transfers

Total General Revenues, Special Item, and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

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

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (19,538,473.34)	\$ -	\$ (19,538,473.34)
(2,074,083.69)	-	(2,074,083.69)
(491,027.54)	-	(491,027.54)
(1,052,552.11)	-	(1,052,552.11)
(147,165.83)	-	(147,165.83)
(413,708.61)	-	(413,708.61)
(447,011.80)	-	(447,011.80)
(463,135.95)	-	(463,135.95)
(2,580,569.35)	-	(2,580,569.35)
109,219.78	-	109,219.78
(635,934.77)	-	(635,934.77)
178,970.66	-	178,970.66
(236,407.41)	-	(236,407.41)
(2,113,980.05)	-	(2,113,980.05)
(2,736,200.92)	-	(2,736,200.92)
(785,066.24)	-	(785,066.24)
(269,441.93)	-	(269,441.93)
(1,105,579.17)	-	(1,105,579.17)
3,814.45	-	3,814.45
(3,356,052.65)	-	(3,356,052.65)
(1,538.63)	-	(1,538.63)
<u>(38,155,925.10)</u>	<u>-</u>	<u>(38,155,925.10)</u>
-	83,478.13	83,478.13
-	1,851.38	1,851.38
-	(5,201,047.33)	(5,201,047.33)
-	(150.97)	(150.97)
-	<u>(5,115,868.79)</u>	<u>(5,115,868.79)</u>
<u>(38,155,925.10)</u>	<u>(5,115,868.79)</u>	<u>(43,271,793.89)</u>
4,412,947.51	-	4,412,947.51
1,160,943.40	-	1,160,943.40
1,093,988.07	-	1,093,988.07
30,534,536.05	4,769,382.66	35,303,918.71
266,507.18	364,165.35	630,672.53
1,041,613.28	733,069.25	1,774,682.53
(57,004.23)	-	(57,004.23)
(33,405.08)	33,405.08	-
<u>38,420,126.18</u>	<u>5,900,022.34</u>	<u>44,320,148.52</u>
264,201.08	784,153.55	1,048,354.63
<u>73,557,203.88</u>	<u>13,982,825.89</u>	<u>87,540,029.77</u>
<u>\$ 73,821,404.96</u>	<u>\$ 14,766,979.44</u>	<u>\$ 88,588,384.40</u>

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

	General Fund	Special Revenue - Other Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 11,570,097.01	\$ -	\$ 2,000,578.18	\$ 13,570,675.19
Accounts Receivable	150,585.35	-	-	150,585.35
Due from Other Funds	299,520.79	-	-	299,520.79
Due from Other Agencies	77,992.91	536,512.87	328,121.52	942,627.30
TOTAL ASSETS	\$ 12,098,196.06	\$ 536,512.87	\$ 2,328,699.70	\$ 14,963,408.63
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued Salaries and Benefits	\$ 423,691.25	\$ -	\$ -	\$ 423,691.25
Payroll Deductions and Withholdings	243,998.32	-	-	243,998.32
Accounts Payable	134,711.11	58,109.76	52,844.83	245,665.70
Construction Contracts Payable	12,162.87	-	40,273.56	52,436.43
Construction Contracts Payable - Retained Percentage	22,328.53	-	25,449.84	47,778.37
Due to Other Funds	104,701.66	478,403.11	-	583,104.77
Due to Other Agencies	186,610.00	-	-	186,610.00
Deposits Payable	1,915.45	-	-	1,915.45
Unearned Revenue	1,141.86	-	7,811.84	8,953.70
Total Liabilities	1,131,261.05	536,512.87	126,380.07	1,794,153.99
Fund Balances:				
Restricted for:				
State Required Carryover Programs	3,359,488.23	-	-	3,359,488.23
Food Service	-	-	602,848.68	602,848.68
Capital Projects	-	-	1,599,470.95	1,599,470.95
Other Required Carryover Programs	51,431.66	-	-	51,431.66
Workforce Development	1,277,971.33	-	-	1,277,971.33
Total Restricted Fund Balance	4,688,891.22	-	2,202,319.63	6,891,210.85
Committed for:				
Compensated Absences	2,397,291.84	-	-	2,397,291.84
Assigned for:				
Cost Center and Project Carry Overs	1,722,502.73	-	-	1,722,502.73
Environmental Cleanup	200,000.00	-	-	200,000.00
Total Assigned Fund Balance	1,922,502.73	-	-	1,922,502.73
Unassigned Fund Balance	1,958,249.22	-	-	1,958,249.22
Total Fund Balances	10,966,935.01	-	2,202,319.63	13,169,254.64
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,098,196.06	\$ 536,512.87	\$ 2,328,699.70	\$ 14,963,408.63

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

**Washington 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 \$ 13,169,254.64

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. 80,430,745.21

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position. 5,118,665.62

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	\$	422,085.00	
Deferred Outflows Related to Pensions		8,018,949.00	
Deferred Inflows Related to OPEB		(1,133,033.00)	
Deferred Inflows Related to Pensions		<u>(2,911,770.00)</u>	4,396,231.00

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:

Compensated Absences Payable	\$	(3,433,562.51)	
Net Pension Liability		(22,638,014.00)	
Total OPEB Liability		<u>(3,221,915.00)</u>	<u>(29,293,491.51)</u>

Net Position - Governmental Activities \$ 73,821,404.96

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

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

	<u>General Fund</u>	<u>Special Revenue - Other Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Intergovernmental:				
Federal Direct	\$ 123,508.95	\$ 1,152,382.02	\$ 1,500.00	\$ 1,277,390.97
Federal Through State and Local	491,073.34	2,867,486.17	2,033,268.06	5,391,827.57
State	25,898,585.57	-	151,316.71	26,049,902.28
Local:				
Property Taxes	4,412,947.51	-	1,160,943.40	5,573,890.91
Local Sales Taxes	-	-	1,093,988.07	1,093,988.07
Charges for Services	992,277.32	-	90,604.81	1,082,882.13
Miscellaneous	644,690.13	-	20,674.49	665,364.62
Total Local Revenues	<u>6,049,914.96</u>	<u>-</u>	<u>2,366,210.77</u>	<u>8,416,125.73</u>
Total Revenues	<u>32,563,082.82</u>	<u>4,019,868.19</u>	<u>4,552,295.54</u>	<u>41,135,246.55</u>
Expenditures				
Current - Education:				
Instruction	18,104,007.93	1,700,079.11	-	19,804,087.04
Student Support Services	1,644,258.33	353,920.26	-	1,998,178.59
Instructional Media Services	470,527.54	-	-	470,527.54
Instruction and Curriculum Development Services	297,831.26	649,930.21	-	947,761.47
Instructional Staff Training Services	44,633.61	108,552.45	-	153,186.06
Instruction-Related Technology Board	397,708.02	-	-	397,708.02
General Administration	445,895.52	-	-	445,895.52
School Administration	376,914.78	78,297.33	-	455,212.11
Facilities Acquisition and Construction	2,482,852.31	23,982.79	-	2,506,835.10
Fiscal Services	-	-	46,907.78	46,907.78
Food Services	600,574.58	-	-	600,574.58
Central Services	44,331.34	-	1,935,232.44	1,979,563.78
Student Transportation Services	225,208.30	-	-	225,208.30
Operation of Plant	1,860,095.78	1,188.90	-	1,861,284.68
Maintenance of Plant	2,680,592.87	-	-	2,680,592.87
Administrative Technology Services	844,607.74	-	-	844,607.74
Community Services	252,952.35	-	-	252,952.35
Fixed Capital Outlay:	90,107.00	1,015,472.17	-	1,105,579.17
Facilities Acquisition and Construction	470,174.93	-	979,959.99	1,450,134.92
Other Capital Outlay	423,771.26	88,444.97	1,246,449.39	1,758,665.62
Debt Service:				
Principal	-	-	4,000.00	4,000.00
Interest and Fiscal Charges	-	-	224.60	224.60
Total Expenditures	<u>31,757,045.45</u>	<u>4,019,868.19</u>	<u>4,212,774.20</u>	<u>39,989,687.84</u>
Excess of Revenues Over Expenditures	<u>806,037.37</u>	<u>-</u>	<u>339,521.34</u>	<u>1,145,558.71</u>
Other Financing Sources (Uses)				
Transfers In	439,145.33	-	-	439,145.33
Loss Recoveries	45,303.53	-	503,457.42	548,760.95
Transfers Out	<u>(30,050.49)</u>	<u>-</u>	<u>(442,499.92)</u>	<u>(472,550.41)</u>
Total Other Financing Sources	<u>454,398.37</u>	<u>-</u>	<u>60,957.50</u>	<u>515,355.87</u>
Special Item				
Transfer of Assets to Okeechobee District School Board	<u>(57,004.23)</u>	<u>-</u>	<u>-</u>	<u>(57,004.23)</u>
Net Change in Fund Balances	1,203,431.51	-	400,478.84	1,603,910.35
Fund Balances, Beginning	<u>9,763,503.50</u>	<u>-</u>	<u>1,801,840.79</u>	<u>11,565,344.29</u>
Fund Balances, Ending	<u>\$ 10,966,935.01</u>	<u>\$ 0.00</u>	<u>\$ 2,202,319.63</u>	<u>\$ 13,169,254.64</u>

