

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2021-178
March 2021

HILLSBOROUGH 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, Addison Davis served as Acting Superintendent of the Hillsborough County Schools from March 23, 2020, Jeff Eakins served as Superintendent before that date, and the following individuals served as School Board Members:

	<u>District No.</u>
Steve Cona, Vice Chair from 11-19-19	1
Dr. Stacy Hahn	2
Cindy Stuart	3
Melissa Snively, Chair from 11-19-19, Vice Chair through 11-18-19	4
Tamara Shamburger, Chair through 11-18-19	5
Karen Perez	6
Lynn Gray	7

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 M. Cecilia Brown, and the audit was supervised by Anna A. McCormick, 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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HILLSBOROUGH COUNTY DISTRICT SCHOOL BOARD

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Title I and Education Stabilization Fund programs were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs.

AUDIT OBJECTIVES AND SCOPE

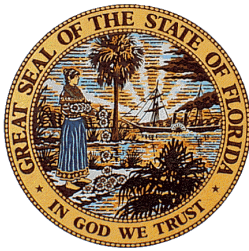
Our audit objectives were to determine whether the School Board and its officers with administrative and stewardship responsibilities for District operations had:

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

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Hillsborough 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 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. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Hillsborough County District School Board, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general and major special revenue funds 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 **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**, **Schedule of Changes in Net Pension Liability and Related Ratios – Early Retirement Plan**, **Schedule of District Contributions – Early Retirement Plan**, **Schedule of Investment Returns – Early Retirement Plan** and **Notes to Required Supplementary Information**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 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 25, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The School District of Hillsborough County's (the "District") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the District's basic financial statements. The District's 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 contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances in a manner similar to the corporate private sector.

The statement of net position details information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the assets plus deferred outflows of resources minus liabilities and deferred inflows of resources being reported as net position. This statement combines the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District has changed.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying obligation/event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or component units.

The government-wide financial statements include not only the District but its component units as well. The Hillsborough School Board Leasing Corporation, although legally separate, functions for all practical purposes, as a department of the District, and therefore has been included as an integral part of the primary government. Several separate public charter schools are included as discretely presented component units.

Key financial highlights included assets and deferred outflows of resources exceeding its liabilities and deferred inflows of resources by \$609,298,745.42 (net position). Of this amount \$(1,292,498,812.01) represents a deficit unrestricted net position. This deficit balance was attributed to the effects of the long-term liabilities, such as, other postemployment benefits, compensated absences, and pension

benefits (FRS and Pension Trust). See Notes II.D.1., II.D.2., II.E., and II.J.4. to the financial statements for additional information.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. 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. Funds are established for various purposes and the Fund Financial Statements allow for the demonstration of sources and uses and/or budgetary compliance associated therewith. All funds of the District can be divided into three major categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds focus on the sources and uses of liquid resources and balances of spendable resources available at the end of the fiscal year.

This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Because the focus is narrower than that of government-wide financial statements, it is useful to compare it to the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Reconciliation between the government-wide and the governmental fund financial information is necessary because of the different measurement focus (current financial resources versus economic resources); such reconciliation is reflected on the page following each statement. The flow of current financial resources reflects bond proceeds and interfund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation eliminates these transactions and incorporates the capital assets and long-term obligations (bonds and others) into the governmental activities column in the government-wide statements.

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

The District adopts an annual appropriated budget for all of its governmental funds.

Proprietary Funds: The District maintains internal service funds as its only proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for its group health insurance, workers' compensation, and liability self-insurance activities.

Fiduciary Funds: The District is the trustee, or fiduciary, for its employee pension plans. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. Additionally, the District uses agency funds to account for resources held for student activities and groups. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The District excludes these activities from the government-wide financial statements because the District cannot use these assets to finance any of its ongoing operations.

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$609,298,745.42 at the end of the current fiscal year.

By far the largest portion of the District's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt and deferred outflows of resources used to acquire those assets that is still outstanding. The District uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

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	
	6-30-20	6-30-19
Current and Other Assets	\$ 518,449,981.28	\$ 581,710,429.89
Capital Assets	2,359,085,880.06	2,228,116,512.88
Total Assets	2,877,535,861.34	2,809,826,942.77
Deferred Outflows of Resources	463,220,524.76	474,536,955.05
Long-Term Liabilities	2,371,603,192.34	2,296,489,847.73
Other Liabilities	130,855,676.39	115,422,494.50
Total Liabilities	2,502,458,868.73	2,411,912,342.23
Deferred Inflows of Resources	228,998,771.95	247,912,358.17
Net Position:		
Net Investment in Capital Assets	1,613,591,692.11	1,413,056,434.15
Restricted	288,205,865.32	323,024,460.53
Unrestricted (Deficit)	(1,292,498,812.01)	(1,111,541,697.26)
Total Net Position	\$ 609,298,745.42	\$ 624,539,197.42

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The District's net position decreased by \$15,240,452.00 from last year due to current year operations and an overall increase in long-term liabilities.

Governmental activities decreased the District's net position by \$15,240,452.00. Key elements of this decrease are as follows:

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-20	6-30-19
Program Revenues:		
Charges for Services	\$ 40,662,831.80	\$ 49,246,439.30
Operating Grants and Contributions	95,815,217.56	99,735,199.92
Capital Grants and Contributions	8,532,487.44	11,854,203.43
General Revenues:		
Property Taxes, Levied for Operational Purposes	502,573,170.30	491,198,782.81
Property Taxes, Levied for Capital Projects	162,752,745.97	149,920,705.34
Local Sales Taxes	158,831,209.47	83,400,233.95
Grants and Contributions Not Restricted to Specific Programs	1,394,397,743.30	1,351,725,745.67
Unrestricted Investment Earnings	7,674,853.88	12,037,450.76
Miscellaneous	80,135,426.19	93,200,322.81
Total Revenues	2,451,375,685.91	2,342,319,083.99
Functions/Program Expenses:		
Instruction	1,438,853,827.16	1,316,307,017.38
Student Support Services	106,252,733.24	94,847,824.66
Instructional Media Services	26,952,854.28	25,634,582.43
Instruction and Curriculum Development Services	63,833,279.99	57,125,781.05
Instructional Staff Training Services	43,106,508.35	34,354,918.11
Instruction-Related Technology	39,983,904.23	38,549,651.20
Board	3,445,550.82	2,509,693.04
General Administration	12,697,730.21	11,045,908.15
School Administration	121,453,058.60	111,524,177.96
Facilities Acquisition and Construction	175,056,831.98	142,492,417.99
Fiscal Services	7,208,599.75	7,059,482.37
Food Services	119,809,644.00	120,864,886.34
Central Services	25,814,003.74	23,648,340.25
Student Transportation Services	68,510,222.56	70,821,430.32
Operation of Plant	132,523,746.02	130,484,364.83
Maintenance of Plant	33,335,837.97	30,420,144.98
Administrative Technology Services	181,444.45	169,923.68
Community Services	20,073,098.79	56,439,777.87
Unallocated Interest on Long-Term Debt	27,334,828.82	29,414,797.45
Unallocated Depreciation Expense	188,432.95	459,049.49
Total Functions/Program Expenses	2,466,616,137.91	2,304,174,169.55
Change in Net Position	(15,240,452.00)	38,144,914.44
Net Position - Beginning	624,539,197.42	586,394,282.98
Net Position - Ending	\$ 609,298,745.42	\$ 624,539,197.42

The increase in unrestricted grants and contributions revenue of \$42,671,997.63 is a result of an increase in Florida Education Finance Program funding and grants awarded to the District. Property taxes levied for operational purposes increased \$11,374,387.49 during the year as a result of an increase in assessed values. The addition of a voter approved sales tax referendum added \$128,094,380.36 of revenue earmarked for school renovations and major improvements.

Expenses increased primarily due to the increase in salaries and benefits, daily operations, maintenance of facilities and equipment, and pension expenses.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$391,399,250.43, a decrease of \$72,060,076.50 as compared to the prior year.

Major Governmental Funds

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$70,816,845.16, while the total fund balance was \$118,237,819.99. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 4 percent of total General Fund expenditures, while total fund balance represents 6 percent of that same amount. The fund balance decrease of \$32,279,942.89 in the current year was due to an increase in expenditures (salaries and benefits, technology related professional services, agreement for technical services, other personal services, repairs and technology related repairs, utilities, other purchased services, substitute teachers, increase in the number of students leaving the District for other choice option schools without a reduction in staff, technology related library books, direct purchased materials, computer hardware, legal settlements, and rentals). In addition to the increase expenditures, there was also a reduction in local revenue related to the COVID-19 pandemic such as fee-based programs, athletics revenues, and interest income.

The Special Revenue – Other Fund revenues and expenditures remain fairly constant compared to the prior fiscal year.

The Debt Service – Other Fund decreased this year over the last fiscal year due to defeasement and refundings.

The Capital Projects – Local Capital Improvement Fund's ending fund balance of \$12,513,742.56 decreased \$2,474,822.52 from the prior year. Taxes for capital outlay were \$12,832,040.63 more this year while operational expenditures for various projects also increased \$24,370,352.02 over the last year. This was attributed to new construction, major renovation and repairs, and the purchase of school buses. In addition, transfers out totaled \$105,375,243.57 to cover expenditures related to capital improvement, but not recorded in those funds.

Capital Projects – Other Fund includes the Certificates of Participation funds. Overall, there was a decrease of \$35,507,081.20 from the prior year fund balance of \$152,716,446.57 to a current year fund

balance of \$117,209,365.37. This change was primarily due to an increase in expenditures related to new construction, major renovation and repairs, and the purchase of school buses and security vehicles.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the District revised its budget and brought amendments to the District's governing board (School Board) on a monthly basis. These amendments are needed to adjust to actual revenues and direct resources where needed. The School Board approves the final amendment to the budget after fiscal year end.

Budget appropriations increased \$63,239,777.74 from the original budget to the final amended budget. The growth was due to increases in the number of approved charter schools and their corresponding enrollment as well as additional expenditures incurred to the District.

