

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2021-175
March 2021

PUTNAM 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, Dr. Richard M. Surrency Sr. served as Superintendent of the Putnam County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Holly H. Pickens, Vice Chair from 11-19-19	1
David M. Buckles, Vice Chair through 11-18-19	2
Sandra Gilyard, Chair	3
Bud McInnis	4
Jane T. Crawford	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 Christopher Doody, CPA, and the audit was supervised by Randy R. Arend, 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 Putnam 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

We noted a certain matter involving the District's internal control over financial reporting and its operation that we consider to be a significant deficiency, as summarized below. However, this significant deficiency is not considered to be a material weakness.

Significant Deficiency

Finding No. 2020-001: District financial reporting procedures need improvement to ensure that the financial statements, notes to the financial statements, and required supplementary information are properly presented in the annual financial report submitted to the Florida Department of Education.

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 was audited as a major Federal program. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on the Child Nutrition Cluster.

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:

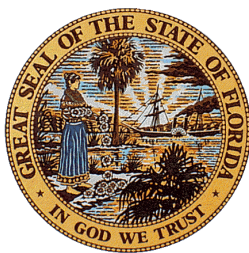
- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on the District's major Federal program; 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 program.

The scope of this audit included an examination of the District's basic financial statements and the accompanying Schedule of Expenditures of Federal Awards, as of and for the fiscal year ended June 30, 2020. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial

statements and Federal awards. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA
Auditor General

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Putnam 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 12 percent and 61 percent, respectively, of the assets and liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. The financial statements for the school internal funds and the aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Putnam 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 – North East Florida Educational Consortium – Risk Management 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

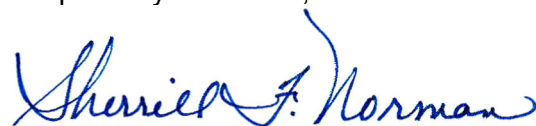
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative 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 26, 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 26, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Putnam 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 \$18,669,360.01.
- In total, net position decreased \$2,189,386.11, which represents a 10.5 percent decrease from the 2018-19 fiscal year.
- General revenues total \$110,358,890.47, or 78.5 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$30,158,906.45, or 21.5 percent of all revenues.
- Expenses total \$148,312,696.32. Only \$30,158,906.45 of these expenses was offset by program specific revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$11,513,505.70 which is \$475,048.51 more than the prior fiscal year balance. The General Fund assigned and unassigned fund balances total \$9,110,029.78, or 10.7 percent of total General Fund revenues.

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 – These represent most of the District’s services, including its educational programs such as basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State’s education finance program provide most of the resources that support these activities.
- Business-type activities – The District is the fiscal agent for the North East Florida Educational Consortium (NEFEC), which provides various programs and services to 15 members including the school districts of Baker, Bradford, Columbia, Dixie, Flagler, Gilchrist, Hamilton, Lafayette, Levy, Nassau, Putnam, Suwannee, and Union counties as well as the P. K. Yonge Development Research School and the Florida School for the Deaf and the Blind. The NEFEC charges fees to cover the cost of certain services it provides.
- Component units – The District presents three separate legal entities in this report. The Children’s Reading Center, Inc., which owns and operates the Children’s Reading Center Charter School; the Putnam Academy of Arts and Sciences, Inc., which owns and operates the Putnam Academy of Arts and Sciences; and EDGE for Educational Excellence, Inc., which owns and operates the Putnam Edge High School, are legally separate organizations and component units that are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.

Fund Financial Statements

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

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

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District’s most significant funds. The District’s major

funds are the General Fund, Special Revenue – Food Service 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. The District uses the enterprise funds to account for the NEFEC programs, including the Risk Management (Property/Casualty) as well as other programs and services.
- Internal service funds are used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses an internal service fund to account for the Putnam County District School Board Health 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 NEFEC Risk Management (Property/Casualty) Program Fund and the NEFEC Other Programs Fund.

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 net pension liability, its progress in funding its obligation to provide other postemployment benefits to its employees, and trend data on revenues and claims development for the NEFEC Risk Management (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	\$26,993,787.82	\$29,134,289.14	\$35,796,669.42	\$36,544,853.70	\$62,790,457.24	\$65,679,142.84
Capital Assets	45,695,741.16	45,347,300.44	675,082.60	715,744.06	46,370,823.76	46,063,044.50
Total Assets	72,689,528.98	74,481,589.58	36,471,752.02	37,260,597.76	109,161,281.00	111,742,187.34
Deferred Outflows of Resources	26,518,835.14	24,800,908.79	2,145,018.86	2,106,613.21	28,663,854.00	26,907,522.00
Long-Term Liabilities	87,405,543.34	86,772,573.01	19,330,454.57	19,231,649.24	106,735,997.91	106,004,222.25
Other Liabilities	2,073,593.41	2,384,438.32	74,917.67	425,829.65	2,148,511.08	2,810,267.97
Total Liabilities	89,479,136.75	89,157,011.33	19,405,372.24	19,657,478.89	108,884,508.99	108,814,490.22
Deferred Inflows of Resources	9,528,250.42	8,279,345.01	743,015.58	697,127.99	10,271,266.00	8,976,473.00
Net Position:						
Net Investment in Capital Assets	41,928,997.38	40,636,114.27	675,082.60	715,744.06	42,604,079.98	41,351,858.33
Restricted	11,058,683.43	12,961,834.01	-	-	11,058,683.43	12,961,834.01
Unrestricted (Deficit)	(52,786,703.86)	(51,751,806.25)	17,793,300.46	18,296,860.03	(34,993,403.40)	(33,454,946.22)
Total Net Position	\$ 200,976.95	\$ 1,846,142.03	\$18,468,383.06	\$19,012,604.09	\$18,669,360.01	\$20,858,746.12

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

The largest portion of the District's net position (\$42,604,079.98) is investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources used to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The restricted portion of the District's net position (\$11,058,683.43) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position is a deficit of \$34,993,403.40 due primarily to the District's proportionate share of the collective net pension liability required to be reported by GASB Statement No. 68.

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	\$ 387,212.77	\$ 542,608.90	\$ 20,248,233.24	\$ 20,525,683.81	\$ 20,635,446.01	\$ 21,068,292.71
Operating Grants and Contributions	9,006,715.76	9,013,039.48	-	-	9,006,715.76	9,013,039.48
Capital Grants and Contributions	516,744.68	853,602.77	-	-	516,744.68	853,602.77
General Revenues:						
Property Taxes, Levied for Operational Purposes	18,095,921.37	18,366,830.58	-	-	18,095,921.37	18,366,830.58
Property Taxes, Levied for Capital Projects	6,204,399.40	5,907,863.56	-	-	6,204,399.40	5,907,863.56
Grants and Contributions Not Restricted to Specific Programs	76,786,049.24	77,798,238.54	5,471,083.79	6,120,355.97	82,257,133.03	83,918,594.51
Unrestricted Investment Earnings	451,397.71	695,817.33	533,423.79	800,851.36	984,821.50	1,496,668.69
Miscellaneous	2,816,615.17	3,041,940.15	-	-	2,816,615.17	3,041,940.15
Total Revenues	114,265,056.10	116,219,941.31	26,252,740.82	27,446,891.14	140,517,796.92	143,666,832.45
Functions/Program Expenses:						
Instruction	61,795,883.23	61,301,537.42	-	-	61,795,883.23	61,301,537.42
Student Support Services	5,910,982.87	5,179,879.25	-	-	5,910,982.87	5,179,879.25
Instructional Media Services	518,892.47	571,797.12	-	-	518,892.47	571,797.12
Instruction and Curriculum Development Services	4,469,170.24	4,137,036.51	-	-	4,469,170.24	4,137,036.51
Instructional Staff Training Services	1,445,126.90	2,840,942.77	-	-	1,445,126.90	2,840,942.77
Instruction-Related Technology	463,200.27	673,122.12	-	-	463,200.27	673,122.12
Board	635,778.85	572,413.63	-	-	635,778.85	572,413.63
General Administration	1,202,558.69	1,041,981.72	-	-	1,202,558.69	1,041,981.72
School Administration	7,573,499.39	7,336,282.82	-	-	7,573,499.39	7,336,282.82
Facilities Acquisition and Construction	1,022,406.73	258,186.77	-	-	1,022,406.73	258,186.77
Fiscal Services	1,054,661.96	979,476.85	-	-	1,054,661.96	979,476.85
Food Services	8,703,507.08	7,314,103.43	-	-	8,703,507.08	7,314,103.43
Central Services	1,262,889.20	1,306,327.58	-	-	1,262,889.20	1,306,327.58
Student Transportation Services	5,758,088.56	5,913,982.48	-	-	5,758,088.56	5,913,982.48
Operation of Plant	8,788,097.34	7,096,183.73	-	-	8,788,097.34	7,096,183.73
Maintenance of Plant	3,952,650.70	3,483,457.99	-	-	3,952,650.70	3,483,457.99
Administrative Technology Services	2,388,696.68	2,049,288.42	-	-	2,388,696.68	2,049,288.42
Community Services	-	748.14	-	-	-	748.14
Unallocated Interest on Long-Term Debt	147,973.95	100,291.92	-	-	147,973.95	100,291.92
Unallocated Depreciation Expense	4,059,033.68	3,962,979.87	-	-	4,059,033.68	3,962,979.87
NEFEC Risk Management Program	-	-	13,897,670.05	15,947,782.97	13,897,670.05	15,947,782.97
NEFEC Other Programs	-	-	13,261,927.48	13,697,842.79	13,261,927.48	13,697,842.79
Total Functions/Program Expenses	121,153,098.79	116,120,020.54	27,159,597.53	29,645,625.76	148,312,696.32	145,765,646.30
Change in Net Position	(6,888,042.69)	99,920.77	(906,856.71)	(2,198,734.62)	(7,794,899.40)	(2,098,813.85)
Net Position - Beginning	1,846,142.03	1,746,221.26	19,012,604.09	21,211,338.71	20,858,746.12	22,957,559.97
Adjustment to Beginning Net Position	5,242,877.61	-	362,635.68	-	5,605,513.29	-
Net Position - Beginning, as Restated	7,089,019.64	1,746,221.26	19,375,239.77	21,211,338.71	26,464,259.41	22,957,559.97
Net Position - Ending	\$ 200,976.95	\$ 1,846,142.03	\$ 18,468,383.06	\$ 19,012,604.09	\$ 18,669,360.01	\$ 20,858,746.12

For the governmental-type activities, the largest revenue source is the State of Florida (57 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. FEFP revenues increased by \$2,960,446.64, or 6.1 percent, primarily from an increase in State per student funding, while other State revenues decreased by \$2,371,810.51, or 14.9 percent, resulting in a net increase in State revenues of \$588,636.13, or 0.9 percent. Other State revenues are primarily for required carryover programs and for the acquisition, construction, and maintenance of educational facilities.

Grants and contributions not restricted to specific programs decreased by \$1,012,189.30, or 1.3 percent, primarily due to decreases in Federal funding.

Total governmental expenses for the 2019-20 fiscal year increased by \$5,033,078.25, or 4.3 percent, over the previous fiscal year. Instruction expenses represent 52.8 and 51 percent of total governmental expenses in the 2018-19 and 2019-20 fiscal years, respectively.