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

**Washington 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 \$ 1,603,910.35

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 depreciation expense in excess of capital outlays in the current fiscal year. (439,541.60)

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. (1,538.63)

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 of repayments in the current fiscal year. 4,000.00

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount used in the current fiscal year. (129,249.54)

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	\$ (281,507.00)	
Increase in Deferred Outflows of Resources - OPEB	202,238.00	
Decrease in Deferred Inflows of Resources - OPEB	163,845.00	84,576.00

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	\$ 1,468,045.00	
HIS Pension Contribution	341,717.00	
FRS Pension Expense	(3,774,390.00)	
HIS Pension Expense	(436,139.00)	(2,400,767.00)

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of the internal service fund is reported with governmental activities. 1,542,811.50

Change in Net Position - Governmental Activities \$ 264,201.08

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

**Washington County District School Board
Statement of Net Position – Proprietary Funds
June 30, 2020**

	Enterprise Funds		
	PAEC - Risk Management Property/Casualty	PAEC - Risk Management Health	PAEC - Programs Other Than Risk Management
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 17,850,619.12	\$ 11,389,279.39	\$ 2,991,281.93
Accounts Receivable	15,148.87	-	2,461.91
Due from Other Funds	-	-	257,169.28
Due from Other Agencies	3,000.00	-	481,253.21
Due from Excess Insurer	1,125,023.68	-	-
Total Current Assets	18,993,791.67	11,389,279.39	3,732,166.33
Noncurrent Assets:			
Nondepreciable Capital Assets	-	-	665,380.10
Depreciable Capital Assets, Net	3,742.35	330.39	1,022,808.78
Total Noncurrent Assets	3,742.35	330.39	1,688,188.88
TOTAL ASSETS	18,997,534.02	11,389,609.78	5,420,355.21
DEFERRED OUTFLOWS OF RESOURCES			
OPEB	2,915.00	920.00	39,549.00
Pension	57,999.00	29,854.00	1,221,150.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	60,914.00	30,774.00	1,260,699.00
LIABILITIES			
Current Liabilities:			
Accounts Payable	50,283.85	-	180,962.92
Due to Other Funds	-	5,140,473.41	8,236.47
Due to Other Agencies	529.75	6,113,442.66	11,923.73
Unearned Revenue	-	-	188,635.44
Compensated Absences Payable	-	-	118,770.42
Estimated Insurance Claims Payable	1,992,483.00	-	-
Net Pension Liability	1,194.00	377.00	16,197.00
Total OPEB Liability	682.00	215.00	9,248.00
Total Current Liabilities	2,045,172.60	11,254,508.07	533,973.98
Noncurrent Liabilities:			
Compensated Absences Payable	88,406.65	21,633.03	769,220.15
Estimated Insurance Claims Payable	2,826,769.00	-	-
Net Pension Liability	177,791.00	84,829.00	3,667,358.00
Total OPEB Liability	21,460.00	6,772.00	291,202.00
Total Noncurrent Liabilities	3,114,426.65	113,234.03	4,727,780.15
TOTAL LIABILITIES	5,159,599.25	11,367,742.10	5,261,754.13
DEFERRED INFLOWS OF RESOURCES			
OPEB	11,713.00	3,696.00	158,935.00
Pension	27,046.00	9,610.00	393,025.00
TOTAL DEFERRED INFLOWS OF RESOURCES	38,759.00	13,306.00	551,960.00
NET POSITION			
Investment in Capital Assets	3,742.35	330.39	1,688,188.88
Unrestricted	13,856,347.42	39,005.29	(820,848.80)
TOTAL NET POSITION	\$ 13,860,089.77	\$ 39,335.68	\$ 867,340.08

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

PAEC - Programs Other Than Risk Management - Federal Economic Stimulus (Nonmajor)			Total	Internal Service Fund	
\$	-	\$	32,231,180.44	\$	-
	-		17,610.78		-
	-		257,169.28		5,175,124.58
	-		484,253.21		-
	-		1,125,023.68		508,282.00
	-		34,115,237.39		5,683,406.58
	-		665,380.10		-
	213.91		1,027,095.43		-
	213.91		1,692,475.53		-
	213.91		35,807,712.92		5,683,406.58
	-		43,384.00		-
	-		1,309,003.00		-
	-		1,352,387.00		-
	-		231,246.77		317,859.96
	-		5,148,709.88		-
	-		6,125,896.14		-
	-		188,635.44		-
	-		118,770.42		-
	-		1,992,483.00		246,881.00
	-		17,768.00		-
	-		10,145.00		-
	-		13,833,654.65		564,740.96
	-		879,259.83		-
	-		2,826,769.00		-
	-		3,929,978.00		-
	-		319,434.00		-
	-		7,955,440.83		-
	-		21,789,095.48		564,740.96
	-		174,344.00		-
	-		429,681.00		-
	-		604,025.00		-
	213.91		1,692,475.53		-
	-		13,074,503.91		5,118,665.62
\$	213.91	\$	14,766,979.44	\$	5,118,665.62

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

	<u>Enterprise Funds</u>		
	<u>PAEC - Risk Management Property/Casualty</u>	<u>PAEC - Risk Management Health</u>	<u>PAEC - Programs Other Than Risk Management</u>
OPERATING REVENUES			
Charges for Services	\$ -	\$ -	\$ 2,650,233.78
Premium Revenues	6,277,002.00	-	-
Other	-	118,174.00	245,960.19
Total Operating Revenues	<u>6,277,002.00</u>	<u>118,174.00</u>	<u>2,896,193.97</u>
OPERATING EXPENSES			
Salaries	214,780.38	66,781.40	2,923,466.74
Employee Benefits	75,998.19	27,981.82	1,041,625.16
Purchased Services	381,841.51	21,244.84	3,348,799.77
Energy Services	-	-	38,752.10
Materials and Supplies	16,379.07	177.50	214,211.39
Capital Outlay	745.97	-	221,179.58
Insurance Claims	1,857,290.11	-	-
Excess Insurance Premiums	3,373,745.07	-	232,521.09
Service Agent Fees	271,788.00	-	-
Depreciation	955.57	137.06	76,685.47
Total Operating Expenses	<u>6,193,523.87</u>	<u>116,322.62</u>	<u>8,097,241.30</u>
Operating Income (Loss)	<u>83,478.13</u>	<u>1,851.38</u>	<u>(5,201,047.33)</u>
NONOPERATING REVENUES			
Interest	319,889.43	241.25	44,034.67
Gifts and Grants	-	-	4,769,382.66
Loss Recoveries	-	-	4,000.00
Other Miscellaneous Local Sources	-	-	729,069.25
Total Nonoperating Revenues	<u>319,889.43</u>	<u>241.25</u>	<u>5,546,486.58</u>
Income (Loss) Before Transfers	<u>403,367.56</u>	<u>2,092.63</u>	<u>345,439.25</u>
Transfers In	-	-	33,405.08
Change in Net Position	<u>403,367.56</u>	<u>2,092.63</u>	<u>378,844.33</u>
Total Net Position - Beginning	<u>13,456,722.21</u>	<u>37,243.05</u>	<u>488,495.75</u>
Total Net Position - Ending	<u>\$ 13,860,089.77</u>	<u>\$ 39,335.68</u>	<u>\$ 867,340.08</u>