Actual expenditures were \$59,363,786.04 below the final amended expenditure budget. Unexpended appropriations of \$59,363,786.04 were composed of the following: (1) \$38,712,576.62 in restricted programs, (2) \$4,585,126.26 categorized as nonspendable, (3) \$4,123,262.95 in other earmarked assigned funds, and (4) \$11,942,820.21 in other unexpended budget items.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$2,359,085,880.06 (net of accumulated depreciation). This investment in capital assets is comprised of the following:

	Governmental Activities	
	2020	2019
Land	\$ 159,883,408.50	\$ 159,327,667.18
Land Improvements	95,769,611.31	95,769,611.31
Construction in Progress	122,269,344.26	89,941,802.94
Improvements Other than Buildings	78,937,838.51	71,198,210.13
Buildings and Systems	1,827,669,005.82	1,737,291,749.16
Furniture, Fixtures and Equipment	20,357,728.06	23,272,199.96
Leasehold Improvements	6,272,557.03	6,404,161.24
Motor Vehicles	47,568,668.46	43,516,337.40
Computer Software	357,718.11	1,394,773.56
Total Capital Assets, Net	<u>\$ 2,359,085,880.06</u>	<u>\$ 2,228,116,512.88</u>

This year's addition of \$235,243,503.41, excluding transfers from construction in progress, is comprised of several renovation projects. The total of capital assets increased due to renovation and repair funded by the voter-approved sales tax referendum.

See Note II.C. to the financial statements for more information on the District's capital assets.

Long-Term Debt

At the end of the current fiscal year, the District had total borrowed and bonded debt outstanding of \$777,801,165.32, which includes unamortized bond premiums of \$65,478,165.32.

	2020	2019
Bonds Payable	\$ 147,500,176.74	\$ 166,434,273.96
Certificates of Participation	630,300,988.58	674,631,337.68
Total Long-term Debt	<u>\$ 777,801,165.32</u>	<u>\$ 841,065,611.64</u>

The District's total borrowed and bonded debt decreased by \$63,264,446.32 (net of repayment of principal on outstanding debt) during the current fiscal year. The decrease is approximately equal to the payment of principal.

The District's bond ratings are as follows:

	<u>Sales Tax Revenue Bonds</u>
	<u>Underlying</u>
Moody's	A2
Standard & Poor's	A
Fitch IBCA	A-
	<u>Certificates of Participation</u>
	<u>Underlying</u>
Moody's	Aa3
Standard & Poor's	AA-
Fitch IBCA	A+

See Notes II.J.1. through II.J.4. to the financial statements for more information on the District's long-term debt.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School District of Hillsborough County's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Accounting Services, 901 E. Kennedy Blvd., Tampa, Florida 33602, or call (813) 272-4292.

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BASIC FINANCIAL STATEMENTS

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

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash	\$ 216,539,278.25	\$ 62,383,097.00
Investments	169,955,047.34	6,676,127.00
Accounts Receivable	6,824,953.21	5,579,044.00
Due from Other Agencies	118,991,970.61	344,407.00
Prepaid Items	-	1,100,266.00
Inventories	6,138,731.87	-
Other Assets	-	122,454.00
Capital Assets:		
Nondepreciable Capital Assets	377,922,364.07	21,180,790.00
Depreciable Capital Assets, Net	1,981,163,515.99	146,486,053.00
TOTAL ASSETS	2,877,535,861.34	243,872,238.00
DEFERRED OUTFLOWS OF RESOURCES		
OPEB	47,860,133.00	-
Pensions	383,053,414.39	-
Accumulated Decrease in Fair Value of Hedging		
Derivatives	-	145,861.00
Deferred Charge on Refunding	32,306,977.37	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	463,220,524.76	145,861.00
LIABILITIES		
Accrued Salaries and Benefits	1,780,202.23	6,426,579.00
Payroll Deductions and Withholdings	3,675,735.38	620,039.00
Accounts Payable	68,982,871.58	12,110,453.00
Construction Contracts Payable - Retained Percentage	11,620,895.56	-
Due to Other Agencies	9,270,861.63	2,278.00
Accrued Interest Payable	13,091,082.59	401,793.00
Deposits Payable	285,073.54	-
Unearned Revenue	22,148,953.88	612,206.00
Long-Term Liabilities:		
Portion Due Within 1 Year	86,218,507.44	13,620,832.00
Portion Due After 1 Year	2,285,384,684.90	162,786,193.00
TOTAL LIABILITIES	2,502,458,868.73	196,580,373.00
DEFERRED INFLOWS OF RESOURCES		
OPEB	47,756,721.00	-
Pensions	181,242,050.95	-
TOTAL DEFERRED INFLOWS OF RESOURCES	228,998,771.95	-
NET POSITION		
Net Investment in Capital Assets	1,613,591,692.11	4,994,444.00
Restricted for:		
State Required Carryover Programs	35,171,286.77	-
Debt Service	71,259,676.81	5,829,924.00
Capital Projects	136,730,714.49	2,043,345.00
Food Service	40,459,060.99	-
Other Purposes	4,585,126.26	153,302.00
Unrestricted	(1,292,498,812.01)	34,416,711.00
TOTAL NET POSITION	\$ 609,298,745.42	\$ 47,437,726.00

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

**Hillsborough 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	\$ 1,438,853,827.16	\$ 20,890,367.11	\$ -	\$ -
Student Support Services	106,252,733.24	-	-	-
Instructional Media Services	26,952,854.28	-	-	-
Instruction and Curriculum Development Services	63,833,279.99	-	-	-
Instructional Staff Training Services	43,106,508.35	-	-	-
Instruction-Related Technology	39,983,904.23	-	-	-
Board	3,445,550.82	-	-	-
General Administration	12,697,730.21	-	-	-
School Administration	121,453,058.60	-	-	-
Facilities Acquisition and Construction	175,056,831.98	-	-	6,452,433.40
Fiscal Services	7,208,599.75	-	-	-
Food Services	119,809,644.00	17,445,615.68	95,815,217.56	-
Central Services	25,814,003.74	-	-	-
Student Transportation Services	68,510,222.56	2,326,849.01	-	-
Operation of Plant	132,523,746.02	-	-	-
Maintenance of Plant	33,335,837.97	-	-	-
Administrative Technology Services	181,444.45	-	-	-
Community Services	20,073,098.79	-	-	-
Unallocated Interest on Long-Term Debt	27,334,828.82	-	-	2,080,054.04
Unallocated Depreciation Expense*	188,432.95	-	-	-
Total Primary Government	\$ 2,466,616,137.91	\$ 40,662,831.80	\$ 95,815,217.56	\$ 8,532,487.44
Component Units				
Charter Schools	\$ 235,142,261.00	\$ 9,451,556.00	\$ 11,945,545.00	\$ 11,601,209.00

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Local Sales Taxes

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Transfers:

Charter School Transfer

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

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

Net (Expense) Revenue and Changes in Net Position	
Primary Government	
Governmental Activities	Component Units
\$ (1,417,963,460.05)	\$ -
(106,252,733.24)	-
(26,952,854.28)	-
(63,833,279.99)	-
(43,106,508.35)	-
(39,983,904.23)	-
(3,445,550.82)	-
(12,697,730.21)	-
(121,453,058.60)	-
(168,604,398.58)	-
(7,208,599.75)	-
(6,548,810.76)	-
(25,814,003.74)	-
(66,183,373.55)	-
(132,523,746.02)	-
(33,335,837.97)	-
(181,444.45)	-
(20,073,098.79)	-
(25,254,774.78)	-
(188,432.95)	-
(2,321,605,601.11)	-
-	(202,143,951.00)
502,573,170.30	-
162,752,745.97	-
158,831,209.47	-
1,394,397,743.30	199,176,787.00
7,674,853.88	-
80,135,426.19	6,768,240.00
-	(1,066,230.00)
2,306,365,149.11	204,878,797.00
(15,240,452.00)	2,734,846.00
624,539,197.42	44,702,880.00
\$ 609,298,745.42	\$ 47,437,726.00

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

	General Fund	Special Revenue - Other Fund	Debt Service - Other Fund
ASSETS			
Cash	\$ 73,838,210.83	\$ 720,177.20	\$ 43,176.69
Investments	2,448,941.98	-	82,875,657.19
Accounts Receivable	6,042,943.39	5,585.50	-
Due from Other Funds	73,144,773.18	1,080,634.32	-
Due from Other Agencies	6,068,755.70	43,215,169.75	-
Inventories	4,585,126.26	-	-
TOTAL ASSETS	\$ 166,128,751.34	\$ 45,021,566.77	\$ 82,918,833.88
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	\$ 1,780,120.37	\$ -	\$ -
Payroll Deductions and Withholdings	3,675,735.38	-	-
Accounts Payable	18,193,656.87	2,784,776.76	-
Due to Other Funds	13,479,619.68	40,049,677.42	-
Due to Other Agencies	9,270,301.58	560.05	-
Deposits Payable	126,887.44	2,248.90	-
Unearned Revenue	1,364,610.03	2,184,303.64	-
Total Liabilities	47,890,931.35	45,021,566.77	-
Fund Balances:			
Nonspendable:			
Inventories	4,585,126.26	-	-
Restricted for:			
State Required Carryover Programs	35,171,286.77	-	-
Local Carryover Programs	3,541,298.85	-	-
Debt Service	-	-	82,918,833.88
Capital Projects	-	-	-
Food Service	-	-	-
Total Restricted Fund Balance	38,712,585.62	-	82,918,833.88
Assigned for:			
District Operations	4,123,262.95	-	-
Unassigned Fund Balance	70,816,845.16	-	-
Total Fund Balances	118,237,819.99	-	82,918,833.88
TOTAL LIABILITIES AND FUND BALANCES	\$ 166,128,751.34	\$ 45,021,566.77	\$ 82,918,833.88

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

Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ 27,568,567.82	\$ 66,843,289.28	\$ 41,103,181.69	\$ 210,116,603.51
12,255,757.46	20,258,958.26	13,624,646.26	131,463,961.15
-	117,580.31	462,677.66	6,628,786.86
8,685,627.14	182,170.55	498,390.98	83,591,596.17
15,002.26	60,769,503.09	8,923,539.81	118,991,970.61
-	-	1,553,605.61	6,138,731.87
<u>\$ 48,524,954.68</u>	<u>\$ 148,171,501.49</u>	<u>\$ 66,166,042.01</u>	<u>\$ 556,931,650.17</u>
\$ -	\$ -	\$ 81.86	\$ 1,780,202.23
-	-	-	3,675,735.38
1,990,297.10	27,639,028.29	1,515,632.09	52,123,391.11
33,886,659.36	3,301,426.29	2,247,432.52	92,964,815.27
-	-	-	9,270,861.63
134,255.66	21,681.54	-	285,073.54
-	-	1,883,406.91	5,432,320.58
<u>36,011,212.12</u>	<u>30,962,136.12</u>	<u>5,646,553.38</u>	<u>165,532,399.74</u>
-	-	1,553,605.61	6,138,731.87
-	-	-	35,171,286.77
-	-	-	3,541,298.85
-	-	1,431,925.52	84,350,759.40
12,513,742.56	117,209,365.37	18,628,502.12	148,351,610.05
-	-	38,905,455.38	38,905,455.38
<u>12,513,742.56</u>	<u>117,209,365.37</u>	<u>58,965,883.02</u>	<u>310,320,410.45</u>
-	-	-	4,123,262.95
-	-	-	70,816,845.16
12,513,742.56	117,209,365.37	60,519,488.63	391,399,250.43
<u>\$ 48,524,954.68</u>	<u>\$ 148,171,501.49</u>	<u>\$ 66,166,042.01</u>	<u>\$ 556,931,650.17</u>

**Hillsborough 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 \$ 391,399,250.43

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. 2,359,085,880.06

The following deferred outflows are applicable to future periods and therefore are not reported in the funds.