For the business-type activities, grants and contributions not restricted to specific programs decreased by \$649,272.18, or 10.6 percent, mainly from decreases in Federal and State grants revenues for the NEFEC Other Programs Fund. The NEFEC Risk Management (Property/Casualty) Program Fund expenses decreased by \$2,050,112.92, or 12.9 percent, due mainly to a decrease of \$1,481,934 in insurance claims expenses.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

The total fund balances of governmental funds decreased by \$2,450,049.28 during the fiscal year to \$20,495,623.37 at June 30, 2020. Of the total fund balance, \$6,940,945.88 is unassigned, \$711,847.76 is nonspendable, \$10,673,745.83 is restricted, and \$2,169,083.90 is assigned.

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 \$6,940,945.88, while the total fund balance is \$11,513,505.70. 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 \$9,110,029.78, or 10.7 percent of the total General Fund revenues, while total fund balance represents 13.5 percent of total General Fund revenues.

While the assigned and unassigned fund balance decreased by \$413,778.42, or 4.3 percent, the restricted fund balance increased by \$1,021,947.21, or 96.9 percent, and the total fund balance increased by \$475,048.51, or 4.3 percent, during the fiscal year.

The Special Revenue – Food Service Fund accounts for and reports all food service activities. This fund has revenues and expenditures of \$9,268,680.20 and \$10,093,821.94, respectively, and ended the fiscal year with a fund balance of \$4,848,383.42, including inventories of \$257,424.35 that represent the nonspendable fund balance, while the remaining \$4,590,959.07 fund balance is restricted for food service operations. The total fund balance decreased \$825,141.74, or 14.5 percent, during the fiscal year, mainly from additional expenditures for remodeling school cafeterias and updating cafeteria equipment.

The Special Revenue – Other Fund has total revenues and expenditures of \$11,684,750.72 each and the funding was mainly used for instruction. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

Proprietary Funds

The Enterprise Funds have combined net position of \$18,468,383.06, representing a decrease of \$906,856.71 in net position for the 2019-20 fiscal year (based on beginning net position as restated for the adjustment discussed in Note II. to the financial statements).

- The NEFEC Risk Management (Property/Casualty) Program Fund net position decreased by \$479,627.41, or 4 percent, from the prior fiscal year. While operating and nonoperating revenues were comparable with the 2018-19 fiscal year, operating expenses decreased by \$2,050,112.92, due mainly to a \$1,481,934 decrease in insurance claims expenses.
- The NEFEC Other Programs Fund net position decreased by \$427,229.30, or 5.8 percent, from the prior fiscal year. Nonoperating revenues decreased by \$799,097.95, due mainly to decreases in Federal and State grants, while operating revenues decreased by \$418,594.23, due mainly to a decrease in charges for services. Operating expenses decreased by \$435,915.31, due mainly to a decrease in purchased services.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund final budgeted revenues and expenditures were in line with original budget amounts. Actual revenues were in line with final budgeted amounts, while actual expenditures were \$7,851,516.30, or 8.1 percent less than final budgeted amounts. The decrease in expenditures was primarily due to lower costs incurred than were anticipated during 3 months of online learning during the pandemic, such as lower instruction and instruction-related expenses, lower transportation costs, and lower substitute teacher costs. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$8,049,780.49.

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 \$46,370,823.76 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and computer software.

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

Long-Term Debt

At June 30, 2020, the District had outstanding bonds payable of \$519,000 and notes payable of \$3,247,743.78. During the current fiscal year, the District retired bonds payable of \$66,000 and notes payable of \$878,442.39 through scheduled principal payments.

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

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 Rhonda Odom, Chief Financial Officer/Assistant Superintendent for Business and Finance, Putnam County District School Board, 200 Reid Street, Palatka, Florida 32177.

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BASIC FINANCIAL STATEMENTS

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

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 6,402,975.10	\$ 2,921,549.77	\$ 9,324,524.87	\$ 699,684.00
Cash with Fiscal Agent	-	100,000.00	100,000.00	-
Investments	15,211,234.97	29,351,578.04	44,562,813.01	500,020.00
Accounts Receivable	428,521.85	35,689.37	464,211.22	126,500.00
Due from Other Agencies	4,366,721.39	2,800,783.02	7,167,504.41	10,196.00
Due from Excess Insurer	-	587,069.22	587,069.22	-
Prepaid Items	-	-	-	174,295.00
Inventories	584,334.51	-	584,334.51	-
Capital Assets:				
Nondepreciable Capital Assets	2,058,861.74	45,000.00	2,103,861.74	287,732.00
Depreciable Capital Assets, Net	43,636,879.42	630,082.60	44,266,962.02	1,855,336.00
TOTAL ASSETS	72,689,528.98	36,471,752.02	109,161,281.00	3,653,763.00
DEFERRED OUTFLOWS OF RESOURCES				
Other Postemployment Benefits	4,433,089.90	210,278.10	4,643,368.00	-
Pensions	22,085,745.24	1,934,740.76	24,020,486.00	569,517.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	26,518,835.14	2,145,018.86	28,663,854.00	569,517.00
LIABILITIES				
Accrued Salaries and Benefits	1,382,768.09	34,221.71	1,416,989.80	100,435.00
Accounts Payable	690,825.32	40,695.96	731,521.28	240,831.00
Long-Term Liabilities:				
Portion Due Within 1 Year	3,281,163.95	3,793,288.97	7,074,452.92	71,296.00
Portion Due After 1 Year	84,124,379.39	15,537,165.60	99,661,544.99	2,518,628.00
TOTAL LIABILITIES	89,479,136.75	19,405,372.24	108,884,508.99	2,931,190.00
DEFERRED INFLOWS OF RESOURCES				
Other Postemployment Benefits	2,200,003.69	101,445.31	2,301,449.00	-
Pensions	7,328,246.73	641,570.27	7,969,817.00	136,561.00
TOTAL DEFERRED INFLOWS OF RESOURCES	9,528,250.42	743,015.58	10,271,266.00	136,561.00
NET POSITION				
Net Investment in Capital Assets	41,928,997.38	675,082.60	42,604,079.98	730,852.00
Restricted for:				
State Required Carryover Programs	2,032,006.12	-	2,032,006.12	-
Debt Service	12,496.38	-	12,496.38	-
Capital Projects	3,932,446.67	-	3,932,446.67	-
Food Service	4,848,383.42	-	4,848,383.42	-
Permanent Funds - Expendable	4,011.59	-	4,011.59	-
Permanent Funds - Nonexpendable	127,513.25	-	127,513.25	-
Other Purposes	101,826.00	-	101,826.00	-
Unrestricted (Deficit)	(52,786,703.86)	17,793,300.46	(34,993,403.40)	424,677.00
TOTAL NET POSITION	\$ 200,976.95	\$ 18,468,383.06	\$ 18,669,360.01	\$ 1,155,529.00

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

**Putnam 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
Primary Government				
Governmental Activities:				
Instruction	\$ 61,795,883.23	\$ 198,128.25	\$ -	\$ -
Student Support Services	5,910,982.87	-	-	-
Instructional Media Services	518,892.47	-	-	-
Instruction and Curriculum Development Services	4,469,170.24	-	-	-
Instructional Staff Training Services	1,445,126.90	-	-	-
Instruction-Related Technology	463,200.27	-	-	-
Board	635,778.85	-	-	-
General Administration	1,202,558.69	-	-	-
School Administration	7,573,499.39	-	-	-
Facilities Acquisition and Construction	1,022,406.73	-	-	424,549.26
Fiscal Services	1,054,661.96	-	-	-
Food Services	8,703,507.08	189,084.52	9,006,715.76	-
Central Services	1,262,889.20	-	-	-
Student Transportation Services	5,758,088.56	-	-	-
Operation of Plant	8,788,097.34	-	-	-
Maintenance of Plant	3,952,650.70	-	-	-
Administrative Technology Services	2,388,696.68	-	-	-
Unallocated Interest on Long-Term Debt	147,973.95	-	-	92,195.42
Unallocated Depreciation Expense*	4,059,033.68	-	-	-
Total Governmental Activities	121,153,098.79	387,212.77	9,006,715.76	516,744.68
Business-Type Activities:				
NEFEC Risk Management (Property/Casualty) Program	13,897,670.05	12,994,785.83	-	-
NEFEC Other Programs	13,261,927.48	7,253,447.41	-	-
Total Business-Type Activities	27,159,597.53	20,248,233.24	-	-
Total Primary Government	\$ 148,312,696.32	\$ 20,635,446.01	\$ 9,006,715.76	\$ 516,744.68
Component Units				
Charter Schools	\$ 4,465,256.00	\$ 8,461.00	\$ 187,563.00	\$ 247,250.00

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Adjustment to Beginning Net Position

Net Position - Beginning, as Restated

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			
Primary Government		Total	Component Units
Governmental Activities	Business-Type Activities		
\$ (61,597,754.98)	\$ -	\$ (61,597,754.98)	\$ -
(5,910,982.87)	-	(5,910,982.87)	-
(518,892.47)	-	(518,892.47)	-
(4,469,170.24)	-	(4,469,170.24)	-
(1,445,126.90)	-	(1,445,126.90)	-
(463,200.27)	-	(463,200.27)	-
(635,778.85)	-	(635,778.85)	-
(1,202,558.69)	-	(1,202,558.69)	-
(7,573,499.39)	-	(7,573,499.39)	-
(597,857.47)	-	(597,857.47)	-
(1,054,661.96)	-	(1,054,661.96)	-
492,293.20	-	492,293.20	-
(1,262,889.20)	-	(1,262,889.20)	-
(5,758,088.56)	-	(5,758,088.56)	-
(8,788,097.34)	-	(8,788,097.34)	-
(3,952,650.70)	-	(3,952,650.70)	-
(2,388,696.68)	-	(2,388,696.68)	-
(55,778.53)	-	(55,778.53)	-
(4,059,033.68)	-	(4,059,033.68)	-
(111,242,425.58)	-	(111,242,425.58)	-
-	(902,884.22)	(902,884.22)	-
-	(6,008,480.07)	(6,008,480.07)	-
-	(6,911,364.29)	(6,911,364.29)	-
(111,242,425.58)	(6,911,364.29)	(118,153,789.87)	-
-	-	-	(4,021,982.00)
18,095,921.37	-	18,095,921.37	-
6,204,399.40	-	6,204,399.40	-
76,786,049.24	5,471,083.79	82,257,133.03	3,616,893.00
451,397.71	533,423.79	984,821.50	-
2,816,615.17	-	2,816,615.17	62,666.00
104,354,382.89	6,004,507.58	110,358,890.47	3,679,559.00
(6,888,042.69)	(906,856.71)	(7,794,899.40)	(342,423.00)
1,846,142.03	19,012,604.09	20,858,746.12	1,497,952.00
5,242,877.61	362,635.68	5,605,513.29	-
7,089,019.64	19,375,239.77	26,464,259.41	1,497,952.00
\$ 200,976.95	\$ 18,468,383.06	\$ 18,669,360.01	\$ 1,155,529.00