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

PAEC - Programs Other Than Risk Management - Federal Economic Stimulus (Nonmajor)			Total	Internal Service Fund
\$	-	\$	2,650,233.78	\$ -
	-		6,277,002.00	4,482,833.87
	-		364,134.19	-
	-		9,291,369.97	4,482,833.87
	-		3,205,028.52	-
	-		1,145,605.17	-
	-		3,751,886.12	47,978.48
	-		38,752.10	-
	-		230,767.96	-
	-		221,925.55	-
	-		1,857,290.11	1,876,569.28
	-		3,606,266.16	848,574.87
	-		271,788.00	233,821.72
	150.97		77,929.07	-
	150.97		14,407,238.76	3,006,944.35
	(150.97)		(5,115,868.79)	1,475,889.52
	-		364,165.35	66,921.98
	-		4,769,382.66	-
	-		4,000.00	-
	-		729,069.25	-
	-		5,866,617.26	66,921.98
	(150.97)		750,748.47	1,542,811.50
	-		33,405.08	-
	(150.97)		784,153.55	1,542,811.50
	364.88		13,982,825.89	3,575,854.12
\$	213.91	\$	14,766,979.44	\$ 5,118,665.62

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

	Enterprise Funds		
	PAEC - Risk Management Property/Casualty	PAEC - Risk Management Health	PAEC - Programs Other Than Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Board Participants	\$ 6,274,002.00	\$ -	\$ 2,710,798.39
Cash Payments to Suppliers for Goods and Services	(6,466,784.48)	(21,422.34)	(4,223,938.74)
Cash Payments to Employees for Services	(271,416.32)	(86,489.13)	(3,577,990.98)
Cash Payments for Insurance Claims	(2,138,432.11)	-	-
Cash Received (Paid) from Other Operating Revenues	(19,192.70)	1,873,354.35	245,960.19
Net Cash Provided (Used) by Operating Activities	(2,621,823.61)	1,765,442.88	(4,845,171.14)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from Operating Grants	-	-	5,498,451.91
Insurance Loss Recoveries	-	-	4,000.00
Transfer from Other Funds	-	-	33,405.08
Net Cash Provided by Noncapital Financing Activities	-	-	5,535,856.99
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(2,240.33)	-	(84,684.22)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	319,889.43	241.25	44,034.67
Net Increase (Decrease) in Cash and Cash Equivalents	(2,304,174.51)	1,765,684.13	650,036.30
Cash and Cash Equivalents, Beginning	20,154,793.63	9,623,595.26	2,341,245.63
Cash and Cash Equivalents, Ending	\$ 17,850,619.12	\$ 11,389,279.39	\$ 2,991,281.93
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 83,478.13	\$ 1,851.38	\$ (5,201,047.33)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	955.57	137.06	76,685.47
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:			
Accounts Receivable	(5,267.19)	-	108,748.76
Due from Other Funds	-	-	91,348.06
Due from Other Agencies	(3,000.00)	-	(193,427.94)
Due from Excess Insurer	(13,925.51)	-	-
Accounts Payable	15,239.14	-	(132,881.32)
Due to Other Funds	-	1,478,728.06	(26,492.55)
Due to Other Agencies	(2,437,524.00)	276,452.29	(9,100.94)
Unearned Revenue	-	-	53,895.73
Compensated Absences Payable	(1,219.75)	546.09	65,655.92
Estimated Insurance Claims Payable	(281,142.00)	-	-
Net Pension Liability	28,299.00	8,930.00	384,003.00
Total OPEB Liability	1,185.00	1,116.00	41,432.00
Deferred Outflows of Resources Related to OPEB	(2,205.00)	(721.00)	(30,774.00)
Deferred Inflows of Resources Related to OPEB	(2,878.00)	(392.00)	(21,397.00)
Deferred Outflows of Resources Related to Pensions	3,516.00	1,109.00	47,710.00
Deferred Inflows of Resources Related to Pensions	(7,335.00)	(2,314.00)	(99,529.00)
Total Adjustments	(2,705,301.74)	1,763,591.50	355,876.19
Net Cash Provided (Used) by Operating Activities	\$ (2,621,823.61)	\$ 1,765,442.88	\$ (4,845,171.14)

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

PAEC - Programs Other Than Risk Management - Federal Economic Stimulus (Nonmajor)			Total	Internal Service Fund
\$	-	\$	8,984,800.39	\$ 4,517,473.51
	-		(10,712,145.56)	(1,248,627.98)
	-		(3,935,896.43)	-
	-		(2,138,432.11)	(1,981,710.28)
	-		2,100,121.84	(1,354,057.23)
	-		(5,701,551.87)	(66,921.98)
	-		5,498,451.91	-
	-		4,000.00	-
	-		33,405.08	-
	-		5,535,856.99	-
	-		(86,924.55)	-
	-		364,165.35	66,921.98
	-		111,545.92	-
	-		32,119,634.52	-
\$	0.00	\$	32,231,180.44	\$ 0.00
\$	(150.97)	\$	(5,115,868.79)	\$ 1,475,889.52
	150.97		77,929.07	-
	-		103,481.57	-
	-		91,348.06	(1,478,739.59)
	-		(196,427.94)	-
	-		(13,925.51)	159,322.00
	-		(117,642.18)	(118,252.91)
	-		1,452,235.51	-
	-		(2,170,172.65)	-
	-		53,895.73	-
	-		64,982.26	-
	-		(281,142.00)	(105,141.00)
	-		421,232.00	-
	-		43,733.00	-
	-		(33,700.00)	-
	-		(24,667.00)	-
	-		52,335.00	-
	-		(109,178.00)	-
	150.97		(585,683.08)	(1,542,811.50)
\$	0.00	\$	(5,701,551.87)	\$ (66,921.98)

**Washington County District School Board
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds
June 30, 2020**

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 783,123.00
Investments	35,402.00
Inventory	14,929.00
TOTAL ASSETS	\$ 833,454.00
LIABILITIES	
Accounts Payable	\$ 53,091.00
Internal Accounts Payable	780,363.00
TOTAL LIABILITIES	\$ 833,454.00

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Washington County School District (District). 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.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's 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 associated with the District's transportation department is allocated to the student transportation services function, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

B. Reporting Entity

The Washington 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 Washington 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 these criteria, no component units are included within the District's reporting entity.

C. Basis of Presentation: Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and the internal service fund, while business-type activities incorporate data from the government's enterprise funds. 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 interfund services provided and used and 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. 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.

The District reports the following major enterprise funds:

- Panhandle Area Educational Consortium (PAEC) – Risk Management Property/Casualty Fund – to account for the financial resources of the property/casualty public entity risk pool for which the District is fiscal agent.
- PAEC – Risk Management Health Fund – to account for the operating activities of the administration of the group health consortium for which the District is fiscal agent.
- PAEC – Programs Other Than Risk Management Fund – to account for the financing of the PAEC for which the District is fiscal agent.