Deferred Outflows Related to Refunding	\$	32,306,977.37	
Deferred Outflows Related to Other Postemployment Benefits		47,860,133.00	
Deferred Outflows Related to Pensions		383,053,414.39	463,220,524.76

The following deferred inflows are applicable to future periods and therefore are not reported in the funds.

Deferred Inflows Related to Other Postemployment Benefits	\$	(47,756,721.00)	
Deferred Inflows Related to Pensions		(181,242,050.95)	(228,998,771.95)

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. 296,287.61

Long-term liabilities, including unamortized bond premiums, are not due and payable in the current period and, therefore, are not reported in the funds.

Other Postemployment Benefits Payable	\$	(208,572,211.00)	
Bonds Payable		(147,500,176.74)	
Certificates of Participation Payable		(630,300,988.58)	
Compensated Absences Payable		(197,641,636.64)	
Net Pension Liability		(1,166,977,434.38)	(2,350,992,447.34)

Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds. (13,091,082.59)

Accrued construction retainage payable is not due and payable in the current period and, therefore, is not reported in the funds. (11,620,895.56)

Net Position - Governmental Activities **\$ 609,298,745.42**

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

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

	<u>General Fund</u>	<u>Special Revenue - Other Fund</u>	<u>Debt Service - Other Fund</u>
Revenues			
Intergovernmental:			
Federal Direct	\$ 3,429,162.11	\$ 6,993,036.26	\$ -
Federal Through State and Local	7,458,634.74	181,882,004.22	-
State	1,174,870,849.62	1,105,926.39	-
Local:			
Property Taxes	502,573,170.30	-	-
Local Sales Taxes	-	-	23,363,750.36
Impact Fees	-	-	-
Charges for Services - Food Service	-	-	-
Miscellaneous	66,013,746.77	293,601.58	865,093.87
Total Local Revenues	<u>568,586,917.07</u>	<u>293,601.58</u>	<u>24,228,844.23</u>
Total Revenues	<u>1,754,345,563.54</u>	<u>190,274,568.45</u>	<u>24,228,844.23</u>
Expenditures			
Current - Education:			
Instruction	1,243,216,434.38	106,575,165.27	-
Student Support Services	84,981,560.94	13,593,502.89	-
Instructional Media Services	22,294,820.70	2,695,731.30	-
Instruction and Curriculum Development Services	24,879,146.78	33,473,926.87	-
Instructional Staff Training Services	22,761,975.71	17,543,514.96	-
Instruction-Related Technology	35,091,002.65	1,087,463.25	-
Board	3,257,601.75	-	-
General Administration	5,747,259.64	6,334,922.66	-
School Administration	110,053,195.03	1,639,337.01	-
Facilities Acquisition and Construction	3,355,340.30	84,045.93	-
Charter School Local Capital Improvement	-	-	-
Fiscal Services	6,880,384.98	80,199.72	-
Food Services	1,156,391.08	174,198.34	-
Central Services	22,565,057.41	542,556.97	-
Student Transportation Services	63,249,569.53	827,005.48	-
Operation of Plant	125,539,475.82	305,080.78	-
Maintenance of Plant	31,399,119.52	63,180.83	-
Administrative Technology Services	146,097.37	-	-
Community Services	15,488,188.80	3,974,591.95	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	7,846,290.36	-	-
Other Capital Outlay	12,130,348.70	1,292,322.77	-
Debt Service:			
Principal	-	-	58,966,000.00
Interest and Fiscal Charges	-	-	32,333,591.10
Total Expenditures	<u>1,842,039,261.45</u>	<u>190,286,746.98</u>	<u>91,299,591.10</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(87,693,697.91)</u>	<u>(12,178.53)</u>	<u>(67,070,746.87)</u>
Other Financing Sources (Uses)			
Transfers In	58,709,458.61	12,178.53	65,148,070.19
Issuance of Refunding Bonds	-	-	-
Premium on Sale of Refunding Bonds	-	-	-
Refunding Certificates of Participation	-	-	133,230,000.00
Premium on Refunding Certificates of Participation	-	-	14,598,252.00
Payments to Refunding Escrow Agent	-	-	(152,866,424.27)
Transfers Out	(3,295,703.59)	-	(2,138.01)
Total Other Financing Sources (Uses)	<u>55,413,755.02</u>	<u>12,178.53</u>	<u>60,107,759.91</u>
Net Change in Fund Balances	<u>(32,279,942.89)</u>	<u>-</u>	<u>(6,962,986.96)</u>
Fund Balances, Beginning	<u>150,517,762.88</u>	<u>-</u>	<u>89,881,820.84</u>
Fund Balances, Ending	<u>\$ 118,237,819.99</u>	<u>\$ 0.00</u>	<u>\$ 82,918,833.88</u>

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

Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 10,422,198.37
-	-	94,470,782.87	283,811,421.83
-	18,303,891.36	10,231,160.73	1,204,511,828.10
162,752,745.97	-	-	665,325,916.27
-	135,467,459.11	-	158,831,209.47
-	34,882,069.76	-	34,882,069.76
-	-	17,445,615.68	17,445,615.68
4,376,338.30	6,643,212.79	1,515,667.22	79,707,660.53
167,129,084.27	176,992,741.66	18,961,282.90	956,192,471.71
167,129,084.27	195,296,633.02	123,663,226.50	2,454,937,920.01
-	-	-	1,349,791,599.65
-	-	-	98,575,063.83
-	-	-	24,990,552.00
-	-	-	58,353,073.65
-	-	-	40,305,490.67
-	-	-	36,178,465.90
-	-	-	3,257,601.75
-	-	-	12,082,182.30
-	-	-	111,692,532.04
48,190,834.90	30,317,292.52	1,421,408.16	83,368,921.81
-	142,869.59	-	142,869.59
-	-	-	6,960,584.70
-	-	113,033,197.05	114,363,786.47
-	-	-	23,107,614.38
-	-	-	64,076,575.01
-	-	-	125,844,556.60
-	-	-	31,462,300.35
-	-	-	146,097.37
-	-	-	19,462,780.75
16,037,828.32	187,229,872.11	1,391,160.07	212,505,150.86
-	-	963,895.48	14,386,566.95
-	-	1,932,000.00	60,898,000.00
-	-	637,269.61	32,970,860.71
64,228,663.22	217,690,034.22	119,378,930.37	2,524,923,227.34
102,900,421.05	(22,393,401.20)	4,284,296.13	(69,985,307.33)
-	-	873,257.54	124,742,964.87
-	-	1,686,000.00	1,686,000.00
-	-	294,617.62	294,617.62
-	-	-	133,230,000.00
-	-	-	14,598,252.00
-	-	(1,973,414.22)	(154,839,838.49)
(105,375,243.57)	(13,113,680.00)	-	(121,786,765.17)
(105,375,243.57)	(13,113,680.00)	880,460.94	(2,074,769.17)
(2,474,822.52)	(35,507,081.20)	5,164,757.07	(72,060,076.50)
14,988,565.08	152,716,446.57	55,354,731.56	463,459,326.93
\$ 12,513,742.56	\$ 117,209,365.37	\$ 60,519,488.63	\$ 391,399,250.43

Hillsborough 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 **\$ (72,060,076.50)**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays (\$226,891,717.84) was more than depreciation expense (\$98,540,071.50) during the current period. 128,351,646.34

The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net position differs by the cost of assets sold. (4,102,346.51)

Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 85,170.95

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which payments of bond principal (\$60,898,000.00) and payments to refunding agent (\$154,839,838.49) was more than proceeds (\$134,916,000.00) in the current year. 80,821,838.49

Governmental funds report certain bond transactions as resources or uses. However, in the statement of activities, these transactions are reported over the life of the debt as bond premiums (\$14,598,252.00). (14,598,252.00)

Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds:

Other Postemployment Benefits Payable	\$ (15,100,646.00)	
Interest Expense	1,999,109.98	
Compensated Absences Payable	(13,913,198.93)	
Pension	(109,581,200.24)	
Amortization of Bond Discount and Premium	3,342,330.97	(133,253,604.22)

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net expense of internal service funds is reported with governmental activities. (484,828.55)