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

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Fund
ASSETS			
Cash and Cash Equivalents	\$ 1,629,946.93	\$ 1,257,873.71	\$ -
Investments	6,655,755.46	3,318,178.04	-
Accounts Receivable	407,808.17	1,438.06	19,275.62
Due from Other Funds	3,269,341.93	-	-
Due from Other Agencies	713,115.33	400,214.97	2,654,010.29
Inventories	326,910.16	257,424.35	-
TOTAL ASSETS	\$ 13,002,877.98	\$ 5,235,129.13	\$ 2,673,285.91
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	\$ 1,097,823.98	\$ 74,467.53	\$ 209,476.59
Accounts Payable	391,548.30	95,481.25	141,902.94
Due to Other Funds	-	216,796.93	2,321,906.38
Total Liabilities	1,489,372.28	386,745.71	2,673,285.91
Fund Balances:			
Nonspendable:			
Inventories	326,910.16	257,424.35	-
Permanent Fund Principal	-	-	-
Total Nonspendable Fund Balance	326,910.16	257,424.35	-
Restricted for:			
State Required Carryover Programs	2,032,006.12	-	-
Other State and Local Projects	44,559.64	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Food Service	-	4,590,959.07	-
Permanent Funds	-	-	-
Total Restricted Fund Balance	2,076,565.76	4,590,959.07	-
Assigned for:			
Purchase Obligations	460,734.62	-	-
Supplemental Academic Instruction	401,924.70	-	-
Local Capital Outlay Projects	273,057.15	-	-
Wellness Initiatives	252,663.87	-	-
300 Lowest Performing Schools	132,439.86	-	-
E-Rate Equipment Purchases	130,451.16	-	-
Industry Certified Career Education	114,892.03	-	-
Maintenance and Repairs	106,244.90	-	-
Other Local Programs	296,675.61	-	-
Total Assigned Fund Balance	2,169,083.90	-	-
Unassigned Fund Balance	6,940,945.88	-	-
Total Fund Balances	11,513,505.70	4,848,383.42	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,002,877.98	\$ 5,235,129.13	\$ 2,673,285.91

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

Other Governmental Funds	Total Governmental Funds
\$ 2,202,494.80	\$ 5,090,315.44
2,117,843.21	12,091,776.71
-	428,521.85
-	3,269,341.93
599,380.80	4,366,721.39
-	584,334.51
<u>\$ 4,919,718.81</u>	<u>\$ 25,831,011.83</u>
\$ 999.99	1,382,768.09
54,345.95	683,278.44
<u>730,638.62</u>	<u>3,269,341.93</u>
<u>785,984.56</u>	<u>5,335,388.46</u>
-	584,334.51
127,513.25	127,513.25
<u>127,513.25</u>	<u>711,847.76</u>
-	2,032,006.12
57,266.36	101,826.00
12,496.38	12,496.38
3,932,446.67	3,932,446.67
-	4,590,959.07
4,011.59	4,011.59
<u>4,006,221.00</u>	<u>10,673,745.83</u>
-	460,734.62
-	401,924.70
-	273,057.15
-	252,663.87
-	132,439.86
-	130,451.16
-	114,892.03
-	106,244.90
-	296,675.61
<u>-</u>	<u>2,169,083.90</u>
<u>-</u>	<u>6,940,945.88</u>
4,133,734.25	20,495,623.37
<u>\$ 4,919,718.81</u>	<u>\$ 25,831,011.83</u>

**Putnam 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 \$ 20,495,623.37

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. 45,695,741.16

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 4,424,571.04

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:

Notes Payable	\$	(3,247,743.78)	
Bonds Payable		(519,000.00)	
Compensated Absences Payable		(6,393,890.57)	
Net Pension Liability		(65,154,281.76)	
Other Postemployment Benefits Payable		<u>(12,090,627.23)</u>	(87,405,543.34)

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	\$	4,433,089.90	
Deferred Outflows Related to Pensions		22,085,745.24	
Deferred Inflows Related to OPEB		(2,200,003.69)	
Deferred Inflows Related to Pensions		<u>(7,328,246.73)</u>	<u>16,990,584.72</u>

Net Position - Governmental Activities **\$ 200,976.95**

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

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

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Fund
Revenues			
Intergovernmental:			
Federal Direct	\$ 193,802.57	\$ -	\$ 357,796.43
Federal Through State and Local	401,360.87	8,856,336.76	11,326,954.29
State	63,973,662.09	150,379.00	-
Local:			
Property Taxes	18,095,921.37	-	-
Charges for Services - Food Service	-	189,084.52	-
Miscellaneous	2,528,253.45	72,879.92	-
Total Local Revenues	<u>20,624,174.82</u>	<u>261,964.44</u>	<u>-</u>
Total Revenues	<u>85,193,000.35</u>	<u>9,268,680.20</u>	<u>11,684,750.72</u>
Expenditures			
Current - Education:			
Instruction	50,947,952.97	-	7,148,582.08
Student Support Services	4,444,601.45	-	1,103,899.31
Instructional Media Services	485,674.26	-	-
Instruction and Curriculum Development Services	1,878,221.90	-	2,275,070.00
Instructional Staff Training Services	958,585.06	-	337,049.09
Instruction-Related Technology	434,178.34	-	-
Board	620,580.59	-	-
General Administration	527,957.32	-	488,619.30
School Administration	7,040,687.05	-	2,153.00
Facilities Acquisition and Construction	859.00	-	-
Fiscal Services	978,976.18	-	-
Food Services	78,629.13	8,321,201.99	-
Central Services	1,182,762.13	-	-
Student Transportation Services	4,642,818.61	-	38,270.23
Operation of Plant	8,521,172.27	-	4,723.38
Maintenance of Plant	3,805,073.83	-	-
Administrative Technology Services	2,287,266.11	-	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	325,620.98	1,512,447.59	-
Other Capital Outlay	451,270.04	260,172.36	286,384.33
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>89,612,887.22</u>	<u>10,093,821.94</u>	<u>11,684,750.72</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,419,886.87)</u>	<u>(825,141.74)</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers In	4,795,684.09	-	-
Sale of Capital Assets	-	-	-
Loss Recoveries	99,251.29	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>4,894,935.38</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	475,048.51	(825,141.74)	-
Fund Balances, Beginning	11,038,457.19	5,673,525.16	-
Fund Balances, Ending	<u>\$ 11,513,505.70</u>	<u>\$ 4,848,383.42</u>	<u>\$ 0.00</u>

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

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 551,599.00
-	20,584,651.92
1,049,217.67	65,173,258.76
6,204,399.40	24,300,320.77
-	189,084.52
100,363.60	2,701,496.97
6,304,763.00	27,190,902.26
7,353,980.67	113,500,411.94
16,433.41	58,112,968.46
-	5,548,500.76
-	485,674.26
-	4,153,291.90
49,681.35	1,345,315.50
-	434,178.34
-	620,580.59
142,904.07	1,159,480.69
-	7,042,840.05
1,021,547.73	1,022,406.73
-	978,976.18
-	8,399,831.12
-	1,182,762.13
-	4,681,088.84
-	8,525,895.65
-	3,805,073.83
-	2,287,266.11
1,982,560.89	3,820,629.46
397,708.84	1,395,535.57
944,442.39	944,442.39
147,973.95	147,973.95
4,703,252.63	116,094,712.51
2,650,728.04	(2,594,300.57)
-	4,795,684.09
45,000.00	45,000.00
-	99,251.29
(4,795,684.09)	(4,795,684.09)
(4,750,684.09)	144,251.29
(2,099,956.05)	(2,450,049.28)
6,233,690.30	22,945,672.65
\$ 4,133,734.25	\$ 20,495,623.37

Putnam 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 **\$ (2,450,049.28)**

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

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

Fixed Capital Outlay - Facilities Acquisition and Construction	\$ 3,820,629.46	
Fixed Capital Outlay - Other Capital Outlay	1,395,535.57	
Depreciation Expense	<u>(4,867,724.31)</u>	348,440.72

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 debt repayments in the current fiscal year.

Note Principal Payments	\$ 878,442.39	
Bond Principal Payments	<u>66,000.00</u>	944,442.39

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

289,582.17

Other postemployment benefits costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net decrease in other postemployment benefits liability for the current fiscal year.

Increase in OPEB Liability	\$ (2,317,120.01)	
Increase in Deferred Outflows of Resources - OPEB	4,015,382.99	
Increase in Deferred Inflows of Resources - OPEB	<u>(1,920,729.01)</u>	(222,466.03)

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	\$ 4,313,230.27	
HIS Pension Contribution	1,024,582.23	
FRS Pension Expense	(10,430,976.23)	
HIS Pension Expense	<u>(1,325,221.80)</u>	(6,418,385.53)

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

620,392.87

Change in Net Position - Governmental Activities **\$ (6,888,042.69)**

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

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

	Enterprise Funds			
	NEFEC Risk Management (Property/Casualty) Program	NEFEC Other Programs	Total	Internal Service Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 2,921,549.77	\$ 2,921,549.77	\$ 1,312,659.66
Cash with Fiscal Agent	100,000.00	-	100,000.00	-
Investments	23,389,757.74	5,961,820.30	29,351,578.04	3,119,458.26
Accounts Receivable	8,954.33	26,735.04	35,689.37	-
Due from Other Agencies	659,417.94	2,141,365.08	2,800,783.02	-
Due from Excess Insurer	587,069.22	-	587,069.22	-
Total Current Assets	24,745,199.23	11,051,470.19	35,796,669.42	4,432,117.92
Noncurrent Assets:				
Nondepreciable Capital Assets	-	45,000.00	45,000.00	-
Depreciable Capital Assets, Net	-	630,082.60	630,082.60	-
Total Noncurrent Assets	-	675,082.60	675,082.60	-
TOTAL ASSETS	24,745,199.23	11,726,552.79	36,471,752.02	4,432,117.92
DEFERRED OUTFLOWS OF RESOURCES				
Other Postemployment Benefits	13,929.78	196,348.32	210,278.10	-
Pension	75,309.92	1,859,430.84	1,934,740.76	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	89,239.70	2,055,779.16	2,145,018.86	-
LIABILITIES				
Current Liabilities:				
Accrued Salaries and Benefits	94.74	34,126.97	34,221.71	-
Accounts Payable	4,427.17	36,268.79	40,695.96	7,546.88
Compensated Absences Payable	7,135.84	161,120.87	168,256.71	-
Estimated Liability for Self-Insurance Program	3,563,000.00	-	3,563,000.00	-
Net Pension Liability	1,144.66	28,262.08	29,406.74	-
Other Postemployment Benefits Payable	2,515.04	30,110.48	32,625.52	-
Total Current Liabilities	3,578,317.45	289,889.19	3,868,206.64	7,546.88
Noncurrent Liabilities:				
Compensated Absences Payable	28,543.38	644,483.47	673,026.85	-
Estimated Liability for Self-Insurance Program	9,443,000.00	-	9,443,000.00	-
Net Pension Liability	188,027.26	4,642,465.24	4,830,492.50	-
Other Postemployment Benefits Payable	45,531.84	545,114.41	590,646.25	-
Total Noncurrent Liabilities	9,705,102.48	5,832,063.12	15,537,165.60	-
TOTAL LIABILITIES	13,283,419.93	6,121,952.31	19,405,372.24	7,546.88
DEFERRED INFLOWS OF RESOURCES				
Other Postemployment Benefits	6,942.39	94,502.92	101,445.31	-
Pension	24,973.17	616,597.10	641,570.27	-
TOTAL DEFERRED INFLOWS OF RESOURCES	31,915.56	711,100.02	743,015.58	-
NET POSITION				
Investment in Capital Assets	-	675,082.60	675,082.60	-
Unrestricted	11,519,103.44	6,274,197.02	17,793,300.46	4,424,571.04
TOTAL NET POSITION	\$ 11,519,103.44	\$ 6,949,279.62	\$ 18,468,383.06	\$ 4,424,571.04