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

- Internal Service Fund – to account for the District's employee health self-insurance program.
- 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. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental

activities column. 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). Property taxes, sales taxes, and interest 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 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.

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 are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

2. Investments

Investments consist of amounts placed with the SBA for participation in the Florida PRIME investment pool created by Section 218.405, Florida Statutes. 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. This investment is reported at fair value, which is amortized cost.

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

3. 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 \$500. 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. Generally, buildings acquired or constructed prior to July 1, 1989, and improvements other than buildings acquired prior to August 19, 1988, are stated at estimated historical cost using price levels at the time of acquisition and, as a result, \$6,316,033.33 of the stated buildings value, and \$127,583.18 of the stated improvements other than buildings value, are based on these estimates.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	10 - 35 years
Buildings and Fixed Equipment	10 - 50 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.

4. 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.

5. Long-Term Liabilities

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

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

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the statement of net position – proprietary funds report 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 and the statement of net position – proprietary funds report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to 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.

7. 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.

8. 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.

9. 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 Board approved the commitment of a portion of the General Fund fund balance to be used specifically for the payment of compensated absences.

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 resolution authorized the Director of Finance to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above,

an additional action is essential to either remove or revise a commitment. The District reported assigned fund balances for cost center and project carryovers and environmental cleanup.

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 Washington County Property Appraiser, and property taxes are collected by the Washington County Tax Collector.

The Board adopted the 2019 tax levy on September 9, 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 Washington 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 August 2018, the voters of Washington County (County) approved a one-half cent school capital outlay surtax on sales in the County for 10 years, effective January 1, 2019, 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 Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds’ principal ongoing operations. The principal operating revenues and expenses of the PAEC – Risk Management Property/Casualty Fund are premium revenues and expenses which include insurance claims, excess insurance premiums, and service agent fees. The principal operating revenues and expenses of the PAEC – Risk Management Health Fund are participating district assessments. The operating expenses include salaries and benefits in connection with the administration of the group health consortium. The principal operating revenues of the PAEC – Programs Other Than Risk Management Fund result from providing services and producing and delivering goods in connection with the proprietary fund’s ongoing operations and participating district fees. The primary operating revenues of the District’s internal service fund are charges for employee health insurance premiums. Operating expenses include insurance claims and excess insurance premiums. 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:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA:		
Florida PRIME (1)	53 days	<u>\$ 42,136,965.92</u>

(1) This investment is reported as a cash equivalent for financial statement reporting purposes.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, “The principal, and any part thereof, of each account constituting the trust fund is subject to payment

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

Credit Risk

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 bids from qualified depositories, financial deposit instruments insured by the Federal Deposit Insurance Corporation, time deposits, securities of the United States Government including obligations of the United States Treasury, and investment pools managed and directed by an approved agency of the State.

The District's investment in Florida PRIME is rated AAAM by Standard & Poor's.

C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 1,925,603.04	\$ -	\$ -	\$ 1,925,603.04
Land Improvements	426,553.80	-	-	426,553.80
Construction in Progress	586,618.75	1,276,163.92	1,000,161.13	862,621.54
Total Capital Assets Not Being Depreciated	<u>2,938,775.59</u>	<u>1,276,163.92</u>	<u>1,000,161.13</u>	<u>3,214,778.38</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	3,717,447.54	77,964.88	-	3,795,412.42
Buildings and Fixed Equipment	101,104,992.10	1,096,167.25	-	102,201,159.35
Furniture, Fixtures, and Equipment	10,755,263.59	1,187,681.53	165,214.16	11,777,730.96
Motor Vehicles	5,876,529.12	598,057.00	2,888.40	6,471,697.72
Audio Visual Materials and Computer Software	208,333.02	-	-	208,333.02
Total Capital Assets Being Depreciated	<u>121,662,565.37</u>	<u>2,959,870.66</u>	<u>168,102.56</u>	<u>124,454,333.47</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	1,637,841.84	191,426.77	-	1,829,268.61
Buildings and Fixed Equipment	28,696,215.44	2,115,570.23	-	30,811,785.67
Furniture, Fixtures, and Equipment	8,517,176.76	993,546.90	163,675.53	9,347,048.13
Motor Vehicles	4,696,223.61	365,348.29	2,888.40	5,058,683.50
Audio Visual Materials and Computer Software	182,057.87	9,522.86	-	191,580.73
Total Accumulated Depreciation	<u>43,729,515.52</u>	<u>3,675,415.05</u>	<u>166,563.93</u>	<u>47,238,366.64</u>
Total Capital Assets Being Depreciated, Net	<u>77,933,049.85</u>	<u>(715,544.39)</u>	<u>1,538.63</u>	<u>77,215,966.83</u>
Governmental Activities Capital Assets, Net	<u>\$ 80,871,825.44</u>	<u>\$ 560,619.53</u>	<u>\$ 1,001,699.76</u>	<u>\$ 80,430,745.21</u>

	Beginning Balance	Additions	Deletions	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 665,380.10	\$ -	\$ -	\$ 665,380.10
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	321,947.43	-	-	321,947.43
Buildings and Fixed Equipment	1,123,919.70	44,632.91	-	1,168,552.61
Furniture, Fixtures, and Equipment	1,743,583.16	42,291.64	-	1,785,874.80
Audio Visual Materials and Computer Software	86,228.44	-	-	86,228.44
Total Capital Assets Being Depreciated	<u>3,275,678.73</u>	<u>86,924.55</u>	<u>-</u>	<u>3,362,603.28</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	231,008.32	13,629.38	-	244,637.70
Buildings and Fixed Equipment	300,731.52	24,238.51	-	324,970.03
Furniture, Fixtures, and Equipment	1,639,610.50	40,061.18	-	1,679,671.68
Audio Visual Materials and Computer Software	86,228.44	-	-	86,228.44
Total Accumulated Depreciation	<u>2,257,578.78</u>	<u>77,929.07</u>	<u>-</u>	<u>2,335,507.85</u>
Total Capital Assets Being Depreciated, Net	<u>1,018,099.95</u>	<u>8,995.48</u>	<u>-</u>	<u>1,027,095.43</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,683,480.05</u>	<u>\$ 8,995.48</u>	<u>\$ 0.00</u>	<u>\$ 1,692,475.53</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	\$ 319,362.40
Unallocated	3,356,052.65
Total Depreciation Expense – Governmental Activities	<u>\$ 3,675,415.05</u>
BUSINESS-TYPE ACTIVITIES	
PAEC - Risk Management Property/Casualty	\$ 955.57
PAEC - Risk Management Health	137.06
PAEC - Programs Other Than Risk Management	76,685.47
PAEC - Programs Other Than Risk Management - Federal Economic Stimulus	150.97
Total Depreciation Expense – Business-Type Activities	<u>\$ 77,929.07</u>

D. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

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

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

The District's FRS and HIS pension expense totaled \$4,849,605 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.