Change in Net Position - Governmental Activities **\$ (15,240,452.00)**

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

**Hillsborough County District School Board
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual – General Fund
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	\$ 3,677,981.50	\$ 3,429,162.11	\$ 3,429,162.11	\$ -
Federal Through State and Local	7,000,000.00	7,458,634.74	7,458,634.74	-
State	1,204,616,777.58	1,177,337,005.20	1,174,870,849.62	(2,466,155.58)
Local:				
Property Taxes	502,180,570.98	502,573,170.30	502,573,170.30	-
Miscellaneous	76,952,793.02	66,079,074.11	66,013,746.77	(65,327.34)
Total Local Revenues	579,133,364.00	568,652,244.41	568,586,917.07	(65,327.34)
Total Revenues	1,794,428,123.08	1,756,877,046.46	1,754,345,563.54	(2,531,482.92)
Expenditures				
Current - Education:				
Instruction	1,274,543,199.84	1,284,432,608.70	1,243,216,434.38	41,216,174.32
Student Support Services	83,192,523.19	90,609,814.44	84,981,560.94	5,628,253.50
Instructional Media Services	22,524,672.65	22,641,186.37	22,294,820.70	346,365.67
Instruction and Curriculum Development Services	22,960,636.03	26,211,755.61	24,879,146.78	1,332,608.83
Instructional Staff Training Services	19,308,075.83	24,514,698.49	22,761,975.71	1,752,722.78
Instruction-Related Technology	43,849,990.39	35,261,182.65	35,091,002.65	170,180.00
Board	2,307,330.30	3,748,239.22	3,257,601.75	490,637.47
General Administration	6,000,352.04	5,861,885.81	5,747,259.64	114,626.17
School Administration	103,870,412.86	110,395,331.29	110,053,195.03	342,136.26
Facilities Acquisition and Construction	4,126,306.43	3,744,687.96	3,355,340.30	389,347.66
Fiscal Services	6,550,763.66	6,925,441.23	6,880,384.98	45,056.25
Food Services	1,181,689.47	1,158,368.38	1,156,391.08	1,977.30
Central Services	20,015,212.60	25,288,707.00	22,565,057.41	2,723,649.59
Student Transportation Services	58,861,550.00	63,443,273.48	63,249,569.53	193,703.95
Operation of Plant	114,877,681.16	125,989,962.27	125,539,475.82	450,486.45
Maintenance of Plant	29,128,314.28	31,554,241.62	31,399,119.52	155,122.10
Administrative Technology Services	114,735.76	146,097.37	146,097.37	-
Community Services	24,749,823.26	19,498,926.54	15,488,188.80	4,010,737.74
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	7,846,290.36	7,846,290.36	-
Other Capital Outlay	-	12,130,348.70	12,130,348.70	-
Total Expenditures	1,838,163,269.75	1,901,403,047.49	1,842,039,261.45	59,363,786.04
Deficiency of Revenues Over Expenditures	(43,735,146.67)	(144,526,001.03)	(87,693,697.91)	56,832,303.12
Other Financing Sources (Uses)				
Transfers In	46,477,968.00	58,709,458.61	58,709,458.61	-
Transfers Out	(2,234,570.45)	(3,295,703.59)	(3,295,703.59)	-
Total Other Financing Sources	44,243,397.55	55,413,755.02	55,413,755.02	-
Net Change in Fund Balances	508,250.88	(89,112,246.01)	(32,279,942.89)	56,832,303.12
Fund Balances, Beginning	150,517,762.88	150,517,762.88	150,517,762.88	-
Fund Balances, Ending	\$ 151,026,013.76	\$ 61,405,516.87	\$ 118,237,819.99	\$ 56,832,303.12

Hillsborough County District School Board
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual – Special Revenue – Other Fund
For the Fiscal Year Ended June 30, 2020

	Special Revenue - Other Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 8,839,420.51	\$ 10,224,466.11	\$ 6,993,036.26	\$ (3,231,429.85)
Federal Through State and Local	227,465,961.13	210,468,337.48	181,882,004.22	(28,586,333.26)
State	457,283.69	1,341,903.41	1,105,926.39	(235,977.02)
Local:				
Miscellaneous	2,961,975.58	980,711.04	293,601.58	(687,109.46)
Total Local Revenues	2,961,975.58	980,711.04	293,601.58	(687,109.46)
Total Revenues	239,724,640.91	223,015,418.04	190,274,568.45	(32,740,849.59)
Expenditures				
Current - Education:				
Instruction	120,015,573.89	122,856,444.55	106,575,165.27	16,281,279.28
Student Support Services	18,705,906.80	16,059,296.74	13,593,502.89	2,465,793.85
Instructional Media Services	2,500,277.82	3,772,294.33	2,695,731.30	1,076,563.03
Instruction and Curriculum Development Services	31,195,371.07	37,708,598.85	33,473,926.87	4,234,671.98
Instructional Staff Training Services	14,594,443.96	21,980,686.42	17,543,514.96	4,437,171.46
Instruction-Related Technology	918,296.62	1,127,027.89	1,087,463.25	39,564.64
General Administration	4,537,177.25	8,547,790.86	6,334,922.66	2,212,868.20
School Administration	1,075,749.63	1,753,137.32	1,639,337.01	113,800.31
Facilities Acquisition and Construction	7,000.00	289,538.85	84,045.93	205,492.92
Fiscal Services	651,688.98	119,877.40	80,199.72	39,677.68
Food Services	-	174,198.34	174,198.34	-
Central Services	8,356,357.34	691,164.36	542,556.97	148,607.39
Student Transportation Services	675,488.84	1,196,657.41	827,005.48	369,651.93
Operation of Plant	313,835.36	374,546.26	305,080.78	69,465.48
Maintenance of Plant	-	63,180.83	63,180.83	-
Community Services	36,177,473.35	5,020,833.39	3,974,591.95	1,046,241.44
Fixed Capital Outlay:				
Other Capital Outlay	-	1,292,322.77	1,292,322.77	-
Total Expenditures	239,724,640.91	223,027,596.57	190,286,746.98	32,740,849.59
Deficiency of Revenues Over Expenditures	-	(12,178.53)	(12,178.53)	0.00
Other Financing Sources				
Transfers In	-	12,178.53	12,178.53	-
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

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

	<u>Internal Service Funds</u>
ASSETS	
Current Assets:	
Cash	\$ 6,422,674.74
Investments	38,491,086.19
Accounts Receivable	196,166.35
Due from Other Funds	<u>12,387,783.45</u>
TOTAL ASSETS	<u>57,497,710.73</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	16,859,480.47
Due to Other Funds	3,014,564.35
Unearned Revenue	16,716,633.30
Estimated Liability for Self-Insurance Program	<u>7,402,269.11</u>
Total Current Liabilities	<u>43,992,947.23</u>
Noncurrent Liabilities:	
Estimated Liability for Self-Insurance Program	<u>13,208,475.89</u>
TOTAL LIABILITIES	<u>57,201,423.12</u>
NET POSITION	
Unrestricted	<u><u>\$ 296,287.61</u></u>

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

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

	Internal Service Funds
OPERATING REVENUES	
Premiums	\$ 204,964,816.44
Other	363,897.68
Total Operating Revenues	<u>205,328,714.12</u>
OPERATING EXPENSES	
Salaries	461,809.38
Employee Benefits	188,563.62
Purchased Services	175,605.25
Insurance Claims	8,660,905.29
Insurance Premiums	193,785,615.85
Total Operating Expenses	<u>203,272,499.39</u>
Operating Income	<u>2,056,214.73</u>
NONOPERATING REVENUES	
Interest	415,156.42
Income Before Transfers	2,471,371.15
Transfers In	3,049,493.00
Transfers Out	<u>(6,005,692.70)</u>
Change in Net Position	(484,828.55)
Total Net Position - Beginning	<u>781,116.16</u>
Total Net Position - Ending	<u><u>\$ 296,287.61</u></u>

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

Internal Service Funds

Cash Received from Intergovernmental Services Provided	\$ 196,149,352.38
Cash Payments to Suppliers for Goods and Services	(201,972,759.28)
Cash Payments to Employees for Services	(650,373.00)
Other Receipts	395,670.78

(6,078,109.12)

Transfer from Other Funds	2,796,814.61
Transfer to Other Funds	(14,258,242.91)

(11,461,428.30)

Proceeds from Sales and Maturity of Investments	12,865,181.63
Interest Income	415,156.42

13,280,338.05

(4,259,199.37)

10,681,874.11

\$ 6,422,674.74

Operating Income	\$ 2,056,214.73
------------------	-----------------

Changes in Assets and Liabilities

Due from Other Funds	(10,710,495.35)
----------------------	-----------------

Accounts Payable	1,688,592.86
------------------	--------------

Estimated Liability for Self-Insurance Program	(1,512,939.00)
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Total Adjustments	(8,124,322.85)
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Net Cash Used by Operating Activities	\$ (6,078,109.12)
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Hillsborough County District School Board
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2020

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ -	\$ 17,171,546.18
Investments		
State Board of Administration	-	45,153,022.09
United State Treasury Securities	7,453,736.50	-
Federal Home Loan Mgt. Corp	501,365.00	-
Federal National Mgt. Assn	559,702.00	-
Federal Home Loan Bank	501,465.00	-
Federated Prime Obligations Fund - Money Market	493,376.85	-
Accounts Receivable	37,281.90	-
Inventories	-	252,422.24
TOTAL ASSETS	<u>9,546,927.25</u>	<u>\$ 62,576,990.51</u>
LIABILITIES		
Payroll Deductions and Withholdings	-	\$ 44,296,095.06
Accounts Payable	-	333,568.73
Internal Accounts Payable	-	17,947,326.72
TOTAL LIABILITIES	<u>-</u>	<u>\$ 62,576,990.51</u>
NET POSITION		
Held in Trust for Pension Benefits	<u>9,546,927.25</u>	
TOTAL NET POSITION	<u>\$ 9,546,927.25</u>	

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

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

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,090,000.00
Investment Income:	
Net Increase in Fair Value of Investments	152,025.54
Interest, Dividends, and Other	<u>171,068.54</u>
Total Investment Income	323,094.08
Less Investment Expense	<u>24,999.79</u>
Net Investment Income	<u>298,094.29</u>
Total Additions	<u>1,388,094.29</u>
DEDUCTIONS	
Benefit Payments	1,811,535.10
Administrative Expenses	<u>11,859.00</u>
Total Deductions	<u>1,823,394.10</u>
Change in Net Position	(435,299.81)
Net Position - Beginning	<u>9,982,227.06</u>
Net Position - Ending	<u><u>\$ 9,546,927.25</u></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. Reporting Entity

The School District of Hillsborough County (District) has direct responsibility for operation, control, and supervision of the District schools and is considered a primary government for financial reporting purposes. The District is 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 Hillsborough County District School Board (Board), which is composed of seven elected members. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Hillsborough County.

The accompanying financial statements present the activities of the District and its component units. Criteria for determining if other entities are potential component units which should be reported within the District's financial statements are identified and described in the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The application of these criteria provides for identification of any 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 financial statements to be misleading or incomplete.

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

Blended Component Unit. The Hillsborough School Board Leasing Corporation (Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note II.J.1. The governing board of the Corporation is the same as the Board. Financial records for the Corporation are maintained by the District and District staff is responsible for the day-to-day operation of the Corporation. Due to the substantive economic relationship between the District and the Corporation, the financial activities of the Corporation are included in the accompanying financial statements of the District in the Capital Projects – Other Fund. Separate financial statements of the Corporation are not published.

Discretely Presented Component Units. The component units columns in the government-wide financial statements include the financial data of the District's discretely presented component units for the fiscal year ended June 30, 2020. These component units consist of the District's charter schools. Charter schools are reported in a separate column to emphasize that they are legally separate from the District. Although the charter schools do not meet the specific financial accountability criteria, based on the nature and significance of the relationship with the District, it would be misleading to exclude them from the District's financial statements. None of the individual component units are considered to be major.