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

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

	Enterprise Funds			
	NEFEC Risk Management (Property/Casualty) Program	NEFEC Other Programs	Total	Internal Service Fund
OPERATING REVENUES				
Charges for Services	\$ -	\$ 6,625,352.33	\$ 6,625,352.33	\$ -
Charges for Sales	-	195,059.36	195,059.36	-
Premiums	12,994,785.83	-	12,994,785.83	9,916,048.62
Other	-	433,035.72	433,035.72	-
Total Operating Revenues	12,994,785.83	7,253,447.41	20,248,233.24	9,916,048.62
OPERATING EXPENSES				
Salaries	227,678.38	4,895,740.26	5,123,418.64	62,237.00
Employee Benefits	47,711.55	1,743,455.65	1,791,167.20	15,189.42
Purchased Services	416,163.18	5,555,142.58	5,971,305.76	9,258,583.62
Energy Services	-	41,505.70	41,505.70	-
Materials and Supplies	25,000.00	240,690.80	265,690.80	-
Capital Outlay	1,029.06	179,887.88	180,916.94	-
Insurance Claims	5,679,442.00	-	5,679,442.00	-
Excess Insurance Premiums	5,226,555.59	-	5,226,555.59	-
Policyholder Dividends	2,069,937.34	-	2,069,937.34	-
Other	204,152.95	440,250.98	644,403.93	11,321.30
Depreciation	-	165,253.63	165,253.63	-
Total Operating Expenses	13,897,670.05	13,261,927.48	27,159,597.53	9,347,331.34
Operating Income (Loss)	(902,884.22)	(6,008,480.07)	(6,911,364.29)	568,717.28
NONOPERATING REVENUES				
Interest	423,256.81	110,166.98	533,423.79	51,675.59
Federal Grants	-	4,697,512.79	4,697,512.79	-
State Grants	-	773,571.00	773,571.00	-
Total Nonoperating Revenues	423,256.81	5,581,250.77	6,004,507.58	51,675.59
Change in Net Position	(479,627.41)	(427,229.30)	(906,856.71)	620,392.87
Total Net Position - Beginning	11,932,356.83	7,080,247.26	19,012,604.09	3,804,178.17
Adjustment to Beginning Net Position	66,374.02	296,261.66	362,635.68	-
Total Net Position - Beginning	11,998,730.85	7,376,508.92	19,375,239.77	3,804,178.17
Total Net Position - Ending	\$ 11,519,103.44	\$ 6,949,279.62	\$ 18,468,383.06	\$ 4,424,571.04

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

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

	Enterprise Funds			
	NEFEC Risk Management (Property/Casualty) Program	NEFEC Other Programs	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Board Funds and Participants	\$ 12,994,785.83	\$ -	\$ 12,994,785.83	\$ 9,916,048.62
Cash Payments to Suppliers for Goods and Services	(5,877,955.75)	(6,481,899.31)	(12,359,855.06)	(9,251,036.74)
Cash Payments to Employees for Services	(262,762.03)	(5,822,812.67)	(6,085,574.70)	(86,260.07)
Cash Payments for Insurance Claims	(6,088,442.00)	-	(6,088,442.00)	-
Cash Payments for Policyholder Dividends	(2,069,937.34)	-	(2,069,937.34)	-
Cash Received from Other Operating Revenues	-	7,064,368.41	7,064,368.41	-
Cash Payments for Other Operating Revenues	(680,986.35)	-	(680,986.35)	(11,321.30)
Net Cash Provided (Used) by Operating Activities	(1,985,297.64)	(5,240,343.57)	(7,225,641.21)	567,430.51
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash Received from State Grants	-	5,471,083.79	5,471,083.79	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	-	(124,592.17)	(124,592.17)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase (Sale) of Investments	1,585,488.04	(537,143.14)	1,048,344.90	(1,533,574.21)
Interest Income	399,809.60	94,581.70	494,391.30	51,675.59
Net Cash Provided (Used) by Investing Activities	1,985,297.64	(442,561.44)	1,542,736.20	(1,481,898.62)
Net Decrease in Cash and Cash Equivalents	-	(336,413.39)	(336,413.39)	(914,468.11)
Cash and Cash Equivalents, Beginning	100,000.00	3,257,963.16	3,357,963.16	2,227,127.77
Cash and Cash Equivalents, Ending	\$ 100,000.00	\$ 2,921,549.77	\$ 3,021,549.77	\$ 1,312,659.66
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (902,884.22)	\$ (6,008,480.07)	\$ (6,911,364.29)	\$ 568,717.28
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	-	165,253.63	165,253.63	-
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:				
Accounts Receivable	(8,351.73)	280,875.56	272,523.83	-
Due from Other Agencies	(659,417.94)	-	(659,417.94)	-
Due from Excess Insurer	(21,568.41)	(189,079.00)	(210,647.41)	-
Accrued Salaries and Benefits	(9,578.92)	(39,332.89)	(48,911.81)	(8,833.65)
Accounts Payable	3,296.76	(305,296.93)	(302,000.17)	7,546.88
Compensated Absences Payable	22,816.38	318,555.13	341,371.51	-
Estimated Liability for Self-Insurance Program	(409,000.00)	-	(409,000.00)	-
Net Pension Liability	(7,413.06)	427,264.57	419,851.51	-
Other Postemployment Benefits Payable (OPEB)	7,178.84	102,039.15	109,217.99	-
Deferred Outflows of Resources Related to OPEB	(12,440.36)	(176,825.65)	(189,266.01)	-
Deferred Inflows of Resources Related to OPEB	5,950.74	84,583.25	90,533.99	-
Deferred Outflows of Resources Related to Pensions	8,823.03	142,037.33	150,860.36	-
Deferred Inflows of Resources Related to Pensions	(2,708.75)	(41,937.65)	(44,646.40)	-
Total Adjustments	(1,082,413.42)	768,136.50	(314,276.92)	(1,286.77)
Net Cash Provided (Used) by Operating Activities	\$ (1,985,297.64)	\$ (5,240,343.57)	\$ (7,225,641.21)	\$ 567,430.51
Noncash Investing Activities				
Net Increase in Fair Value of Investments	\$ 23,447.21	\$ 15,585.28	\$ 39,032.49	\$ 0.00

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

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

	Agency Funds
ASSETS	
Cash and Cash Equivalents	<u>\$ 1,235,980.00</u>
LIABILITIES	
Internal Accounts Payable	<u>\$ 1,235,980.00</u>

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Putnam County School District's (District) governmental activities and for each segment of the business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense 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 Putnam 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 Putnam County.

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

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

The District's charter schools are the Children's Reading Center Charter School, the Putnam Academy of Arts and Sciences, and the Putnam Edge High School. The Children's Reading Center, Inc., which owns and operates the Children's Reading Center Charter School; the Putnam Academy of Arts and Sciences, Inc., which owns and operates the Putnam Academy of Arts and Sciences; and the EDGE for Educational Excellence, Inc., which owns and operates the Putnam Edge High School, are not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The charter schools operate under charters approved by their sponsor, the Putnam County District School Board. The District may choose not to renew the charters under grounds specified in the charters. During the term of the charters, the District may terminate the charters if good cause is shown. The charter schools are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charter, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District.

The financial data reported on the accompanying statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2020. The audit reports are filed in the District's administrative offices at 200 Reid Street, Palatka, Florida 32177.

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 – Food Service Fund – to account for Federal grants and related program charges for the Food and Nutrition Services program.

- Special Revenue – Other Fund – to account for certain Federal grant program resources.

The District reports the following major enterprise funds:

- NEFEC Risk Management (Property/Casualty) Program Fund – to account for the NEFEC property/casualty self-insurance program (including workers' compensation), for which the District is fiscal agent.
- NEFEC Other Programs Fund – to account for the financial activities of the NEFEC cooperative programs and services provided to member districts other than the self-insurance program.

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

- Internal Service Fund – to account for the District's group health 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 had 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 45 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 45 days of year end). Property 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 is 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.

The Children's Reading Center Charter School is accounted for as a not-for-profit organization and uses the not-for-profit accounting model. The Putnam Academy of Arts and Sciences and Putnam Edge High School are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

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

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 3 months or less from the date of acquisition. The statement of cash flows also considers as cash and cash equivalents those amounts on deposit with fiscal agents.

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 in the State Board of Administration (SBA) debt service accounts for investment of debt service moneys and those made locally.

Investments made locally consist of amounts placed in intergovernmental investment pools and are reported at fair value.

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

3. Inventories

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost on the moving-average basis, except that General Fund instructional materials and transportation inventories are stated at cost based on the last invoice, which approximates the first-in, first-out method, and United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased.

4. Capital Assets

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

Capital assets are depreciated using the unweighted average composite method for governmental activities and the straight-line method for business-type activities 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	15 - 50 years
Furniture, Fixtures, and Equipment	3 - 15 years
Motor Vehicles	5 - 10 years
Computer Software	5 years

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

5. Pensions

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

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

6. Long-Term Liabilities

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

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.

7. Deferred Outflows/Inflows of Resources

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

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

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

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

10. Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. On August 17, 2010, the Board, by resolution, authorized the Chief Financial Officer 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.

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

The Board adopted the 2019 tax levy on September 17, 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 Putnam 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. 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.

5. 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.

6. 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 of the District's enterprise funds are charges for information technology services, and premiums for property, casualty, and workers' compensation insurance. Operating expenses include purchased services, salaries and benefits, materials and supplies, capital outlay, and depreciation, related to information technology services provided; and purchased services, insurance claims, excess insurance premiums, and salaries and benefits related to insurance programs. The principal operating revenues of the District's internal service fund are charges for employee health insurance premiums. Operating expenses consist primarily of purchased services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. PRIOR PERIOD ADJUSTMENT

In prior years, the District included the liability for sick and vacation terminal pay for certain former employees in its compensated absences payable liability. During the 2019-20 fiscal year, the District determined that the liability for these former employees should not be included in the compensated absences liability. As a result of this correction, the District reduced the beginning compensated absences payable liability and increased the beginning net position in the primary government financial statements for the governmental activities and business-type activities by \$5,242,877.61 and \$362,635.68, respectively, and in the proprietary fund financial statements for the NEFEC Risk Management (Property/Casualty) Fund and NEFEC Other Programs Fund by \$66,374.02 and \$296,261.66, respectively.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

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

B. Investments

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

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA:		
Debt Service Accounts	6 Months	\$ 12,481.40
Florida Fixed Income Trust (FIT):		
FIT Cash Pool	64 days	13,873,848.83
FIT Enhanced Cash Pool	128 days	<u>30,676,482.78</u>
Total Investments		<u><u>\$ 44,562,813.01</u></u>

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District's investments in SBA debt service accounts are valued using Level 1 inputs, and the District's investments in the Florida FIT Cash Pool and the FIT Enhanced Cash Pool are valued using Level 2 inputs.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District 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.

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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 Board has adopted an investment policy that authorizes investing in qualified depositories, certificates of deposit, time deposits, securities of the United States Government, investment pools managed and directed by an approved agency of the State, and certain forms of investments authorized in accordance with Section 218.415, Florida Statutes.

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

The District's investments in the Florida FIT are rated AAAs/S1 by Fitch.