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

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

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

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
Regular Members Initially Enrolled Before July 1, 2011	
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
Regular Members Initially Enrolled On or After July 1, 2011	
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
Elected County Officers	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
DROP – Applicable to 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 \$1,690,866 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 \$18,639,298 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 0.054123262 percent, which was an increase of 0.000822611 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 \$4,347,269. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,105,550	\$ 11,567
Change of Assumptions	4,787,374	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	1,031,223
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	153,116	975,463
District FRS Contributions Subsequent to the Measurement Date	1,690,866	-
Total	\$ 7,736,906	\$ 2,018,253

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$1,690,866, 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	\$ 1,496,373
2022	273,736
2023	1,090,745
2024	860,140
2025	234,427
Thereafter	72,366
Total	\$ 4,027,787

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%
Total	<u>100%</u>			
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:

	<u>1% Decrease (5.9%)</u>	<u>Current Discount Rate (6.9%)</u>	<u>1% Increase (7.9%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 32,221,139	\$ 18,639,298	\$ 7,296,163

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 \$393,583 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 \$7,946,462 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 0.071020315 percent, which was an increase of 0.001720011 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 \$502,336. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 96,519	\$ 9,730
Change of Assumptions	920,125	649,479
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	5,128	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	175,691	663,989
District HIS Contributions Subsequent to the Measurement Date	393,583	-
Total	\$ 1,591,046	\$ 1,323,198

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$393,583, 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	\$ 46,625
2022	1,096
2023	(49,259)
2024	(151,261)
2025	(45,894)
Thereafter	72,958
Total	\$ (125,735)

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:

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
District's Proportionate Share of the Net Pension Liability	\$ 9,071,294	\$ 7,946,462	\$ 7,009,605

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

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 \$233,988 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 self-insurance health and hospitalization plan for medical and prescription drug 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 Florida 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 the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides healthcare and prescription drug 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, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	63
Active Employees	<u>386</u>
Total	<u><u>449</u></u>

Total OPEB Liability. The District’s total OPEB liability of \$3,551,494 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018, and updated procedures were used to determine the total OPEB liability 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	2.5 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 rates starting at 6.75 percent for 2019 and gradually decreasing to an ultimate rate of 4.24 percent plus 0.51 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	\$ 3,226,254
Changes for the year:	
Service Cost	114,932
Interest	118,036
Changes of Assumptions or Other Inputs	253,341
Benefit Payments	<u>(161,069)</u>
Net Changes	<u>325,240</u>
Balance at June 30, 2020	<u>\$ 3,551,494</u>

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

- The discount rate decreased from 3.62 percent as of the beginning of the measurement period to 3.13 percent as of June 30, 2019.
- The demographic assumptions, such as rates of mortality, retirements, termination, disability, and salary increases, were updated to match assumptions developed by the FRS 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:

	<u>1% Decrease (2.13%)</u>	<u>Current Discount Rate (3.13%)</u>	<u>1% Increase (4.13%)</u>
Total OPEB Liability	\$ 3,983,618	\$ 3,551,494	\$ 3,185,512

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 (5.75 percent decreasing to 3.75 percent) or 1 percentage point higher (7.75 percent decreasing to 5.75 percent) than the current healthcare cost trend rates:

	<u>1% Decrease (5.75% decreasing to 3.75%)</u>	<u>Healthcare Cost Trend Rates (6.75% decreasing to 4.75%)</u>	<u>1% Increase (7.75% decreasing to 5.75%)</u>
Total OPEB Liability	\$ 3,033,084	\$ 3,551,494	\$ 4,209,141

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 \$67,198. 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 of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 23,831
Changes of Assumptions or Other Inputs	299,061	1,283,546
Benefits Paid Subsequent to the Measurement Date	166,408	-
Total	\$ 465,469	\$ 1,307,377

The deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date, totaling \$166,408, 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	\$ (165,770)
2022	(165,770)
2023	(165,770)
2024	(165,770)
2025	(165,770)
Thereafter	(179,466)
Total	\$ (1,008,316)

F. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the PAEC – Risk Management Consortium (PAEC – RMC) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers’ compensation, sabotage and terrorism, cyber liability, employee dishonesty, equipment breakdown, and other coverage deemed necessary by the members of the PAEC – RMC. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The PAEC – RMC is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for the PAEC – RMC is composed of superintendents of all participating districts. The District serves as fiscal agent for the Consortium. Activities related to the PAEC – RMC Property/Casualty Program are included in the business-type activities on the financial statements and in Note II.H.

The District also participates in an employee group health insurance program administered through the PAEC – RMC Health Program (Program). Premiums charged to the districts are based on each individual district’s claims experience, and the program operates as an individually-funded plan by each participating district with shared administrative costs and a pooling of plan assets for working capital. Ultimate liability for claims remains with respective districts and accordingly, the insurance risks are not transferred. Each participating district is responsible for any deficit in its account and for payment of any pending claim should the district withdraw from the Program. Activities related to the

District's group self-insurance program are included in the internal service fund on the financial statements, while activities related to other participating districts are included in the business-type activities.

A liability in the amount of \$246,881 was actuarially determined to cover estimated incurred, but not reported, District health insurance claims payable at June 30, 2020. The actuarial basis used for estimating the liability for unpaid claims of the District's health plan was a combination of the development method and the claim projection method. Under the development method, the historical claim data was recorded by incurred month and paid month. The resulting loss development pattern (as claims mature) was used to estimate the future development of existing claims as of the valuation (accounting) date on June 30, 2020. The claim projection method used historical claim experience to estimate the ultimate level of incurred claims in a specific incurral month. This incurred claim estimate was utilized to estimate a claims reserve. The claims development method was used to estimate the incurred but unpaid claims liability for all incurral months prior to April 2020. The claim projection method was used to estimate the level of incurred but unpaid claims for the incurral months of April 2020 and June 2020. However, to be conservative, a 10 percent increase to the incurred but not paid (IBNP) reserve amount has been added to provide a margin for experience less favorable than expected. The paid claims data has not been adjusted for any excess recoveries, which would otherwise tend to overstate the IBNP reserves. In this instance, the effect is not significant and adds a slight amount of conservatism.

Because of the relatively short payment pattern of the claims, there was not discounting for present value other than that inherent in the claims data.

The following schedule represents the changes in claims liability for the past 2 fiscal years for the District's group health 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	\$ 226,680	\$ 2,324,578	\$ (2,199,236)	\$ 352,022
2019-20	352,022	1,876,569	(1,981,710)	246,881

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

G. Public Entity Risk Pool

The following is a summary of financial information as reported in the enterprise funds for the 2019-20 fiscal year:

1. Description of the Fund

The PAEC – RMC, a public entity risk pool, was organized in 1981 to provide a program of property and casualty insurance coverage for its member school districts. The PAEC – RMC members current include 10 school districts. Annual assessments are based on previous years'

experience. The school districts' assessments are based on the assessment formula developed by the participating school districts.

2. Summary of Significant Accounting Policies

- Estimated Insurance Claims Payable. The liabilities are actuarially determined, based on the estimated ultimate cost of settling all claims, both those reported and unreported, including the effects of inflation and other societal and economic factors.
- Excess Insurance. The PAEC – RMC has entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis, and aggregate excess coverage when total claims minus specific excess coverage exceeds the loss fund. For the fiscal year ended June 30, 2020, the risk pool established a loss fund of \$3,521,000, assessed premiums to fund \$3,500,000 of the loss fund, and purchased specific excess insurance which provides layers of protection, per individual and/or occurrence by coverage. In addition, the risk pool purchased aggregate excess insurance which provides up to \$1,000,000 coverage if the aggregate net losses exceed the loss fund. The pool paid excess insurance premiums for the fiscal year ended June 30, 2020, in the amount of \$3,373,745. The amount of \$169,566 of excess insurance recoverable on unpaid claims was deducted from the liability for unpaid claims at June 30, 2020.
- Settled Claims. Settled claims resulting from the risks described above have not exceeded commercial insurance for the past 3 fiscal years.
- Investment Income. Investment income is not included herein.
- Liabilities. Liabilities for unpaid claims adjustment expenses were not discounted in the 2018-19 and 2019-20 fiscal years.