The District's charter schools, are separate not-for-profit corporations organized under Section 1002.33, Florida Statutes, to operate as public (as opposed to private) schools and are held responsible for prudent use of the public funds they receive. Each charter school is a separate component unit that operates under a charter approved by their sponsor, the Hillsborough County District School Board. There are 50 charter schools operating in the District that meet the criteria for presentation as a discretely presented component unit.

The individual charter schools are listed below. Further complete audited financial statements of the individual discretely presented component units can be obtained from their administrative offices. These schools include:

Advantage Academy of Hillsborough
304 West Prosser Drive
Plant City, FL 33563

Avant Garde Academy Westchase
13901 Sheldon Road
Tampa, FL 33625

Bell Creek Academy
13221 Boyette Road
Riverview, FL 33569

Bell Creek Academy High School
13221 Boyette Road
Riverview, FL 33569

BridgePrep Academy of Riverview
6309 South US Highway 301
Riverview, FL 33578

BridgePrep Academy of Tampa
2418 W. Swann Avenue
Tampa, FL 33609

Brooks DeBartolo Collegiate High School
10948 N. Central Ave.
Tampa, FL 33612

Channelside Academy of Math & Science
1029 E. Twiggs St.
Tampa, FL 33602

Community Charter School of Excellence
1251 E. Fowler Avenue, Suite A
Tampa, FL 33612

Creekside Charter Academy
14029 US Highway 301
Riverview, FL 33578

Dr. Kiran C. Patel High School
10721 Raulerson Ranch Road
Tampa, FL 33636

East Tampa Academy
4309 N. 34th Street
Tampa, FL 33610

Excelsior Prep Charter School
2156 University Square Mall, Unit 260
Tampa, FL 33612

Florida Autism Charter School of Excellence
6310 E. Sligh Avenue
Tampa, FL 33617

Florida Connections Academy (Virtual)
5805 Breckenridge Pkwy, Suites E & F
Tampa, FL 33610

Focus Academy
304 Druid Hills Road
Temple Terrace, FL 33617

Henderson Hammock Charter School
10322 Henderson Road
Tampa, FL 33625

Horizon Charter School of Tampa
7235 W. Hillsborough Avenue
Tampa, FL 33634

Kid's Community College Charter
High School
10550 Johanna Avenue
Riverview, FL 33578

Kid's Community College Charter
School Southeast
11519 McMullen Road
Riverview, FL 33569

Learning Gate Community School
16215 Hanna Road
Lutz, FL 33549

Literacy/Leadership/Technology Academy
6771 Madison Avenue
Tampa, FL 33619

Navigator Academy of Leadership Valrico
1101 E. Bloomingdale Avenue
Valrico, FL 33596

Pepin Academies
3916 E. Hillsborough Avenue
Tampa, FL 33610

Plato Academy Tampa Charter School
4903 Ehrlich Road
Tampa, FL 33624

Seminole Heights Charter High School
4006 N. Florida Avenue
Tampa, FL 33603

Hillsborough Academy of Math & Science
9659 W. Waters Avenue
Tampa, FL 33635

Independence Academy
12902 E. US Highway 92
Dover, FL 33527

Kid's Community College Riverview South
10030 Mathog Road
Riverview, FL 33578

Kid's Community College Southeast
Middle Charter School
11513 McMullen Road
Riverview, FL 33569

Legacy Preparatory Academy
302 E. Linebaugh Avenue
Tampa, FL 33612

Lutz Preparatory School
17951 N. US Highway 41
Lutz, FL 33549

New Springs Schools
2410 E. Busch Boulevard
Tampa, FL 33612

Pivot Charter School
3020 Falkenburg Road
Riverview, FL 33578

Riverview Academy of Math and Science
9906 Symmes Road
Riverview, FL 33578

SLAM Academy at Apollo Beach
5150 N. US Highway 41
Apollo Beach, FL 33572

Southshore Charter Academy
11667 Big Bend Road
Riverview, FL 33579

Sports Leadership and Management
Academy (Tampa)
7116 Gunn Highway
Tampa, FL 33625

Sunlake Academy of Math and Science
18681 N. Dale Mabry Highway
Lutz, FL 33548

Terrace Community Middle School
11734 Jefferson Road
Thonotosassa, FL 33592

The Collaboratory Preparatory Academy
6406 E. Chelsea Street
Tampa, FL 33610

Trinity School for Children
2402 W. Osborne Avenue
Tampa, FL 33603

Valrico Lake Advantage Academy
13306 Boyette Road
Riverview, FL 33569

Village of Excellence Academy
8718 N. 46th Street
Temple Terrace, FL 33617

Village of Excellence Middle School
4600 E. Busch Boulevard
Tampa, FL 33617

Walton Academy for the Performing Arts
4817 N. Florida Avenue
Tampa, FL 33603

Waterset Charter School
6540 Knowledge Lane
Apollo Beach, FL 33572

West University Charter High School
11602 N. 15th Street
Tampa, FL 33612

Winthrop Charter School
6204 Scholars Hill Lane
Riverview, FL 33578

Woodmont Charter School
10402 N. 56th Street
Temple Terrace, FL 33617

B. Basis of Presentation

The basic financial statements include the government-wide financial statements and fund financial statements.

Government-Wide Financial Statements. Government-wide financial statements include a Statement of Net Position and a Statement of Activities that display information about the primary government, the District, and its component units. These financial statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal service fund activities. The effect of interfund activities has been eliminated in the Statement of Activities.

The Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the District's functions. The expense of individual functions is compared to the revenues generated by the function (for instance, through user charges or intergovernmental grants). Direct

expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges to other funds and to employees for workers' compensation and insurance. Operating expenses for the internal service funds include the cost of services and administrative costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Financial Statements. The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Because the focus of the governmental fund financial statements differs from the focus of the government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Other Fund – to account for funds from the State or Federal Government which are restricted for Federal programs.
- Debt Service – Other Fund – to account for and report on the payments of principal and interest for outstanding bonds and certificates of participation.
- Capital Projects – Local Capital Improvement Fund – to account for and report on the revenues generated from the local capital outlay property tax.
- Capital Projects – Other Fund – to account for and report on other miscellaneous funds from various sources including Certificates of Participation.

Additionally, the District reports the following fund types:

- Internal Service Funds – to account for the District's workers' compensation, general and automobile liability self-insurance programs and the employee health insurance program.
- Pension Trust Fund – to account for resources used to finance the early retirement program.

- Agency Funds – to account for resources held by the District as custodian for others primarily for the benefit of various schools and their activity funds.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets plus deferred outflows of resources less all liabilities and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide 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 when the related cash flows have taken place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues, other than grant funds, reported in the governmental funds, to be available if they are collected within 60 days after year end. Grant funds are considered available if collection is expected in the upcoming fiscal year. Property taxes, sales taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted assets available to finance the program. It is the District's policy to first apply cost reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Information

Budgetary Basis of Accounting.

The District follows procedures established by State law and SBE rules in establishing final 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. Original budgets are submitted to the State Commissioner of Education for approval.

- The budget is prepared by fund, function, object, and department. Management may make transfers of appropriations between departments and object. The functional level is the legal level of budgetary control and may only be amended by resolution of the Board at any Board meeting prior to the due date for the Superintendent's Annual Financial Report (State Report). Budgetary disclosure in the accompanying financial statements reflects the original and final budget including all amendments approved for the fiscal year through September 8, 2020.
- 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.

All budget amounts presented in the basic statements reflect the original budget and the final amended budget (which has been adjusted for legally authorized revisions of the annual budget during the year).

At the governmental fund level, outstanding encumbrances are re-appropriated in the subsequent year. Encumbrances outstanding at year end do not represent Generally Accepted Accounting Principles (GAAP) expenditures or liabilities but represent budgetary accounting controls.

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

1. Cash

Cash consists of petty cash funds and deposits held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and a multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The statement of cash flows for the Proprietary Funds considers cash as those accounts used as demand deposit accounts.

2. Investments

Investments of the general government consist of amounts placed with the State Board of Administration (SBA) Florida PRIME and Florida Public Assets for Liquidity Management (FL PALM) for participation in the State and local government investment pools, public fund certificate of deposit, those made by the SBA from the District's bond proceeds held and administered by the SBE, and those made locally.

District moneys placed with the SBA and FL PALM for participation in the government investment pools represent an interest in the pool rather than ownership of specific securities. Such investments are stated at fair value. Investments of the early retirement program and other locally made investments are also reported at fair value.

Types and amounts of investments held at fiscal year end are described in Note II.A.

3. Inventories

Inventories consist of expendable supplies and parts held for consumption in the course of District operations. Inventories at the central warehouse, maintenance, technology repair and the bus garage are stated at cost based on a moving average. Food service inventories are stated at cost based on the first-in, first-out basis, except that United States Department of Agriculture surplus commodities 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. All other inventories are stated at cost on the last invoice price method, which approximates the first-in, first-out basis. The cost of inventories is 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 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 purchased after July 1, 2004, are defined by the District as those costing more than \$1,000 and having a useful life of more than 1 year; those purchased before July 1, 2004, are defined as those costing more than \$750 and having a useful life of more than 1 year. Donated assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Interest costs incurred during construction are not capitalized as part of the cost of construction.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	10 - 25 years
Buildings and Systems	15 - 50 years
Furniture, Fixtures, and Equipment	5 - 20 years
Leasehold Improvements	50 years
Motor Vehicles	4 - 10 years
Computer Software	3 - 5 years

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

5. Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported in the government-wide statement of net position. Bond premiums, discounts, and gains and losses on refunding issuances are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains and losses on refunding issuances are netted and reported as deferred outflows of resources.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize bond premiums, discounts, gains and losses on refunding issuances during the current period. The face amount of debt issued, as well as any related premium and gain on refunding issuances are reported as an other financing source while discounts on debt issuances and losses on refunding issuances are reported as an other financing use.

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Changes in long-term liabilities for the current year are reported in Note II.J.4.

6. Lease Obligations

The District has operating leases for facility rental. These agreements allow use of a facility that meet specific needs of certain programs. Adult Education pays rental fees out of workforce funding, while Student Nutrition Services pays with earned revenue.