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	\$ 2,058,861.74	\$ -	\$ -	\$ 2,058,861.74
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	8,533,291.25	394,865.71	-	8,928,156.96
Buildings and Fixed Equipment	138,702,994.15	3,425,763.75	-	142,128,757.90
Furniture, Fixtures, and Equipment	10,418,464.81	1,000,110.45	3,461.52	11,415,113.74
Motor Vehicles	10,981,242.88	395,425.12	-	11,376,668.00
Computer Software	1,325,295.51	-	-	1,325,295.51
Total Capital Assets Being Depreciated	169,961,288.60	5,216,165.03	3,461.52	175,173,992.11
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	6,600,536.46	225,855.80	-	6,826,392.26
Buildings and Fixed Equipment	102,342,722.40	3,172,967.91	-	105,515,690.31
Furniture, Fixtures, and Equipment	8,344,607.38	660,209.97	3,461.52	9,001,355.83
Motor Vehicles	8,059,688.15	808,690.63	-	8,868,378.78
Computer Software	1,325,295.51	-	-	1,325,295.51
Total Accumulated Depreciation	126,672,849.90	4,867,724.31	3,461.52	131,537,112.69
Total Capital Assets Being Depreciated, Net	43,288,438.70	348,440.72	-	43,636,879.42
Governmental Activities Capital Assets, Net	\$ 45,347,300.44	\$ 348,440.72	\$ 0.00	\$ 45,695,741.16

	Beginning Balance	Additions	Deletions	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 45,000.00	\$ -	\$ -	\$ 45,000.00
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	6,688.00	-	-	6,688.00
Buildings and Fixed Equipment	2,305,555.89	-	-	2,305,555.89
Furniture, Fixtures, and Equipment	1,751,032.62	94,692.67	77,024.26	1,768,701.03
Motor Vehicles	60,751.60	29,899.50	-	90,651.10
Computer Software	3,588,867.93	-	-	3,588,867.93
Total Capital Assets Being Depreciated	7,712,896.04	124,592.17	77,024.26	7,760,463.95
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	6,688.00	-	-	6,688.00
Buildings and Fixed Equipment	1,920,894.50	56,778.12	-	1,977,672.62
Furniture, Fixtures, and Equipment	1,484,049.55	97,720.71	77,024.26	1,504,746.00
Motor Vehicles	41,652.00	10,754.80	-	52,406.80
Computer Software	3,588,867.93	-	-	3,588,867.93
Total Accumulated Depreciation	7,042,151.98	165,253.63	77,024.26	7,130,381.35
Total Capital Assets Being Depreciated, Net	670,744.06	(40,661.46)	-	630,082.60
Business-Type Activities Capital Assets, Net	\$ 715,744.06	\$ (40,661.46)	\$ 0.00	\$ 675,082.60

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	\$ 808,690.63
Unallocated	4,059,033.68
Total Depreciation Expense – Governmental Activities	<u>\$ 4,867,724.31</u>
BUSINESS-TYPE ACTIVITIES	
NEFEC Other Programs	<u>\$ 165,253.63</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 \$12,749,863 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.
- *Senior Management Service* – Members in senior management level positions.
- *Special Risk* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

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

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional

personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
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
Senior Management Service	2.00
Special Risk	3.00

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

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

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	8.47
FRS, Elected County Officers	3.00	48.82
FRS, Senior Management Service	3.00	25.41
FRS, Special Risk	3.00	25.48
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 \$4,691,075 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 \$48,496,401 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 0.140819865 percent, which was a decrease of 0.005197945 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 \$11,308,550. 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	\$ 2,876,461	\$ 30,096
Change of Assumptions	12,455,962	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	2,683,074
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	31,384	2,224,782
District FRS Contributions Subsequent to the Measurement Date	4,691,075	-
Total	<u><u>\$ 20,054,882</u></u>	<u><u>\$ 4,937,952</u></u>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$4,691,075, 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	\$ 3,938,824
2022	779,607
2023	2,917,127
2024	2,242,093
2025	452,319
Thereafter	95,885
Total	\$ 10,425,855

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	100%			
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	\$ 83,834,128	\$ 48,496,401	\$ 18,983,422

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 \$1,114,337 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 \$21,517,780 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 updated 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 0.192311928 percent, which was a decrease of 0.004400423 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 \$1,441,313. 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	\$ 261,357	\$ 26,348
Change of Assumptions	2,491,556	1,758,688
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	13,885	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	84,469	1,246,829
District HIS Contributions Subsequent to the Measurement Date	1,114,337	-
Total	\$ 3,965,604	\$ 3,031,865

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$1,114,337, 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	\$ 209,357
2022	69,506
2023	(64,034)
2024	(352,011)
2025	(111,041)
Thereafter	67,625
Total	\$ (180,598)

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	\$ 24,563,649	\$ 21,517,780	\$ 18,980,916

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, Senior Management Service	7.67
FRS, Elected County Officers	11.34
FRS, Special Risk	14.00

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

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

The District's Investment Plan pension expense totaled \$1,014,810.27 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, employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical, prescription drug, and life insurance coverage. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. 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 life insurance benefits for retirees and their dependents. In addition to the implicit subsidy described above, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees pursuant to negotiated union bargaining agreements.

Employees Covered by Benefit Terms. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	629
Active Employees	<u>1,386</u>
Total	<u>2,015</u>

Total OPEB Liability. The District's total OPEB liability of \$12,713,899 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 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	2.2 percent
Salary Increases	Consists of an inflation rate of 2.2 percent, a productivity component of 1.5 percent real rate of wage increase, and a variable merit component that is dependent on years of service.
Discount Rate	2.21 percent
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend rates starting at 8.9 percent for the 2019-20 fiscal year, decreasing to an ultimate rate of 3.7 percent for the 2073-74 and later fiscal years. Rates include the estimated impact of any potential excise taxes.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2020.

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 demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the July 1, 2019, OPEB Plan valuation were based on the assumptions used in the 2018 valuation of the FRS Regular Class members.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2019	\$ 10,287,561
Changes for the year:	
Service Cost	175,044
Interest	355,145
Differences Between Expected and Actual Experience	(2,358,885)
Changes of Assumptions or Other Inputs	4,891,760
Benefit Payments	(636,726)
Net Changes	2,426,338
Balance at June 30, 2020	\$ 12,713,899

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

- The discount rate decreased from 3.5 percent to 2.21 percent.
- The age-related claims costs used to estimate the true underlying cost of coverage for pre-65 retirees were updated.
- The pre-Medicare healthcare trend assumption was changed from 6.1 percent for the 2017-18 fiscal year, 5.8 percent for the 2018-19 fiscal year, and 6.5 percent for the 2019-20 fiscal year, then grading to an ultimate rate of 4.1 percent for the 2078-79 and later fiscal years to 8.9 percent for the 2019-20 fiscal year, 4.9 percent for the 2020-21 fiscal year, and 5.3 percent for the 2021-22 fiscal year, then grading to an ultimate rate of 3.7 percent for the 2073-74 and later fiscal years.

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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB Liability	\$ 14,582,602	\$ 12,713,899	\$ 11,215,892

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 (7.9 percent decreasing to 2.7 percent) or 1 percentage point higher (9.9 percent decreasing to 4.7 percent) than the current healthcare cost trend rates:

	<u>1% Decrease (7.9% decreasing to 2.7%)</u>	<u>Healthcare Cost Trend Rates (8.9% decreasing to 3.7%)</u>	<u>1% Increase (9.9% decreasing to 4.7%)</u>
Total OPEB Liability	\$ 12,015,214	\$ 12,713,899	\$ 13,542,142

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 \$869,678. 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	\$ -	\$ 2,064,024
Changes of Assumptions or Other Inputs	4,643,368	237,425
Total	\$ 4,643,368	\$ 2,301,449

The 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	\$ 339,489
2022	339,489
2023	339,489
2024	339,489
2025	350,742
Thereafter	633,221
Total	\$ 2,341,919

F. Encumbrances

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

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

<u>Major Funds</u>				
<u>General</u>	<u>Special Revenue - Food Service</u>	<u>Special Revenue - Other</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 614,265.27	\$ 528,732.12	\$ 724,550.27	\$ 378,654.61	\$ 2,246,202.27

G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the North East Florida Educational Consortium (NEFEC) (see Note IV.) and participates in the NEFEC Risk Management Program (NEFEC RMP) relating to property and casualty insurance, under

which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members of the NEFEC. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such risk management programs. The NEFEC RMP for property and casualty insurance is a risk sharing public entity pool that is self-sustaining through member assessments (premiums). Coverage is purchased through commercial companies for claims in excess of specified amounts. Activities applicable to the NEFEC RMP are included in the business-type activities on the financial statements.

The District's group health insurance plans are being provided through a minimum premium commercial insurance program administered by an insurance company. Premiums are established annually by the insurance company based on the District's claims experience, and the program is governed by an accounting and retention agreement. The agreement provides that when earned premiums are less than the sum of incurred claims less claims in excess of the pooling point, capitation charges, pooling charges, and administrative charges, the deficit is retained by the insurance company; when earned premiums are more than the sum of incurred claims less claims in excess of the pooling point, capitation charges, pooling charges, and administrative charges, 50 percent of the excess is returned to the District; and, if the District cancels the agreement prior to completion of the settlement accounting to be provided within 120 days after December 31, 2020, any excess earned premiums will not be available for return to the District.

In addition, the Board provides life insurance equivalent to each employee's salary rounded to the next \$1,000. The Board also offers a cafeteria plan to its employees, in which the employees select among a variety of plan benefits.

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

H. Public Entity Risk Pool

Fund Description. The NEFEC RMP public entity risk pool was organized on July 1, 1982, to provide property and casualty insurance coverage for its member districts. The NEFEC RMP was established under the authority of Sections 1001.42(12)(k), 111.072, 1001.42(11)(d), 1011.18(6), 440.38(6), and 768.28, Florida Statutes. The NEFEC RMP was established to formulate, develop, and administer, on behalf of the member districts, a program of group self-insurance for achieving lower costs through the development of a comprehensive loss control program. If the assets of the NEFEC RMP were to be exhausted, members would be responsible for their allocable portion of the NEFEC RMP liabilities. The NEFEC RMP members currently include 12 districts and the Florida Virtual School. Members may withdraw from the NEFEC RMP by providing a 60-day written notice of intent to withdraw and may withdraw on the next anniversary date of the program. Annual assessments and increases are based on the assessment formula developed by the member districts.

Summary of Significant Accounting Policies

- **Unpaid Claims Liabilities.** The NEFEC RMP establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported, but not settled, and of claims that have been incurred, but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards. Accordingly, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverage such as general liability and workers' compensation. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect settlements, claim frequency, and other economic and social factors.
- **Excess Insurance.** The NEFEC RMP has entered into agreements with various insurance companies to provide specific excess coverage for claim amounts above a stated amount on an individual claim basis and aggregate excess coverage when total claims minus specific excess coverage exceed the loss fund. The amount of \$587,069.22 in excess insurance recoverable on unpaid claims was deducted from the liability for unpaid claims at June 30, 2020.
- **Investment Income.** Investment income is not treated as an offset to reserves.