3. Estimated Insurance Claims Payable

The following schedule represent the changes in claims liability for the past 2 years for the PAEC – RMC's Property/Casualty Program:

	Reconciliation of Claims Liability	
	2018-19	2019-20
Estimated Unpaid Claims Liability at Beginning of Year	\$ 5,205,524	\$ 5,100,394
Incurred Claims and Claims Adjustment Expenses:		
Provisions for Insured Events of the Current Year	3,030,000	2,700,000
Decrease in Provisions for Events in Prior Years	(1,257,001)	(842,710)
Total Insurance Claims Expenses	<u>1,772,999</u>	<u>1,857,290</u>
Payments:		
Claims and Claims Adjustment Expenses Attributable to Insured Events of the Current Year	884,541	774,760
Claims and Claims Adjustment Expenses Attributable to Insured Events of Prior Year	993,588	1,363,672
Total Insurance Claims Payable	<u>1,878,129</u>	<u>2,138,432</u>
Estimated Unpaid Claims Liability at End of Year	<u>\$ 5,100,394</u>	<u>\$ 4,819,252</u>

H. Long-Term Liabilities

1. Changes in Long-Term Liabilities

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

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable	\$ 4,000.00	\$ -	\$ 4,000.00	\$ -	\$ -
Compensated Absences Payable	3,304,312.97	386,613.87	257,364.33	3,433,562.51	154,403.72
Net Pension Liability	19,862,740.00	14,020,762.00	11,245,488.00	22,638,014.00	117,061.00
Total OPEB Liability	2,940,408.00	420,918.00	139,411.00	3,221,915.00	156,263.00
Total Governmental Activities	\$ 26,111,460.97	\$ 14,828,293.87	\$ 11,646,263.33	\$ 29,293,491.51	\$ 427,727.72
BUSINESS-TYPE ACTIVITIES					
Compensated Absences Payable	\$ 933,047.99	\$ 82,956.25	\$ 17,973.99	\$ 998,030.25	\$ 118,770.42
Estimated Insurance Claims Payable	5,100,394.00	1,857,290.00	2,138,432.00	4,819,252.00	1,992,483.00
Net Pension Liability	3,526,514.00	2,128,078.00	1,706,846.00	3,947,746.00	17,768.00
Total OPEB Liability	285,846.00	65,391.00	21,658.00	329,579.00	10,145.00
Total Business-Type Activities	\$ 9,845,801.99	\$ 4,133,715.25	\$ 3,884,909.99	\$ 10,094,607.25	\$ 2,139,166.42

For the governmental activities, compensated absences, pensions, and other postemployment benefits are generally liquidated with resources of the General Fund. The estimated insurance claims are generally liquidated with the resources of the proprietary funds, as discussed in Note I.G.7.

I. Fund Balance Reporting

In addition to committed and assigned fund balance categories discussed in Note I.F.9., 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	\$ 299,520.79	\$ 104,701.66
Special Revenue:		
Other	-	478,403.11
Enterprise:		
PAEC - Risk Management Health	-	5,140,473.41
PAEC - Programs Other Than Risk Management	257,169.28	8,236.47
Internal Service	5,175,124.58	-
Total	\$ 5,731,814.65	\$ 5,731,814.65

Interfund receivables and payables are recorded to reflect fees, reimbursements, and advances owed by one fund to another as of June 30, 2020. These amounts are expected to be repaid within 1 year.

K. Special Item – District Assets Sent to Okeechobee County District School Board

Effective August 13, 2019, the District terminated the cooperative agreement with the Department of Juvenile Justice to provide educational services to the youth at the Okeechobee Youth Development Center/Okeechobee Youth Correction Center and the Okeechobee Youth Treatment Center. Educational services were assumed by Okeechobee County District School Board (Okeechobee). The transfer of District assets to Okeechobee, totaling \$57,004.23, is reported as a special item.

L. Revenues and Expenditures/Expenses

1. Schedule of State Revenue Sources

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

Source	Amount
Governmental Funds:	
Florida Education Finance Program	\$ 18,912,234.00
Categorical Educational Program - Class Size Reduction	3,593,649.00
Workforce Development Program	2,382,254.00
Voluntary Prekindergarten Program	237,095.97
Performance Based Incentives - Workforce	181,000.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	135,805.66
School Recognition Fund	38,459.00
Miscellaneous	569,404.65
Subtotal - Governmental	26,049,902.28
Enterprise Funds:	
Regional Educational Consortium Services	723,348.41
Miscellaneous	190,418.32
Subtotal - Enterprise	913,766.73
Total	\$ 26,963,669.01

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>Millages</u>	<u>Taxes Levied</u>
General Fund		
Nonvoted School Tax:		
Required Local Effort	4.003	\$ 3,793,785.49
Basic Discretionary Local Effort	0.748	708,906.21
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	1.250	1,184,669.47
Total	<u>6.001</u>	<u>\$ 5,687,361.17</u>

M. Interfund Transfers

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major:		
General	\$ 439,145.33	\$ 30,050.49
Enterprise:		
PAEC - Programs Other Than Risk Management	33,405.08	-
Nonmajor Governmental	-	442,499.92
Total	<u>\$ 472,550.41</u>	<u>\$ 472,550.41</u>

The transfers to the General Fund were for reimbursement of certain expenditures relating to maintenance, renovation, and insurance premiums. Transfers to the Enterprise – PAEC – Programs Other Than Risk Management Fund were for costs associated with the fiscal agent agreement and for maintenance and renovation expenditures.

III. CONSORTIUMS

The District is a member of, and the fiscal agent for the PAEC. The PAEC was established pursuant to Section 1001.42(4)(j), 1001.42(145), and 1001.451, Florida Statutes, creating a Regional Consortium Service Organization for acquisition of materials, supplies, equipment, contracted services, and participation in programs and projects. Each school district has the option of participating in any or all of the services through agreements with the PAEC. The member associations are the PAEC – RMC, the Gateway Educational Computing Consultants Project, the PAEC Professional Development Center, the PAEC Curriculum Support Services, the PAEC Human Resources Support Services, and the PAEC Student Systems Consortium. The PAEC associations were joined together to function as supporting units to the PAEC. Financial information applicable to the PAEC is included in the business-type activities on the financial statements.

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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 Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 118,125.00	\$ 123,508.95	\$ 123,508.95	\$ -
Federal Through State and Local	65,173.84	584,679.42	491,073.34	(93,606.08)
State	26,153,312.42	25,898,585.57	25,898,585.57	-
Local:				
Property Taxes	4,326,566.00	4,412,947.51	4,412,947.51	-
Charges for Services	-	992,277.32	992,277.32	-
Miscellaneous	1,636,967.45	644,690.13	644,690.13	-
Total Local Revenues	<u>5,963,533.45</u>	<u>6,049,914.96</u>	<u>6,049,914.96</u>	<u>-</u>
Total Revenues	<u>32,300,144.71</u>	<u>32,656,688.90</u>	<u>32,563,082.82</u>	<u>(93,606.08)</u>
Expenditures				
Current - Education:				
Instruction	21,710,622.91	21,783,743.48	18,104,007.93	3,679,735.55
Student Support Services	1,708,479.02	1,854,057.11	1,644,258.33	209,798.78
Instructional Media Services	549,944.12	540,259.45	470,527.54	69,731.91
Instruction and Curriculum Development Services	354,258.73	352,860.99	297,831.26	55,029.73
Instructional Staff Training Services	78,266.61	103,986.47	44,633.61	59,352.86
Instruction-Related Technology	514,717.08	509,593.70	397,708.02	111,885.68
Board	441,547.00	457,119.53	445,895.52	11,224.01
General Administration	392,892.32	383,141.24	376,914.78	6,226.46
School Administration	2,458,521.12	2,559,508.11	2,482,852.31	76,655.80
Facilities Acquisition and Construction	45.00	1,075.00	-	1,075.00
Fiscal Services	779,857.21	729,636.75	600,574.58	129,062.17
Food Services	5,804.00	48,132.92	44,331.34	3,801.58
Central Services	258,516.29	282,690.35	225,208.30	57,482.05
Student Transportation Services	2,222,610.26	2,298,672.22	1,860,095.78	438,576.44
Operation of Plant	2,665,719.11	2,787,783.74	2,680,592.87	107,190.87
Maintenance of Plant	795,254.50	1,117,202.68	844,607.74	272,594.94
Administrative Technology Services	238,798.82	288,019.32	252,952.35	35,066.97
Community Services	18,673.96	117,323.73	90,107.00	27,216.73
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	470,174.93	470,174.93	-
Other Capital Outlay	-	423,771.26	423,771.26	-
Total Expenditures	<u>35,194,528.06</u>	<u>37,108,752.98</u>	<u>31,757,045.45</u>	<u>5,351,707.53</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,894,383.35)</u>	<u>(4,452,064.08)</u>	<u>806,037.37</u>	<u>5,258,101.45</u>
Other Financing Sources (Uses)				
Transfers In	231,493.42	439,145.33	439,145.33	-
Loss Recoveries	-	45,303.53	45,303.53	-
Transfers Out	(75,000.00)	(75,000.00)	(30,050.49)	44,949.51
Total Other Financing Sources	<u>156,493.42</u>	<u>409,448.86</u>	<u>454,398.37</u>	<u>44,949.51</u>
Special Item				
Transfer of Assets to Okeechobee District School Board	-	(57,004.23)	(57,004.23)	-
Net Change in Fund Balances	<u>(2,737,889.93)</u>	<u>(4,099,619.45)</u>	<u>1,203,431.51</u>	<u>5,303,050.96</u>
Fund Balances, Beginning	9,763,503.50	9,763,503.50	9,763,503.50	-
Fund Balances, Ending	<u>\$ 7,025,613.57</u>	<u>\$ 5,663,884.05</u>	<u>\$ 10,966,935.01</u>	<u>\$ 5,303,050.96</u>