7. Deferred Outflows/Inflows of Resources

In the government-wide financial statements, the District records deferred outflows of resources which represent the consumption of net position by the District that is applicable to a future reporting period. At June 30, 2020, deferred outflows of resources represent the deferred charge on refunding as discussed in Note II.J.3., pension related items as discussed in Notes II.D.1. and II.D.2., and other postemployment benefits items discussed in Note II.E.

In addition to liabilities, on the government-wide financial statements, the District records deferred inflows of resources which represent an acquisition of net position that applies to future periods. At June 30, 2020, deferred inflows of resources represent activity associated with pension related items as discussed in Note II.D.1. and other postemployment benefit related items as discussed in Note II.E.

F. Revenues

1. State Revenue Sources

Revenues from State sources for current operations are primarily from the Florida Education Finance Program (FEFP), which is administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the Board determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTE and related data and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of 9 months following the date of original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the

District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions of or additions to revenue in the year when the adjustments are made.

The District receives revenue from the State to administer certain categorical educational programs. SBE rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. The amounts not expended or encumbered as of the close of the fiscal year are usually carried forward into the following year to be expended for the same programs. The Department requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted for the balance of categorical educational program resources.

2. 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 taxes are assessed by the Hillsborough County Property Appraiser and are collected by the Hillsborough County Tax Collector.

The Board adopted the 2019 tax levy for the 2020 fiscal year on September 10, 2019. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

Taxes become 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 in the fiscal year for which 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 Hillsborough County Tax Collector at fiscal year end which have not yet been remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued.

Millages and taxes levied for the current year are presented in Note II.M.2.

3. Federal Revenue Sources

The District receives Federal financial assistance for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For Federal financial assistance 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.

4. Use of Estimates

The preparation of the financial statements requires management of the District to make a number of assumptions relating to the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash and Investments

At June 30, 2020, the District's deposits were entirely covered by Federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

As of June 30, 2020, the District had the following investments and maturities:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
United States Treasury Securities	9/30/2020 - 3/15/2023	\$ 7,453,736.50
United States Agency Securities	9/28/2020 - 4/20/2023	1,562,532.00
Commercial Paper	12/1/2020	2,806,668.84
State Board of Administration:		
Florida PRIME	53 Days	206,611,632.60
Debt Service Accounts	53 Days	198,952.10
Local Government Investment Pool - FL PALM	53 Days	5,046,431.72
Certificate of Deposit	7/16/2020	444,384.17
Wells Fargo Advantage Treasury		
Plus Money Market	N/A	493,376.85
Total Investments		<u><u>\$ 224,617,714.78</u></u>

Investments are reflected in the financial statements as follows:

Governmental funds	\$ 131,463,961.15
Internal service funds	38,491,086.19
Fiduciary funds:	
Pension trust	9,509,645.35
Agency	<u>45,153,022.09</u>
Total Primary Government	<u><u>\$ 224,617,714.78</u></u>

Fair Value Measurement

The District categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on 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 has the following fair value measurements as of June 30, 2020:

- United States Treasury Securities of \$7,453,736.50 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs).
- United States Agency Securities of \$1,562,532.00 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs).
- Commercial paper of \$2,806,668.84 are valued using significant other observable inputs (Level 2 inputs).
- Money markets of \$493,376.85 are valued using the quoted market prices (Level 1 inputs).
- Certificate of deposit of \$444,384.17 is valued using the quoted market prices (Level 1 inputs).

State Board of Administration and local government investment pools of \$211,857,016.42 are valued using the net asset value of the pools.

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities:				
United States Treasury Securities	\$ 7,453,736.50	\$ -	\$ 7,453,736.50	\$ -
United States Agency Securities	1,562,532.00	-	1,562,532.00	-
Total debt securities	9,016,268.50	-	9,016,268.50	-
Commercial paper	2,806,668.84	-	2,806,668.84	-
Money market	493,376.85	493,376.85	-	-
Certificate of deposit	444,384.17	444,384.17	-	-
Total Investments at Fair Value	12,760,698.36	\$ 937,761.02	\$ 11,822,937.34	\$ 0.00
Investments Measured at the Net Asset Value (NAV)				
State Board of Administration & Local Government Investment Pools	211,857,016.42			
Total Investments	\$ 224,617,714.78			

Interest Rate Risk

The District has a formal investment policy which states that the investment objectives are safety of capital, liquidity of funds, and investment income, in that order. The performance measurement objective shall be to exceed the SBA's Florida PRIME yield. The policy limits the type of investments and the length of investments of idle funds. The weighted average duration of the investment portfolio shall not exceed 5 years.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review

the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.” As of June 30, 2020, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

Credit Risk

Section 218.415(16), Florida Statutes, limits the types of investments that the District can hold. The District’s policy authorizes the following investments:

- The SBA Investment Pool, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided by 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(26), Florida Statutes;
- Direct obligations of the United States Treasury;
- Obligations of Federal agencies, government sponsored enterprises, and instrumentalities;
- Securities of, or other interest in, any open-end or closed-end management type investment company of trust registered under the Investment Company Act of 1940, 15 U.S. C. 80a-1;
- Short-term obligations commonly referred to as “money market instruments” including but not limited to commercial paper, provided such obligations carry the highest credit rating from a nationally recognized rating agency; and
- Asset-backed securities when either (a) the underlying asset is guaranteed by the issuer or (b) the security carries the highest quality rating by a nationally recognized rating agency.

The District’s investments in the SBA consist of Florida PRIME.

Florida PRIME and FL PALM are external investment pools that are not registered with the Securities Exchange Commission (SEC), but do operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940. Rule 2a-7 allows funds to use amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. Accordingly, the District’s investment in the Florida PRIME and FL PALM are reported at the account balance which is considered fair value. Both are rated AAAM by Standard & Poor’s.

The District’s investments in United States Agencies or Treasuries for the Pension Trust Fund were rated either AA+ by Standard & Poor’s or Aaa by Moody’s Investors Services.

The District’s investments in a Certificate of deposit was in qualified public depository.

Investments in the SBA Debt Service Account totaling \$198,952.10 are to provide for debt service payments on bonded debt issued by the SBA for the benefit of the District. These investments consist

of United States Treasury securities, with maturity dates of 6 months or less and are reported at fair value. The District has no formal policy for managing interest rate risk or credit risk for this account but relies on policies developed by the State Board of Administration.

Custodial Credit Risk

The District's investment policy requires that securities purchased or otherwise acquired by the District shall be properly designated as an asset of the District. Also, Section 218.415(18), Florida Statutes, requires every security purchased under this section on behalf of the District to be properly earmarked and:

- (1) If registered with the issuer or its agents, must be immediately placed for safekeeping in a location that protects the District's interest in the security;
- (2) If in book-entry form, must be held for the credit of the District by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in Florida as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in Florida, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or
- (3) If physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.

Of the District's investments, \$7,453,736.50 of United States Treasury Securities, and \$1,562,532.00 of United States Agency Securities are not registered in the name of the District, but are held by the counterparty's trust department or agent and are not insured.

Concentration of Credit Risk

The District's investment policy has established permitted investment sectors which are designed to reduce concentration of credit risk to the District's investment portfolio. The District had no investment, excluding amounts held by Florida PRIME, that comprised more than 5 percent of total investments.

Foreign Currency Risk

The District has no investments that are exposed to foreign currency risk at June 30, 2020. The District does not have a formal investment policy that limits its investment in foreign currency.

B. Due From Other Governmental Agencies

Amount due from other governmental agencies as of June 30, 2020, are shown below:

	Major Funds				Other Governmental Funds	Total
	General	Special Revenue - Other	Capital Projects - Local Capital Improvement	Capital Projects - Other		
Federal Government:						
Miscellaneous	\$ 4,552,005.00	\$ 40,796,071.37	\$ -	\$ -	\$ -	\$ 45,348,076.37
State Government:						
Food Reimbursement	-	-	-	-	8,907,224.99	8,907,224.99
Miscellaneous	850,163.45	318,234.50	-	14,603,272.62	16,314.82	15,787,985.39
Local Government:						
Hillsborough County						
Board of County						
Commissioners	389,208.48	2,079,610.01	15,002.26	46,166,230.47	-	48,650,051.22
Miscellaneous	277,378.77	21,253.87	-	-	-	298,632.64
Total	\$ 6,068,755.70	\$ 43,215,169.75	\$ 15,002.26	\$ 60,769,503.09	\$ 8,923,539.81	\$ 118,991,970.61

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	\$ 159,327,667.18	\$ 555,741.32	\$ -	\$ 159,883,408.50
Land Improvements	95,769,611.31	-	-	95,769,611.31
Construction in Progress	89,941,802.94	220,029,154.70	187,701,613.38	122,269,344.26
Total Capital Assets Not Being Depreciated	345,039,081.43	220,584,896.02	187,701,613.38	377,922,364.07
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	231,873,951.07	16,426,690.07	765,967.34	247,534,673.80
Buildings and Systems	2,833,716,720.31	170,719,182.02	6,012,492.97	2,998,423,409.36
Furniture, Fixtures, and Equipment	144,881,021.68	3,959,110.60	8,349,530.68	140,490,601.60
Leasehold Improvements	6,788,006.87	-	-	6,788,006.87
Motor Vehicles	124,338,221.03	11,227,258.08	8,720,645.53	126,844,833.58
Computer Software	20,003,669.90	27,980.00	1,565,659.87	18,465,990.03
Total Capital Assets Being Depreciated	3,361,601,590.86	202,360,220.77	25,414,296.39	3,538,547,515.24
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	160,675,740.94	8,027,529.94	106,435.59	168,596,835.29
Buildings and Systems	1,096,424,971.15	75,463,986.88	1,134,554.49	1,170,754,403.54
Furniture, Fixtures, and Equipment	121,608,821.72	6,707,799.91	8,183,748.09	120,132,873.54
Leasehold Improvements	383,845.63	131,604.21	-	515,449.84
Motor Vehicles	80,821,883.63	7,158,931.77	8,704,650.28	79,276,165.12
Computer Software	18,608,896.34	1,050,218.79	1,550,843.21	18,108,271.92
Total Accumulated Depreciation	1,478,524,159.41	98,540,071.50	19,680,231.66	1,557,383,999.25
Total Capital Assets Being Depreciated, Net	1,883,077,431.45	103,820,149.27	5,734,064.73	1,981,163,515.99
Governmental Activities Capital Assets, Net	<u>\$ 2,228,116,512.88</u>	<u>\$ 324,405,045.29</u>	<u>\$ 193,435,678.11</u>	<u>\$ 2,359,085,880.06</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
Instruction	\$ 3,031,611.27
Student Support Services	2,261,191.85
Student Transportation Services	116,010.15
Operation and Maintenance of Plant	469,867.47
Facilities Acquisition and Construction	91,199,321.17
School Administration	120,711.85
General Administration	109,875.57
Food Services	1,024,834.75
Community Services	18,214.47
Unallocated Depreciation	188,432.95
Total Depreciation Expense - Governmental Activities	<u>\$ 98,540,071.50</u>

D. Retirement Plans

1. State Retirement Programs

Summary of Significant Accounting Policies

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

The District's FRS and HIS pension expense totaled \$204,362,460 for the fiscal year ended June 30, 2020.