Unpaid Claims Liabilities

The following schedule presents the changes in claims liability for the past 2 years in the NEFEC RMP:

	<u>Reconciliation of Claims Liability</u>	
	<u>2018-19</u>	<u>2019-20</u>
Estimated Insurance Claims Payable, Beginning of Fiscal Year	<u>\$ 12,604,000</u>	<u>\$ 13,415,000</u>
Incurring Claims and Claims Adjustment Expenses:		
Provision for Insured Events of Current Fiscal Year	7,917,000	6,548,000
Increase (Decrease) in Provision for Insured Events of Prior Fiscal Years	(344,000)	1,365,000
Decrease in Estimated Incurred Claims Assigned	<u>(411,624)</u>	<u>(2,233,558)</u>
Total Incurred Claims and Claims Adjustment Expenses	<u>7,161,376</u>	<u>5,679,442</u>
Payments:		
Claims and Claims Adjustment Expenses Attributable to:		
Insured Events of the Current Fiscal Year	2,946,000	2,438,000
Insured Events of Prior Fiscal Years	3,805,000	3,439,000
Adjustments for Payments from Excess Insurers and Subrogation	<u>(400,624)</u>	<u>211,442</u>
Total Payments	<u>6,350,376</u>	<u>6,088,442</u>
Estimated Insurance Claims Payable, End of Fiscal Year	<u>\$ 13,415,000</u>	<u>\$ 13,006,000</u>

I. Long-Term Liabilities

1. Notes Payable

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

<u>Note Description</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
Section 1011.14, Florida Statutes, Notes:			
Energy Management Upgrades	\$ 1,539,626.74	2.69	2023
School Buses	<u>1,708,117.04</u>	2.79	2024
Total Notes from Direct Borrowings	<u><u>\$ 3,247,743.78</u></u>		

The District entered into financing arrangements on May 11, 2018, and July 26, 2018, under the provisions of Section 1011.14, Florida Statutes, which authorizes district school boards to create obligations for a period of 1 year, in anticipation of budgeted revenues accruing on a current basis, without pledging the credit of the District or requiring future levy of taxes for certain purposes. These obligations may be extended from year to year, with the consent of the lender, for a period not to exceed 4 years, for a total of 5 years, including the initial year of each note. These obligations were undertaken to purchase energy management upgrades within the District, including energy efficient lighting and six new chillers at various schools, and to purchase 20 school buses. The notes were issued at par and with fixed interest rates.

Amounts payable for the planned extended repayment of the Section 1011.14, Florida Statutes, notes are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 997,795.80	\$ 907,529.10	\$ 90,266.70
2022	997,395.80	932,639.95	64,755.85
2023	997,395.80	958,310.09	39,085.71
2024	<u>461,973.21</u>	<u>449,264.64</u>	<u>12,708.57</u>
Total	<u><u>\$ 3,454,560.61</u></u>	<u><u>\$ 3,247,743.78</u></u>	<u><u>\$ 206,816.83</u></u>

2. Bonds Payable

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

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:			
Series 2014A, Refunding	\$ 160,000	3 - 5	2025
Series 2017A, Refunding	<u>359,000</u>	3 - 5	2028
Total Bonds Payable	<u><u>\$ 519,000</u></u>		

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

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

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds:			
2021	\$ 91,670	\$ 67,000	\$ 24,670
2022	94,320	73,000	21,320
2023	96,670	79,000	17,670
2024	99,720	86,000	13,720
2025	61,420	52,000	9,420
2026-2028	175,120	162,000	13,120
Total State School Bonds	<u>\$ 618,920</u>	<u>\$ 519,000</u>	<u>\$ 99,920</u>

3. Changes in Long-Term Liabilities

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

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
GOVERNMENTAL ACTIVITIES					
Notes Payable	\$ 4,126,186.17	\$ -	\$ 878,442.39	\$ 3,247,743.78	\$ 907,529.10
Bonds Payable	585,000.00	-	66,000.00	519,000.00	67,000.00
Compensated Absences Payable (1)	6,683,472.74	634,214.14	923,796.31	6,393,890.57	1,278,778.11
Net Pension Liability	60,361,529.27	36,190,066.85	31,397,314.36	65,154,281.76	335,688.26
Other Postemployment Benefits Payable	9,773,507.22	5,177,888.05	2,860,768.04	12,090,627.23	692,168.48
Total Governmental Activities	<u>\$ 81,529,695.40</u>	<u>\$ 42,002,169.04</u>	<u>\$ 36,126,321.10</u>	<u>\$ 87,405,543.34</u>	<u>\$ 3,281,163.95</u>
BUSINESS-TYPE ACTIVITIES					
Estimated Insurance Claims Payable	\$ 13,415,000.00	\$ 5,679,441.87	\$ 6,088,441.87	\$ 13,006,000.00	\$ 3,563,000.00
Compensated Absences Payable (1)	499,912.05	437,558.86	96,187.35	841,283.56	168,256.71
Net Pension Liability	4,440,047.73	3,170,298.15	2,750,446.64	4,859,899.24	29,406.74
Other Postemployment Benefits Payable	514,053.78	244,060.95	134,842.96	623,271.77	32,625.52
Total Business-Type Activities	<u>\$ 18,869,013.56</u>	<u>\$ 9,531,359.83</u>	<u>\$ 9,069,918.82</u>	<u>\$ 19,330,454.57</u>	<u>\$ 3,793,288.97</u>

- (1) The compensated absences payable beginning balances for the governmental activities and business-type activities were decreased by \$5,242,877.61 and \$362,635.68, respectively, to correct the compensated absences payable liability as discussed in Note II. to the financial statements.

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.

J. Fund Balance Reporting

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

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

K. Interfund Receivables and Payables

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major:		
General	\$ 3,269,341.93	\$ -
Special Revenue:		
Food Service	-	216,796.93
Other	-	2,321,906.38
Nonmajor Governmental	-	730,638.62
Total	\$ 3,269,341.93	\$ 3,269,341.93

The outstanding interfund balances resulted mainly from expenditure and reimbursement timing differences between funds. The interfund amounts represent temporary loans and are expected to be repaid within 1 fiscal year.

L. Revenues

1. Schedule of State Revenue Sources

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

<u>Source</u>	<u>Amount</u>
Governmental Funds:	
Florida Education Finance Program	\$ 51,629,903.64
Categorical Educational Program - Class Size Reduction	11,066,809.00
Voluntary Prekindergarten Program	560,424.94
Motor Vehicle License Tax (Capital Outlay and Debt Service)	516,744.68
School Recognition	291,941.00
Miscellaneous	<u>1,107,435.50</u>
Subtotal Governmental Funds	<u>65,173,258.76</u>
Enterprise Funds:	
Regional Education Consortium Services	750,000.00
Other State Grants and Contracts	<u>23,571.00</u>
Subtotal Enterprise Funds	<u>773,571.00</u>
Total State	<u><u>\$ 65,946,829.76</u></u>

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>
<u>General Fund</u>		
Nonvoted School Tax:		
Required Local Effort	3.621	\$ 15,457,540.76
Basic Discretionary Local Effort	0.748	3,193,104.28
<u>Capital Projects - Local Capital Improvement Fund</u>		
Nonvoted Tax:		
Local Capital Improvements	<u>1.500</u>	<u>6,403,510.99</u>
Total	<u><u>5.869</u></u>	<u><u>\$ 25,054,156.03</u></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	\$ 4,795,684.09	\$ -
Nonmajor Governmental	-	4,795,684.09
Total	<u>\$ 4,795,684.09</u>	<u>\$ 4,795,684.09</u>

Transfers from the nonmajor governmental funds to the General Fund were for facilities maintenance work, property and casualty insurance premiums, energy efficient lighting purchases, and for charter school capital outlay.

IV. CONSORTIUM

The District is a member of, and fiscal agent for, the NEFEC. The NEFEC offers risk management programs for property and casualty (including workers' compensation) and information technology and other contracted services. The NEFEC also provides for the purchase of certain materials, supplies, equipment, and services to be used by member districts. The NEFEC is governed by a board of directors composed of the superintendents of the participating districts. As fiscal agent, the District has established enterprise funds to account for the NEFEC's resources and operations.

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	\$ 175,000.00	\$ 175,000.00	\$ 193,802.57	\$ 18,802.57
Federal Through State and Local	510,000.00	510,000.00	401,360.87	(108,639.13)
State	65,487,173.00	64,048,560.00	63,973,662.09	(74,897.91)
Local:				
Property Taxes	18,028,554.00	18,028,554.00	18,095,921.37	67,367.37
Charges for Services - Food Service	-	-	-	-
Miscellaneous	1,805,000.00	2,078,260.00	2,528,253.45	449,993.45
Total Local Revenues	19,833,554.00	20,106,814.00	20,624,174.82	517,360.82
Total Revenues	86,005,727.00	84,840,374.00	85,193,000.35	352,626.35
Expenditures				
Current - Education:				
Instruction	55,773,225.99	55,355,461.51	50,947,952.97	4,407,508.54
Student Support Services	4,697,892.37	4,960,998.95	4,444,601.45	516,397.50
Instructional Media Services	690,330.95	695,633.18	485,674.26	209,958.92
Instruction and Curriculum Development Services	2,400,256.04	2,314,282.82	1,878,221.90	436,060.92
Instructional Staff Training Services	1,272,715.76	1,167,044.95	958,585.06	208,459.89
Instruction-Related Technology	675,448.68	615,709.31	434,178.34	181,530.97
Board	677,207.56	652,920.89	620,580.59	32,340.30
General Administration	606,935.50	631,641.75	527,957.32	103,684.43
School Administration	7,240,567.63	7,357,089.00	7,040,687.05	316,401.95
Facilities Acquisition and Construction	35,000.00	13,212.16	859.00	12,353.16
Fiscal Services	943,071.00	1,005,887.22	978,976.18	26,911.04
Food Services	-	78,299.11	78,629.13	(330.02)
Central Services	1,227,775.03	1,273,084.03	1,182,762.13	90,321.90
Student Transportation Services	5,259,079.05	5,274,167.51	4,642,818.61	631,348.90
Operation of Plant	8,849,541.09	8,913,518.08	8,521,172.27	392,345.81
Maintenance of Plant	3,773,075.78	4,033,245.06	3,805,073.83	228,171.23
Administrative Technology Services	2,198,279.08	2,345,316.97	2,287,266.11	58,050.86
Community Services	-	-	-	-
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	325,620.98	325,620.98	-
Other Capital Outlay	-	451,270.04	451,270.04	-
Total Expenditures	96,320,401.51	97,464,403.52	89,612,887.22	7,851,516.30
Excess (Deficiency) of Revenues Over Expenditures	(10,314,674.51)	(12,624,029.52)	(4,419,886.87)	8,204,142.65
Other Financing Sources (Uses)				
Transfers In	4,103,095.47	4,970,684.09	4,795,684.09	(175,000.00)
Loss Recoveries	20,000.00	78,613.45	99,251.29	20,637.84
Total Other Financing Sources (Uses)	4,123,095.47	5,049,297.54	4,894,935.38	(154,362.16)
Net Change in Fund Balances	(6,191,579.04)	(7,574,731.98)	475,048.51	8,049,780.49
Fund Balances, Beginning	11,038,457.19	11,038,457.19	11,038,457.19	-
Fund Balances, Ending	<u>\$ 4,846,878.15</u>	<u>\$ 3,463,725.21</u>	<u>\$ 11,513,505.70</u>	<u>\$ 8,049,780.49</u>