Special Revenue - Other Fund

Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 63,189.09	\$ 1,197,742.49	\$ 1,152,382.02	\$ (45,360.47)
1,363,769.33	2,867,486.17	2,867,486.17	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,426,958.42</u>	<u>4,065,228.66</u>	<u>4,019,868.19</u>	<u>(45,360.47)</u>
719,026.08	2,454,717.97	1,700,079.11	754,638.86
19,945.81	408,846.64	353,920.26	54,926.38
-	-	-	-
117,903.63	873,629.63	649,930.21	223,699.42
471,552.79	518,938.81	108,552.45	410,386.36
-	-	-	-
-	-	-	-
18,288.38	94,184.97	78,297.33	15,887.64
17,052.64	25,552.64	23,982.79	1,569.85
-	-	-	-
-	-	-	-
-	500.00	-	500.00
-	7,188.90	1,188.90	6,000.00
-	7,360.00	-	7,360.00
-	-	-	-
-	-	-	-
63,189.09	1,043,789.42	1,015,472.17	28,317.25
-	-	-	-
-	88,444.97	88,444.97	-
<u>1,426,958.42</u>	<u>5,523,153.95</u>	<u>4,019,868.19</u>	<u>1,503,285.76</u>
-	(1,457,925.29)	-	1,457,925.29
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	(1,457,925.29)	-	1,457,925.29
-	-	-	-
<u>\$ 0.00</u>	<u>\$ (1,457,925.29)</u>	<u>\$ 0.00</u>	<u>\$ 1,457,925.29</u>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 114,932	\$ 161,844	\$ 179,388
Interest	118,036	161,335	142,008
Differences Between Expected and Actual Experience	-	(30,839)	-
Changes of Assumptions or Other Inputs	253,341	(1,298,998)	(330,249)
Benefit Payments	(161,069)	(274,268)	(335,746)
Net Change in Total OPEB Liability	<u>325,240</u>	<u>(1,280,926)</u>	<u>(344,599)</u>
Total OPEB Liability - Beginning	3,226,254	4,507,180	4,851,779
Total OPEB Liability - Ending	<u>\$ 3,551,494</u>	<u>\$ 3,226,254</u>	<u>\$ 4,507,180</u>
Covered-Employee Payroll	\$ 16,885,333	\$ 16,885,333	\$ 17,096,056
Total OPEB Liability as a Percentage of Covered-Employee Payroll	21.03%	19.11%	26.36%

**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 Net Pension Liability	0.054123262%	0.053300651%	0.056969105%	0.060134904%	0.064486855%	0.065581298%	0.063960944%
District's Proportionate Share of the FRS Net Pension Liability	\$ 18,639,298	\$ 16,054,432	\$ 16,851,080	\$ 15,184,110	\$ 8,329,342	\$ 4,001,124	\$ 11,010,525
District's Covered Payroll	\$ 23,792,883	\$ 22,641,911	\$ 23,683,473	\$ 24,151,257	\$ 24,104,424	\$ 23,871,632	\$ 22,889,069
District's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	78.34%	70.91%	71.15%	62.87%	34.56%	16.76%	48.10%
FRS Plan Fiduciary Net Position as a Percentage of the 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	\$ 1,690,866	\$ 1,693,749	\$ 1,499,246	\$ 1,487,582	\$ 1,469,013	\$ 1,572,244	\$ 1,436,508
FRS Contributions in Relation to the Contractually Required Contribution	(1,690,866)	(1,693,749)	(1,499,246)	(1,487,582)	(1,469,013)	(1,572,244)	(1,436,508)
FRS Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 23,700,781	\$ 23,792,883	\$ 22,641,911	\$ 23,683,473	\$ 24,151,257	\$ 24,104,424	\$ 23,871,632
FRS Contributions as a Percentage of Covered Payroll	7.13%	7.12%	6.62%	6.28%	6.08%	6.52%	6.02%

(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	0.071020315%	0.069300304%	0.074173774%	0.078209719%	0.079409826%	0.080336727%	0.078819482%
District's Proportionate Share of the HIS Net Pension Liability	\$ 7,946,462	\$ 7,334,822	\$ 7,931,002	\$ 9,115,019	\$ 8,098,553	\$ 7,511,680	\$ 6,862,272
District's Covered Payroll	\$ 23,792,883	\$ 22,641,911	\$ 23,683,473	\$ 24,151,257	\$ 24,104,424	\$ 23,871,632	\$ 22,889,069
District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	33.40%	32.39%	33.49%	37.74%	33.60%	31.47%	29.98%
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	\$ 393,583	\$ 395,123	\$ 375,306	\$ 392,722	\$ 400,858	\$ 303,554	\$ 275,207
HIS Contributions in Relation to the Contractually Required Contribution	(393,583)	(395,123)	(375,306)	(392,722)	(400,858)	(303,554)	(275,207)
HIS Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$23,700,781	\$23,792,883	\$22,641,911	\$23,683,473	\$24,151,257	\$24,104,424	\$23,871,632
HIS Contributions as a Percentage of Covered Payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.15%