General Information about the Pension Plans

Plan description. All regular employees of the District are covered by the Florida Retirement System (FRS). The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the FRS Investment Plan.

Essentially all regular employees of participating employers are eligible and must enroll as members of the Plan. Employees in the Pension Plan vest at 6 years of service if enrolled in the plan prior to July 1, 2011. Enrollment after July 1, 2011, requires 8 years of service to vest. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. For enrollees prior to July 1, 2011, Pension Plan benefit payments are based on the member's highest 5-year average annual salary (average final compensation) times the number of years of service. Enrollees after July 1, 2011 have benefit payments based on the member's highest 8-year average annual salary. For regular class members enrolled before July 1, 2011,

the annual final compensation is multiplied by a percentage ranging from 1.60 percent at age 62 or with 30 years of service to 1.68 percent at age 65 or with 33 years of service. Regular class members enrolled after July 1, 2011, have an annual final compensation multiplied by a percentage ranging from 1.60 percent at age 65 or with 33 years of service to 1.68 percent at age 68 or with 36 years of service. Members are eligible for early retirement after 6 years of service; however, normal benefits are reduced by 5 percent for each year a member retires before age 62. As described in Note II.D.2., the District administers a single-employer retirement program that under certain conditions covers the difference in benefits between normal and early retirement.

The Plan provides retirement, disability, and death benefits and annual cost-of-living-adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

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.

The DROP was established effective July 1, 1998. It permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate, except certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

Eligible FRS members may elect to participate in FRS Investment Plan in lieu of the Defined Benefit Plan. District employees participating in DROP are not eligible to participate in the FRS Investment Plan. This plan is funded by employer contributions that are based on salary and membership class (Regular, Elected County Officers, etc.). Contributions are directed to individual member accounts, and the ultimate benefit depends in part on the performance of investment funds chosen. Employees in the FRS Investment Plan vest after one year of service.

The benefit provisions and all other requirements of the Plan are established by Florida Statutes.

The contribution rates for the Plan are established by Section 121.71 of the Florida Statutes, and may be amended, by the State of Florida.

As of June 30, 2020, the contribution rates were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
FRS, Regular (HA)	3.00	8.47
FRS, Elected County Officers (HI)	3.00	48.82
FRS, Senior Management Service Class (HM)	3.00	25.41
FRS, Special Risk (HB)	3.00	25.48
Teachers' Retirement System, Plan E (IE)	6.25	11.90
DROP – Applicable to Members from All of the Above Classes	0.00	14.60
FRS, Reemployed Retiree (UA)	3.00	5.52

Note: (A) Employer rates include the post-retirement health insurance subsidy, which remained the same from the prior fiscal year. As of July 1, 2019, this amount totaled 1.66 percent.

The District's contributions to the Plan, net of employee contributions, for the fiscal year ended June 30, 2020, totaled \$75,940,903 for the fiscal year ended June 30, 2020. This amount is equal to the required contributions for the fiscal year. Effective July 1, 2011, all members of FRS, except for DROP participants and reemployed retirees who are not eligible for renewed membership, are required to contribute 3 percent of their compensation to FRS. Amounts collected by the District, and remitted to the Plan for employee contributions, are not considered employer contributions for the Plan.

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 \$783,283,481 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 Plan's net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2019. At June 30, 2019, the District's proportionate share was 2.274434221 percent, which was a decrease of 0.071347852 percent from its proportionate share of 2.345782073 percent measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$178,162,221 for the Plan.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions for the FRS Pension Plan 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	\$ 46,458,783	\$ 486,099
Change of Assumptions	183,858,349	27,810,752
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	47,429,312
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	3,202,483	44,792,059
District FRS Contributions Subsequent to the Measurement Date	75,940,903	-
Total	\$ 309,460,518	\$ 120,518,222

The deferred outflows of resources related to the FRS Pension Plan totaling \$75,940,903 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported for the FRS Pension Plan 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	\$ 60,070,387
2022	10,644,371
2023	17,413,424
2024	16,265,206
2025	6,900,592
Thereafter	1,707,413
Total	\$ 113,001,393

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:

Valuation date	July 1, 2019
Measurement date	June 30, 2019
Discount rate	6.9 percent
Long-term expected rate of return, Net of investment expense	6.9 percent
Inflation	2.6 percent
Salary Increase, including inflation	3.25 percent
Mortality	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP2018
Actuarial cost method	Entry Age

The long-term expected rate of return was decreased from 7 percent to 6.9 percent and the active member mortality assumption was updated.

The actuarial assumptions that determined the total pension liability of the FRS Pension Plan as of June 30, 2019, were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Long-term expected rate of return. The long-term expected rate of return assumption of 6.9 percent consists of two building block components: (1) a real (in excess of inflation) return of 4.3 percent, consistent with the currently articulated real return target in the current Florida State Board of Administration's investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; and (2) a long-term average annual inflation assumption of 2.6 percent as adopted in October 2019 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.9 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 6.9 percent reported investment return assumption differs from the 7.2 percent investment return assumption chosen by the 2019 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards. The table below shows resulting assumptions for each of the asset classes in which the plan was invested based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The expected real rate of return is presented in arithmetic means.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1%	3.3%
Fixed Income	18%	4.1%
Global Equity	54%	8.0%
Real Estate (Property)	10%	6.7%
Private Equity	11%	11.2%
Strategic Investments	6%	5.9%
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.9 percent and is based on a projection of cash flows that assumed that employee contributions will be made at the current contribution rate and that contributions from participating members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the FRS Pension 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 of the FRS Pension Plan calculated using the discount rate of 6.9 percent. Also presented is what the District's proportionate share of the FRS Pension Plan 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:

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
District's Proportionate Share of the Net Pension Liability	\$ 1,354,036,304	\$ 783,283,481	\$ 306,608,330

Pension Plan Fiduciary Net Position. Detailed information about the FRS Pension Plan's fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report. The comprehensive annual financial report of the FRS is available by mail at: State of Florida, Division of Retirement, Department of Management Services, 3189 Blair Stone Road, Tallahassee, Florida 32301; by telephone toll free (844) 377-1888 or (850) 907-6500; by e-mail at retirement@dms.fl.gov or at the Division's website (<http://www.dms.myflorida.com>).

General Information about the Health Insurance Subsidy (HIS)

Plan Description. The HIS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan established to provide a monthly subsidy payment to retired members of any state-administered retirement system, or beneficiary entitled to receive benefits.

HIS Benefits Provided. The benefit of the HIS Pension Plan is a monthly payment to assist retirees in paying their health insurance costs. This plan is administered by the Florida Department of Management Services within the Florida Retirement System. HIS benefits are not guaranteed and are subject to annual legislative appropriation.

For fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at a minimum of \$30 but not more than \$150 monthly per Section 112.363, Florida Statutes.

HIS Contributions. The HIS Pension Plan is funded by required contributions from FRS participating employers. The funds are deposited in a separate trust fund and consequently paid from that trust fund. Employer contributions are a percentage of gross compensation for all FRS members. For the fiscal year ended June 30, 2020, the contribution rate was 1.66 percent of payroll per Section 112.363, Florida Statutes. Employees do not contribute to this plan.

The District's contributions to the HIS Pension Plan totaled \$19,421,560 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 \$370,708,914 for its proportionate share of the HIS Pension 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 Pension Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, and update procedures were used to determine the net pension liability as of July 1, 2019. The District's proportionate share of the HIS Pension Plan's net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2019. At June 30, 2019, the District's proportionate share was 3.313155226 percent, which was a decrease of 0.086779415 percent from its proportionate share of 3.399934641 percent measured as of June 30, 2018. It is estimated that \$11,326,304.50 of the liability is current and due within one year.

For the fiscal year ended June 30, 2020, the District recognized the pension expense of \$26,200,239 for the HIS Pension Plan. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions for the HIS Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,502,674	\$ 453,921
Change of Assumptions	42,924,591	30,298,726
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	239,213	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	6,435,954	29,971,182
District HIS Contributions Subsequent to the Measurement Date	19,421,560	-
Total	\$ 73,523,992	\$ 60,723,829

The deferred outflows of resources related to the HIS Pension Plan totaling \$19,421,560 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported for the HIS Pension Plan as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2021	\$ 4,975,916
2022	2,138,626
2023	(2,399,632)
2024	(7,918,667)
2025	(3,996,730)
Thereafter	579,090
Total	\$ (6,621,397)

Actuarial Assumptions. The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of the valuation date calculated on the assumptions listed below:

Valuation date	July 1, 2018
Measurement date	June 30, 2019
Discount rate	3.5 percent
Inflation	2.6 percent
Salary Increase, including inflation	3.25 percent
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Entry Age

The discount rate decreased from 3.87 percent to 3.5 percent.

Discount Rate. Because the HIS Pension Plan is funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Conference (Bond Buyer General Obligation 20-Bond Municipal Bond Index). The discount rates used in the current year differs from prior year due to changes in the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability of the HIS Pension Plan calculated using the discount rate of 3.5 percent. Also presented is what the District's proportionate share of the HIS Pension Plan 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	\$ 423,183,230	\$ 370,708,914	\$ 327,003,751

Pension Plan Fiduciary Net Position. Detailed information about the HIS Pension Plan's fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report. The comprehensive annual financial report of the FRS is available by mail at: State of Florida, Division of Retirement, Department of Management Services, 3189 Blair Stone Road, Tallahassee, Florida 32301; by telephone toll free (844) 377-1888 or (850) 907-6500; by e-mail at retirement@dms.fl.gov or at the Division's website (<http://www.dms.myflorida.com>).