Special Revenue - Food Service Fund				Special Revenue - Other Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 317,678.43	\$ 363,402.43	\$ 357,796.43	\$ (5,606.00)
8,906,908.00	8,930,408.00	8,856,336.76	(74,071.24)	2,790,284.76	16,755,278.40	11,326,954.29	(5,428,324.11)
153,000.00	153,000.00	150,379.00	(2,621.00)	-	-	-	-
-	-	-	-	-	-	-	-
254,800.00	254,800.00	189,084.52	(65,715.48)	-	-	-	-
83,375.00	83,375.00	72,879.92	(10,495.08)	-	-	-	-
338,175.00	338,175.00	261,964.44	(76,210.56)	-	-	-	-
9,398,083.00	9,421,583.00	9,268,680.20	(152,902.80)	3,107,963.19	17,118,680.83	11,684,750.72	(5,433,930.11)
-	-	-	-	1,638,413.20	10,385,677.59	7,148,582.08	3,237,095.51
-	-	-	-	4,703.01	1,271,167.26	1,103,899.31	167,267.95
-	-	-	-	-	-	-	-
-	-	-	-	726,404.13	3,403,484.82	2,275,070.00	1,128,414.82
-	-	-	-	534,698.75	871,088.07	337,049.09	534,038.98
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	56,338.17	589,067.79	488,619.30	100,448.49
-	-	-	-	-	-	2,153.00	(2,153.00)
-	-	-	-	-	1,000.00	-	1,000.00
-	-	-	-	-	-	-	-
11,345,685.63	10,336,780.36	8,321,201.99	2,015,578.37	5,606.06	5,606.06	-	5,606.06
-	-	-	-	-	16,599.98	-	16,599.98
-	-	-	-	44,964.81	183,558.73	38,270.23	145,288.50
-	-	-	-	-	7,211.14	4,723.38	2,487.76
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,000.00	-	1,000.00
-	1,512,447.59	1,512,447.59	-	-	-	-	-
-	260,172.36	260,172.36	-	-	286,384.33	286,384.33	-
11,345,685.63	12,109,400.31	10,093,821.94	2,015,578.37	3,011,128.13	17,021,845.77	11,684,750.72	5,337,095.05
(1,947,602.63)	(2,687,817.31)	(825,141.74)	1,862,675.57	96,835.06	96,835.06	-	(96,835.06)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,947,602.63)	(2,687,817.31)	(825,141.74)	1,862,675.57	96,835.06	96,835.06	-	(96,835.06)
5,673,525.16	5,673,525.16	5,673,525.16	-	-	-	-	-
\$ 3,725,922.53	\$ 2,985,707.85	\$ 4,848,383.42	\$ 1,862,675.57	\$ 96,835.06	\$ 96,835.06	\$ 0.00	\$ (96,835.06)

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

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 175,044	\$ 215,249	\$ 224,512
Interest	355,145	376,877	365,608
Differences Between Expected and Actual Experience	(2,358,885)	-	-
Changes of Assumptions or Other Inputs	4,891,760	514,360	(395,708)
Benefit Payments	<u>(636,726)</u>	<u>(677,781)</u>	<u>(641,484)</u>
Net Change in Total OPEB Liability	<u>2,426,338</u>	<u>428,705</u>	<u>(447,072)</u>
Total OPEB Liability - Beginning	<u>10,287,561</u>	<u>9,858,856</u>	<u>10,305,928</u>
Total OPEB Liability - Ending	<u>\$ 12,713,899</u>	<u>\$ 10,287,561</u>	<u>\$ 9,858,856</u>
Covered-Employee Payroll	\$ 42,369,340	\$ 52,728,938	\$ 52,728,938
Total OPEB Liability as a Percentage of Covered-Employee Payroll	30.01%	19.51%	18.70%

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

	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the FRS Net Pension Liability	0.140819865%	0.146017810%	0.148978073%	0.151876888%	0.163488026%	0.167413025%	0.163584420%
District's Proportionate Share of the FRS Net Pension Liability	\$ 48,496,401	\$ 43,981,321	\$ 44,066,714	\$ 38,349,033	\$ 21,116,413	\$ 10,214,656	\$ 28,160,159
District's Covered Payroll	\$ 64,329,319	\$ 64,258,481	\$ 63,895,894	\$ 64,098,700	\$ 63,535,875	\$ 63,055,570	\$ 60,196,665
District's Proportionate Share of the FRS Net Pension Liability as a Percentage of Its Covered Payroll	75.39%	68.44%	68.97%	59.83%	33.24%	16.20%	46.78%
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)**

	2020	2019	2018	2017	2016	2015	2014
Contractually Required FRS Contribution	\$ 4,691,075	\$ 4,366,432	\$ 4,161,390	\$ 3,878,266	\$ 3,703,760	\$ 3,985,928	\$ 3,667,056
FRS Contributions in Relation to the Contractually Required Contribution	<u>(4,691,075)</u>	<u>(4,366,432)</u>	<u>(4,161,390)</u>	<u>(3,878,266)</u>	<u>(3,703,760)</u>	<u>(3,985,928)</u>	<u>(3,667,056)</u>
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 67,126,847	\$ 64,329,319	\$ 64,258,481	\$ 63,895,894	\$ 64,098,700	\$ 63,535,875	\$ 63,055,570
FRS Contributions as a Percentage of Covered Payroll	6.99%	6.79%	6.48%	6.07%	5.78%	6.27%	5.82%

(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	0.192311928%	0.196712351%	0.200419398%	0.207602932%	0.209557909%	0.212762540%	0.206941296%
District's Proportionate Share of the HIS Net Pension Liability	\$ 21,517,780	\$ 20,820,256	\$ 21,429,767	\$ 24,195,262	\$ 21,371,610	\$ 19,893,817	\$ 18,016,961
District's Covered Payroll	\$ 64,329,319	\$ 64,258,481	\$ 63,895,894	\$ 64,098,700	\$ 63,535,875	\$ 63,055,570	\$ 60,196,665
District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	33.45%	32.40%	33.54%	37.75%	33.64%	31.55%	29.93%
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	\$ 1,114,337	\$ 1,067,889	\$ 1,066,776	\$ 1,060,677	\$ 1,064,097	\$ 801,061	\$ 728,853
HIS Contributions in Relation to the Contractually Required Contribution	(1,114,337)	(1,067,889)	(1,066,776)	(1,060,677)	(1,064,097)	(801,061)	(728,853)
HIS Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 67,126,847	\$ 64,329,319	\$ 64,258,481	\$ 63,895,894	\$ 64,098,700	\$ 63,535,875	\$ 63,055,570
HIS Contributions as a Percentage of Covered Payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.16%

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

**Ten-Year Claims Development Information-
North East Florida Educational Consortium – Risk Management 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	\$ 14,363,068	\$ 13,578,330	\$ 15,016,589	\$ 14,825,362
Excess Insured	6,676,729	6,428,422	7,583,300	7,403,686
Total Net Earned Required Contribution and Investment Revenues	7,686,339	7,149,908	7,433,289	7,421,676
Unallocated Expenses	2,131,357	3,585,429	4,066,334	4,269,391
Estimated Incurred Claims Expenses, End of Policy Year:				
Incurred	5,101,000	5,701,000	5,606,000	6,937,000
Net Paid (Cumulative) as of:				
End of Policy Year	1,952,000	2,002,000	1,956,000	2,346,000
One Year Later	3,632,000	3,603,000	3,746,000	4,286,000
Two Years Later	4,204,000	4,616,000	4,425,000	5,574,000
Three Years Later	4,559,000	5,432,000	4,826,000	6,117,000
Four Years Later	4,703,000	5,529,000	5,248,000	6,579,000
Five Years Later	4,810,000	5,712,000	5,491,000	6,754,000
Six Years Later	4,855,000	5,842,000	5,634,000	6,879,000
Seven Years Later	4,946,000	5,954,000	5,684,000	-
Eight Years Later	4,948,000	5,971,000	-	-
Nine Years Later	4,950,000	-	-	-
Reestimated Excess Insured Claims and Expense	(1)	(1)	(1)	(1)
Reestimated Excess Insured Claims and Expense:				
End of Policy Year	5,101,000	5,701,000	5,606,000	6,937,000
One Year Later	5,234,000	5,558,000	6,118,000	6,920,000
Two Years Later	5,413,000	5,898,000	5,735,000	7,501,000
Three Years Later	5,123,000	6,180,000	6,103,000	7,234,000
Four Years Later	5,111,000	6,148,000	5,958,000	7,422,000
Five Years Later	5,126,000	6,124,000	6,151,000	7,309,000
Six Years Later	5,151,000	6,249,000	6,030,000	7,321,000
Seven Years Later	5,158,000	6,325,000	6,111,000	-
Eight Years Later	5,129,000	5,971,000	-	-
Nine Years Later	5,157,000	-	-	-
Increase (Decrease) in Estimated Incurred Claims and Expenses from End of Policy Year	56,000	270,000	505,000	384,000

(1) Information relating to excess insured not available.

2015	2016	2017	2018	2019	2020
\$ 14,493,892 7,067,800	\$ 14,124,757 6,239,140	\$ 13,643,467 6,028,102	\$ 12,771,608 5,126,507	\$ 13,394,501 5,432,391	\$ 13,418,043 5,226,556
7,426,092	7,885,617	7,615,365	7,645,101	7,962,110	8,191,487
1,967,078	1,194,208	948,365	3,023,592	3,354,016	2,991,672
5,421,000	6,048,000	7,270,000	6,799,000	7,917,000	6,548,000
1,684,000	2,261,000	2,040,000	2,303,000	2,946,000	2,438,000
2,721,000	3,770,000	3,992,000	3,987,000	4,230,000	-
3,362,000	4,578,000	4,639,000	4,719,000	-	-
3,692,000	5,174,000	5,122,000	-	-	-
3,983,000	5,734,000	-	-	-	-
4,052,000	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(1)	(1)	(1)	(1)	(1)	(1)
5,421,000	6,048,000	7,270,000	6,799,000	7,917,000	6,548,000
4,881,000	6,255,000	6,840,000	6,395,000	6,546,000	-
4,509,000	6,004,000	6,611,000	6,575,000	-	-
4,390,000	6,270,000	6,642,000	-	-	-
4,467,000	6,552,000	-	-	-	-
4,461,000	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(960,000)	504,000	(628,000)	(224,000)	(1,371,000)	-

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 decreased from 3.5 percent to 2.21 percent.
- The age-related claims costs used to estimate the true underlying cost of coverage for pre-65 retirees were updated.
- The pre-Medicare healthcare trend assumption was changed from 6.1 percent for the 2017-18 fiscal year, 5.8 percent for the 2018-19 fiscal year, and 6.5 percent for the 2019-20 fiscal year, then grading to an ultimate rate of 4.1 percent for the 2078-79 and later fiscal years to 8.9 percent for the 2019-20 fiscal year, 4.9 percent for the 2020-21 fiscal year, and 5.3 percent for the 2021-22 fiscal year, then grading to an ultimate rate of 3.7 percent for the 2073-74 and later fiscal years.

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

Changes of Assumptions. The long-term expected rate of return was decreased from 7 percent to 6.9 percent, and the active member mortality assumption was updated 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. The municipal bond rate used to determine total pension liability was decreased from 3.87 percent to 3.5 percent.