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

**Ten-Year Claims Development Information – Panhandle Area Educational Consortium –
Risk Management Consortium Property/Casualty Program
For the Fiscal Year Ended June 30**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net Earned Required Contribution and Investment Revenues:				
Earned	\$ 7,618,906	\$ 7,572,018	\$ 8,114,560	\$ 7,402,690
Excess Insured	4,280,708	4,175,550	4,517,971	3,628,701
 Total Net Earned Required Contribution and Investment Revenues	 <u>3,338,198</u>	 <u>3,396,468</u>	 <u>3,596,589</u>	 <u>3,773,989</u>
 Unallocated Expenses	 1,094,811	 933,147	 1,069,180	 864,042
Estimated Incurred Claims and Expense, End of Policy Year:				
Incurred	3,560,000	2,565,000	3,980,500	3,080,000
Excess Insured	-	-	1,060,500	-
 Total Estimated Incurred Claims and Expense, End of Policy Year	 <u>3,560,000</u>	 <u>2,565,000</u>	 <u>2,920,000</u>	 <u>3,080,000</u>
Net Paid (Cumulative) as of:				
End of Policy Year	1,296,931	760,830	838,114	868,715
One Year Later	2,553,970	1,492,163	1,385,334	2,128,843
Two Years Later	3,163,562	1,971,921	1,620,601	2,733,117
Three Years Later	3,489,042	2,144,798	1,656,031	2,857,808
Four Years Later	3,643,478	2,168,124	1,592,517	2,944,977
Five Years Later	3,658,553	2,377,025	1,709,516	3,004,683
Six Years Later	3,732,440	2,315,985	1,719,094	3,014,964
Seven Years Later	3,822,683	2,327,984	1,623,255	-
Eight Years Later	3,852,708	2,429,634	-	-
Nine Years Later	3,902,188	-	-	-
 Reestimated Excess Insured Claims and Expense	 1,794,097	 416,642	 1,347,703	 817,007
Reestimated Net Incurred Claims and Expense:				
End of Policy Year	3,560,000	2,565,000	2,920,000	3,080,000
One Year Later	3,895,000	2,375,000	2,310,000	3,179,644
Two Years Later	3,832,902	2,480,112	1,952,049	3,228,438
Three Years Later	3,968,395	2,422,279	1,779,476	3,198,438
Four Years Later	4,000,000	2,330,035	1,659,476	3,162,543
Five Years Later	3,908,395	2,570,112	1,737,910	3,157,543
Six Years Later	3,957,187	2,390,035	1,737,910	3,127,543
Seven Years Later	3,967,187	2,327,984	1,647,910	-
Eight Years Later	4,000,000	2,429,634	-	-
Nine Years Later	4,000,000	-	-	-
 Increase (Decrease) in Estimated Incurred Claims and Expense from End of Policy Year	 440,000	 (135,366)	 (1,272,090)	 47,543

2015	2016	2017	2018	2019	2020
\$ 7,363,968	\$ 7,188,261	\$ 7,237,767	\$ 5,172,552	\$ 6,683,787	\$ 6,596,891
3,414,824	3,154,944	3,165,935	2,527,404	2,409,756	3,373,745
3,949,144	4,033,317	4,071,832	2,645,148	4,274,031	3,223,146
764,802	775,440	794,959	803,608	1,037,258	962,489
3,138,000	3,261,943	3,781,301	2,890,000	3,380,500	2,756,604
13,000	226,943	31,301	10,000	350,500	56,604
3,125,000	3,035,000	3,750,000	2,880,000	3,030,000	2,700,000
822,287	1,014,406	1,395,476	748,427	884,541	774,760
2,078,840	2,071,857	2,323,879	1,263,116	1,628,225	-
2,607,707	2,121,571	2,556,500	1,532,034	-	-
2,871,330	2,301,675	2,651,082	-	-	-
2,899,712	2,459,414	-	-	-	-
2,953,979	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
913,711	993,959	109,753	291,584	407,709	56,604
3,125,000	3,035,000	3,750,000	2,880,000	3,030,000	2,700,000
3,400,000	3,100,000	3,670,000	2,394,159	2,799,000	-
3,245,000	2,689,099	3,210,000	1,954,159	-	-
3,240,000	2,722,023	3,012,804	-	-	-
3,165,000	2,715,686	-	-	-	-
3,255,000	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
130,000	(319,314)	(737,196)	(925,841)	(231,000)	-

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 to assumptions as discussed below:

- The discount rate changed from 3.62 percent as of the beginning of the measurement period to 3.13 percent as of June 30, 2019.
- The demographic assumptions, such as rates of mortality, retirements, termination, disability, and salary increases, were updated to match assumptions developed by the FRS 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

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal CFDA Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Clustered				
Child Nutrition Cluster				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	20002	\$ -	\$ 497,262.24
National School Lunch Program	10.555	20001, 20003	-	1,536,005.82
Total Child Nutrition Cluster			-	2,033,268.06
Student Financial Assistance Cluster				
United States Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	12,065.00
Federal Work-Study Program	84.033	N/A	-	9,156.81
Federal Pell Grant Program	84.063	N/A	-	798,458.68
Total Student Financial Assistance Cluster			-	819,680.49
Special Education Cluster				
United States Department of Education:				
Special Education - Grants to States:				
Florida Department of Education	84.027	262, 263	24,333.15	3,231,458.85
Putnam County District School Board		None	-	8,161.40
Total Special Education - Grants to States	84.027		24,333.15	3,239,620.25
Special Education - Preschool Grants:				
Florida Department of Education	84.173	267	-	32,093.64
Total Special Education Cluster			24,333.15	3,271,713.89
Not Clustered				
United States Department of Agriculture				
Healthier U.S. School Challenge: Smarter Lunchrooms	10.543	N/A	-	1,500.00
United States Department of Defense				
Army Junior Reserve Officers Training Corps	12.UNK	N/A	-	123,508.95
United States Department of Education				
Fund for the Improvement of Education	84.215	N/A	197,849.79	612,470.56
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act:				
Higher Education Emergency Relief Fund Student Aid Portion	84.425E	N/A	-	189,031.00
Higher Education Emergency Relief Fund Institutional Portion	84.425F	N/A	-	143,670.53
Total Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425		-	332,701.53
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191	-	201,166.48
Title I Grants to Local Educational Agencies	84.010	212	-	1,247,871.31
Migrant Education - State Grant Program	84.011	217	-	398,962.23
Career and Technical Education - Basic Grants to States	84.048	161	-	188,269.49
Rural Education	84.358	110	-	45,652.74
Supporting Effective Instruction State Grants	84.367	224	-	171,106.69
Student Support and Academic Enrichment Program	84.424	241	-	261,491.40
Hurricane Education Recovery	84.938C	106	-	306,981.00
Gadsden County District School Board:				
School Safety National Activities	84.184G	None	-	46,778.53
English Language Acquisition State Grants	84.365	None	-	62,433.54
Total United States Department of Education			197,849.79	3,875,885.50

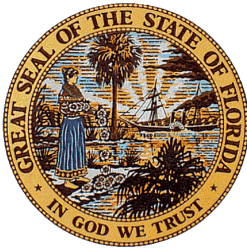
(Continued)

**Washington County District School Board
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal CFDA Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Not Clustered (continued)				
United States Department of Health and Human Services				
Florida Department of Health: Injury Prevention and Control Research and State and Community Based Programs	93.136	COHJ2	\$ 47,776.75	\$ 120,227.68
Chemical Addictions Recovery Effort, Inc.: Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	None	-	69,249.68
Redland Christian Migrant Association: Head Start	93.600	None	-	6,236.97
Total United States Department of Health and Human Services			<u>47,776.75</u>	<u>195,714.33</u>
United States Department of Homeland Security				
Florida Division of Emergency Management: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z1050	-	102,979.54
Total Expenditures of Federal Awards			<u>\$ 269,959.69</u>	<u>\$ 10,424,250.76</u>

The notes below are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Washington 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 \$157,277.46 of donated food used during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Hurricane Education Recovery. The District incurred \$306,981 in expenditures for the Hurricane Education Recovery grant in the 2018-19 fiscal year.



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Auditor General

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington 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 March 29, 2021, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statement of the school internal funds, 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*.

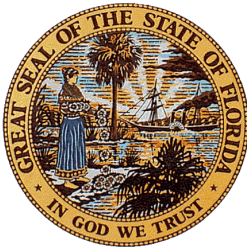
Purpose of this Report

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
March 29, 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
House of Representatives, and the
Legislative Auditing Committee

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

Report on Compliance for Each Major Federal Program

We have audited the Washington 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 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 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
March 29, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Federal Awards

Internal control over major Federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major Federal programs:	
CFDA Numbers:	Name of Federal Program or Cluster:
10.553 and 10.555	Child Nutrition Cluster
84.007, 84.033, and 84.063	Student Financial Assistance Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

PRIOR AUDIT FOLLOW-UP

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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