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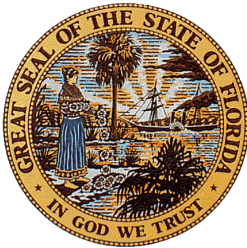
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Putnam 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	\$ -	\$ 2,237,842.20
National School Lunch Program	10.555	20001, 20003	-	4,483,042.66
Summer Food Service Program for Children	10.559	19006, 19007, 20006, 20007	-	2,119,451.88
Total Child Nutrition Cluster			-	8,840,336.74
Special Education Cluster				
United States Department of Education:				
Florida Department of Education:				
Special Education - Grants to States	84.027	262, 263	169,524.97	5,799,307.47
Special Education - Preschool Grants	84.173	267	-	120,224.74
Total Special Education Cluster			169,524.97	5,919,532.21
Not Clustered				
United States Department of Defense				
Army Junior Reserve Officers Training Corps	12.UNK	N/A	-	193,802.57
United States Department of Labor				
Florida Department of Education:				
National Farmworker Jobs Program	17.264	405	-	121,789.68
United States Department of Education				
Education Innovation and Research	84.411	N/A	-	250,319.45
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212, 226	-	5,445,011.29
Migrant Education - State Grant Program	84.011	217	-	173,807.70
Career and Technical Education - Basic Grants to States	84.048	161	-	255,505.57
Education for Homeless Children and Youth	84.196	127	-	5,075.59
Twenty-First Century Community Learning Centers	84.287	244	-	587,466.48
Special Education - State Personnel Development	84.323	170	518,027.00	539,115.85
Rural Education	84.358	110	-	231,601.88
English Language Acquisition State Grants	84.365	102	-	158,783.38
Supporting Effective Instruction State Grants	84.367	224	-	1,115,514.26
School Improvement Grants	84.377	126	-	746,201.53
Student Support and Academic Enrichment Program	84.424	241	-	564,993.22
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425C	123	-	8,077.66
Hurricane Education Recovery	84.938A	105	-	944.92
Total United States Department of Education			518,027.00	10,082,418.78
Total Expenditures of Federal Awards			\$ 687,551.97	\$ 25,157,879.98

The accompanying notes are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Putnam 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 \$602,318.84 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Education Innovation and Research. Expenditures are related to grant award number U411C190013.
- (6) Hurricane Education Recovery. The District incurred \$944.92 in expenditures for the Hurricane Education Recovery grant in the 2018-19 fiscal year.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722
Fax: (850) 488-6975

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Putnam 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 26, 2021, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Financial Statement Finding No. 2020-001 that we consider to be a significant deficiency.

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*.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** Financial Statement Finding No. 2020-001 and in the **CORRECTIVE ACTION PLAN**. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

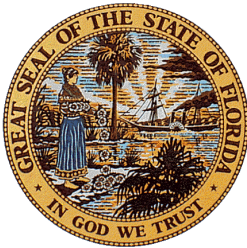
Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 26, 2021



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
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The President of the Senate, the Speaker of the
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for the Major Federal Program

We have audited the Putnam 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 the District's major Federal program for the fiscal year ended June 30, 2020. The District's major Federal program is 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 the District's major Federal program 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 the major Federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

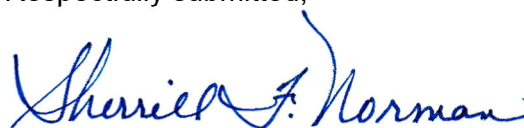
District management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect the major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name "Sherrill" and last name "Norman" clearly legible, and "F." as a middle initial.

Sherrill F. Norman, CPA
Tallahassee, Florida
March 26, 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?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over the major Federal program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for the major Federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of the major Federal program:	
CFDA Numbers:	Name of Federal Program or Cluster:
10.553, 10.555, and 10.559	Child Nutrition Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$754,736
Auditee qualified as low risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDING

SIGNIFICANT DEFICIENCY

FINANCIAL REPORTING

Finding Number	2020-001
Opinion Units	Major Enterprise Funds: North East Florida Educational Consortium (NEFEC) Risk Management (Property/Casualty) Program Fund and NEFEC Other Programs Fund
Financial Statements Account Titles	Various
Fund Names	NEFEC Risk Management (Property/Casualty) Program Fund and NEFEC Other Programs Fund
Adjustment Amounts	For example, for Proprietary Fund Major Enterprise Funds: • NEFEC Risk Management (Property/Casualty) Fund: ○ Reduction (debit) of \$3,067,368 to Net Position Unrestricted. ○ Additions (credits) of \$3,067,368 to various offsetting entries. • NEFEC Other Programs Fund: ○ Addition (credit) of \$5,645,162 to Net Position Unrestricted. ○ Reductions (debits) of \$5,645,162 to various offsetting entries.
Statistically Valid Sample	Not Applicable
Prior Year Findings	Not Applicable
Finding	District financial reporting procedures need improvement to ensure that financial statements, notes to the financial statements, and required supplementary information (RSI) are properly presented in the annual financial report (AFR) submitted to the Florida Department of Education (FDOE).
Criteria	Section 1010.01, Florida Statutes, requires that State Board of Education (SBE) rules incorporate the requirements of law and accounting principles generally accepted in the United States (GAAP). SBE Rule 6A-1.0071, Florida Administrative Code, and related instructions from the FDOE prescribe the exhibits and schedules that should be prepared as part of the District AFR. GAAP require that: • For proprietary funds, the statement of net position (SNP) presents total assets and deferred outflows of resources that equal total liabilities, deferred inflows of resources, and net position. The net position on the SNP must agree with the ending net position on the statement of revenues, expenses, and changes in fund net position (SRECNP). • For proprietary funds, the statement of cash flows (SCF) presents a reconciliation of operating income to net cash flows from operating activities. The SCF should also present the beginning cash and cash equivalents balance that agrees with the ending balance for that account on the prior year SCF. In addition, the ending cash and cash equivalents balance on the current year SCF should agree with the balance presented for that account on the SNP. • Notes to the financial statements provide additional information that is essential for a full understanding of the transactions and amounts presented on the financial statements.

- RSI include budgetary comparison schedules that contain, among other things, the original and final amended budgets for both the General Fund and each major special revenue fund with a legally adopted annual budget.

Condition

The District did not comply with GAAP by properly presenting certain account balances and transactions, notes to the financial statements, and RSI in the AFR submitted to the FDOE. For example, before audit adjustments:

Proprietary Fund Financial Statements:

- The SNP total assets and deferred outflows of resources exceeded total liabilities, deferred inflows of resources, and net position by \$2,976,506. In addition, the net position on the SNP for the NEFEC Risk Management (Property/Casualty) Program Fund exceeded the ending net position on the SRECNP by \$3,077,594 and the ending net position on the SRECNP for the NEFEC Other Programs Fund exceeded the net position on the SNP by \$6,054,012.
- The SCF for all three proprietary funds did not contain the reconciliation of operating income to net cash flows from operating activities. In addition, the beginning cash and cash equivalents balances for the NEFEC Risk Management (Property/Casualty) Program Fund and Internal Service Fund exceeded the prior year's audited ending cash and cash equivalents balances by \$2,908,032 and \$1,034,855, respectively, and the ending cash and cash equivalents balances exceeded the balances presented on the SNP for the NEFEC Risk Management (Property/Casualty) Program Fund, the NEFEC Other Programs Fund, and the Internal Service Fund by \$6,594,242, \$1,817,709, and \$2,568,429, respectively.

Notes to the Financial Statements:

- The notes to the financial statements in the District AFR for the 2019-20 fiscal year were not updated from what was disclosed in the notes for the 2018-19 fiscal year for Investments, Retirement Plans (Florida Retirement System (FRS) - Defined Benefit Pension Plans and FRS - Defined Contribution Pension Plan), Notes Payable, Bonds Payable, Changes in Long Term Liabilities, and Interfund Receivables and Payables.

Required Supplementary Information:

- Although the Budgetary Comparison Schedules for the General Fund and major special revenue funds reported the actual revenues, expenditures, and other amounts, the schedules did not report the original and final budget amounts.

Cause

District personnel responsible for preparing the AFR had limited financial reporting experience and misunderstood how to properly report all information in the AFR. In addition, while the Board approved the AFR, the District had not established review procedures to detect AFR errors prior to Board approval and submittal of the AFR to the FDOE.

Effect

Several accounts, such as net position unrestricted reported for major enterprise funds, were misstated and the financial statements were out-of-balance. Significant reporting errors and omissions may cause financial statement users to misunderstand the District's financial activities and incorrectly assess the District's financial position. Furthermore, reporting errors and omissions from the AFR decrease the relevance and usefulness of financial reporting for financial statement users.

We extended our procedures to determine the adjustments necessary to ensure that financial statement amounts, note disclosures, and RSI were properly presented and District personnel accepted the adjustments. However, our audit

procedures cannot substitute for management's responsibility to implement adequate controls over preparation of the AFR.

Recommendation

The District should improve procedures to ensure that financial statements, notes to the financial statements, and RSI are properly presented in the District AFR. Such procedures should include appropriate training for District personnel responsible for AFR preparation and review and approval of the AFR to detect and correct reporting errors and ensure completeness of the AFR prior to Board approval and submittal to the FDOE.

District Response

The District will ensure that District personnel are adequately trained on the proper reporting of information in the AFR as well as ensure that an appropriate level of review and approval is conducted prior to Board approval and submission of the AFR to FDOE.

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

Putnam County School District
200 Reid Street Palatka, Florida 32177
www.putnamschools.org

Audit Report No. (Finding No.)	Program/Area	Brief Description	Status	Comments
2016-170 (2015-003)	Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559)	The District maintained excess net cash resources for its food service program.	Partially Corrected	The spending plan to be completed summer of 2020 was not completed due to limitations with covid. Vendors stated items were on back order and they had limited labor to implement the projects on time. Our plan for summer of 2021 will be submitted in March 2021. We anticipate an increase in labor cost due to the increase in minimum wage. Internally our labor cost will go up and we will serve fewer meals due to the school consolidation plan approved by the Board for the 2021-22 school year. We also anticipate our excess net cash to be diminished at the end of next fiscal year.

Holly Pickens, District I
David Buckles, District II
Sandra Gilyard, District III



Gordon "Bud" McInnis, District IV
Jane Crawford, District V
Dr. Rick Surency, Superintendent

CORRECTIVE ACTION PLAN

Putnam County School District
200 Reid Street Palatka, Florida 32177
www.putnamschools.org

March 23, 2021

**Putnam County District School Board
Management's Corrective Action Plan
For the Fiscal Year Ended June 30, 2020**

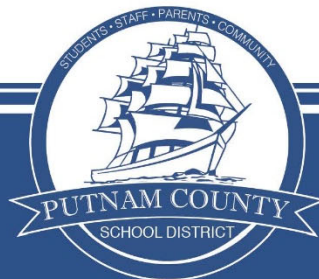
Finding Number: 2020-001.

Planned Corrective Action: The District will ensure that Finance Personnel responsible for preparing the Annual Financial Report receive proper training from someone versed in the preparation of an AFR for a county who is the fiscal agent of a consortium. The District will establish a timeline for various levels of review to ensure that not only is the AFR completed in a timely manner, but that review and approval of the AFR is conducted before the submission of the report to the board for approval and before the submission of the report to FDOE.

Anticipated Completion Date: September 11, 2021

Responsible Contact Person: Rhonda D. Odom, CPA, Assistant Superintendent of Business and Finance

Holly Pickens, District I
David Buckles, District II
Sandra Gilyard, District III



Gordon "Bud" McInnis, District IV
Jane Crawford, District V
Dr. Rick Surrency, Superintendent