2. Early Retirement Plan

Summary of Significant Accounting Policies

Pension. The Early Retirement Plan (Plan) is accounted for in a pension trust fund; therefore, it is accounted for in substantially the same manner as a proprietary fund with an economic resources measurement focus and the accrual basis of accounting. Employer contributions are recognized in the period in which contributions are due. Benefits and refunds are recognized

when due and payable in accordance with terms of the Plan. Plan assets are valued at fair value, based on quoted market prices, for financial statement purposes.

Separate statements are not issued for the Plan.

General Information About the Early Retirement Program

Plan Description. As authorized by Section 1012.685, Florida Statutes, the Board implemented the Plan, effective August 1, 1984. The Plan is a single-employer defined benefit plan. The purpose of the Plan is to provide eligible District employees, who elect to retire under the early retirement provisions of the FRS, described in Note II.D.1., with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age of 62. The District entered into an agreement with Wells Fargo Bank, N.A., designating the bank as the investment manager and custodian (Trustee) for the Plan assets. The Agreement also provides that monthly benefits be paid by the Trustee.

Eligibility. A member of the Plan was eligible upon attainment of age 55 to 59, completion of 25, but not more than 28 years of creditable service, at least 5 consecutive and uninterrupted years of service immediately preceding early retirement, and having applied for retirement under the FRS. The Board approved to eliminate new participants to the Plan on June 30, 2008. Certain employees were eligible to enter the plan before July 1, 2010. As of July 1, 2010, the plan was closed to any new participants.

Benefits Provided. The amount of the monthly benefit will be equal to the reduction imposed on the retirement benefit by the FRS due to early retirement. The benefit amount will be based on the initial benefit amount determined by the FRS prior to any cost of living adjustments and once established will remain unchanged, unless a specific increase is authorized by the Board.

Employees Covered by Benefit Terms. Based on an actuarial report as of July 1, 2019, employee membership data related to the Plan was as follows:

Retirees and Beneficiaries Currently Receiving Benefits:	492
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Active Plan Participants:	There are no longer any active plan participants.
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Contributions. The District's Early Retirement Program was established by the Board on August 1, 1984. On July 1, 2010, the plan was closed to any new participants. Pursuant to the Plan Agreement, no contribution shall be required or permitted from any member. The District's annual contribution to the pension trust is determined through the budgetary process and with reference to actuarial determined contributions. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate of \$1,071,899 is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution is designed to accumulate sufficient assets to pay benefits when due. As of June 30, 2020, the actuarial study shows a net pension liability of \$12,985,039 in accordance with GASB 68.

Total contributions from the District to the Plan in fiscal year 2020 amounted to \$1,090,000.

Net Pension Liability

In fiscal year ending in 2020, the net pension liability increased by \$402,350 for a liability in the amount of \$12,985,039.

Total Pension Liability	\$ 22,531,966
Plan Fiduciary Net Position	<u>9,546,927</u>
Net Pension Liability	<u>\$ 12,985,039</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.37%

The net pension liability of \$12,985,039 is recorded as a long-term liability on the Statement of Net Position in the Government-wide Financial Statements.

The computation of the total pension liability for fiscal year 2020 was based on the same (a) benefit provisions, (b) actuarial funding method, and (c) other significant factors as used to determine annual required contributions in the previous year.

Actuarial Assumptions. Significant assumptions and other inputs used to measure the total pension liability are:

Valuation Date	July 1, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Aggregate
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	2.25 percent
Projected Salary Increases	N/A
Rate of Inflation Adjustment	2.50 percent
Discount Rate	2.25 percent

Mortality rates were based on the PUB-2010, adjusted for the headcount weighted teacher's mortality, set forward one year for females and 2 years for males, projected using scale MP 2018.

Investments. The District oversees the management of the Plan. The Superintendent has established procedures to ensure that idle funds are invested as authorized by Florida Statute, to earn the maximum interest. Investments are reported at fair value. The primary objectives, in priority order, in investment activities shall be safety, liquidity, and yield.

The Plan's investments at June 30, 2020, consisted of the following:

	Balance June 30, 2020	Percentage of Plan Net Position
U.S. Treasury Notes and Bonds	\$ 7,453,736.50	78.07%
U.S. Agencies	1,562,532.00	16.37%
Money Market	493,376.85	5.17%
Accrued Income	<u>37,281.90</u>	<u>0.39%</u>
Total	<u>\$ 9,546,927.25</u>	<u>100%</u>

Long-term expected rate of return. The long-term expected rate of return on pension plan investments was validated using Aon's (the District's actuary) e-tool model assuming general inflation of 2.5 percent, which is a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class including in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Government Fixed Income	95%	0.0%
Cash	5%	-0.1%

Rate of Return. For the fiscal year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.25 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Receivable. The Plan does not have receivables from long-term contracts with the District contribution.

Allocated insurance contracts. The Plan has no allocated insurance contracts that are excluded from plan assets.

Reserves. The Plan has no reserves that are required to be disclosed under paragraph 30e of GASB Statement No. 67, Financial Reporting for Pension Plans.

Deferred Retirement Option Program (DROP). The District does not offer a DROP to employees in the Early Retirement Program.

Total Pension Liability

The District's total pension liability for the Plan for the current fiscal year were as follows:

<u>Total Pension Liability</u>	<u>2020</u>
Interest Cost	\$ 595,796
Differences between expected and actual experience	355,517
Changes of assumptions	827,272
Benefit payments, including refunds of contributions	<u>(1,811,535)</u>
Net Change in Total Pension Liability	(32,950)
Total Pension Liability (Beginning)	<u>22,564,916</u>
Total Pension Liability (Ending)	<u>\$ 22,531,966</u>

Discount Rate. The discount rate used to measure the total pension liability was 2.25 percent and is a decrease from the prior year. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following table presents the net pension liability of the District, calculated using the discount rate of 2.25 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.25 percent) or 1 percentage point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Net Pension Liability	\$ 15,130,027	\$ 12,985,039	\$ 11,147,862

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 \$12,985,039 for the Plan net pension liability. The liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. For the fiscal year ended June 30, 2020, the District recognized a pension expense of \$1,671,177 for the Plan.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>\$ 68,907</u>

Amounts recognized as deferred outflows of resources related to the Plan will be recognized in the following years in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2021	\$ 84,005
2022	21,638
2023	(24,948)
2024	(11,788)
Total	<u>\$ 68,907</u>

E. Postemployment Health Care Benefits

General Information about the Plan

Plan Description. The Postemployment Health Care Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and eligible dependents, may continue to participate in the District's health and hospitalization plan for medical and prescription drug coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the 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, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Benefits Provided. Eligible retirees are generally covered by one of the five fully insured comprehensive medical programs from Blue Cross Blue Shield with the following designs:

Plan Type	Staff HMO	Select HMO	Coverage 1st Local	Coverage 1st National	HDHP PPO
Deductible	\$ 250	\$ 500	\$ 1,250	\$ 1,250 \$ 3,250	\$ 2,750 \$ 3,900
Coinsurance	100%	100%	100%	100% 70%	90% 60%
Copayment	\$ 15	\$ 30	\$ 25	\$ 25 \$ -	\$ - \$ -
Out of pocket limit	\$ 3,500	\$ 5,000	\$ 4,000	\$ 4,000 \$ 4,500	\$ 6,650 \$ 13,300

In addition to the plans described above, Medicare eligible retirees have the option to participate in a Medicare Advantage plan offered by Aetna. The employer has no liability for this plan because retirees pay the full cost with no cost sharing. Medicare eligible retirees coordinate benefits with Medicare on a "Coordination of Benefits" basis. That is, the OPEB Plan pays up to the amount it would pay as primary payer, except that it will not pay benefits already paid by Medicare (which is actually the primary payer) or if the retiree elects not to participate in Medicare Parts A and B, the hypothetical amount Medicare would have paid.

The chart below shows the monthly retiree cost of medical and drug:

Participants	Staff HMO	Select HMO	Coverage 1st Local	Coverage 1st National	HDHP PPO
Individual	\$ 756	\$ 790	\$ 649	\$ 682	\$ 660
Retiree plus spouse	\$ 1,413	\$ 1,476	\$ 1,204	\$ 1,265	\$ 1,232

Spouses of retirees or surviving spouses of retirees of the District who meet retirement criteria, and received pension benefits at termination may elect medical coverage. Retirees pay the full cost of dental and vision with no employer cost sharing in the implicit subsidy between active employees and retirees. Retirees pay the full cost with no implicit subsidy for life insurance.

Employees Covered by Benefit Terms. At May 1, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	753
Active Employees	<u>25,902</u>
Total	<u><u>26,655</u></u>

Healthcare plans are only available to retirees at the time of retirement. If the retiree does not elect to pay for continued coverage, their option to participate in a group plan is forfeited.

Total OPEB Liability. The District's total OPEB liability of \$208,572,211 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2020
Measurement date	June 30, 2020
Actuarial cost method	Entry age
Inflation	2.5 percent
Salary Increases	4.00 percent
Payroll Growth	3.00 percent
Discount Rate	2.21 percent
Healthcare Cost Trend Rates	6.40 percent pre-65 and 6.90 percent post-65 for 2020-21 decreasing to 4.50 percent for 2028 and later year
Retirees' Share of Benefit-related Costs	45 percent of projected health insurance premiums for retirees

Discount rates were based on Bond Buyer GO 20-Bond Municipal Bond Index.

Mortality rates were based on the PUB-2010 mortality table adjusted for the headcount weighted teacher's mortality, set forward one year for females and two years for males, projected using scale MP-2018. Disabled retirees were based on PubNS-2010 mortality table projected using Scale MP-2018.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2019	<u>\$ 170,574,805</u>
Changes for the year:	
Service Cost	12,053,165
Interest	6,342,532
Differences Between Expected and Actual Experience	(15,259,065)
Changes of Assumptions or Other Inputs	37,736,200
Benefit Payments	<u>(2,875,426)</u>
Net Changes	<u>37,997,406</u>
Balance at June 30, 2020	<u>\$ 208,572,211</u>

Changes of assumptions reflect a change in the discount rate from 3.5 percent in 2019 to 2.21 percent in 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following 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	\$ 245,436,991	\$ 208,572,211	\$ 179,454,046

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following 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 (6.4 percent pre-65 and 6.9 percent post-65 decreasing to 4.5 percent), 1 percentage point higher (7.4 percent pre-65 and 7.9 percent post-65 decreasing to 5.5 percent) or 1 percentage point lower (5.4 percent pre-65 and 5.9 percent post-65 decreasing to 3.5 percent):

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 168,088,388	\$ 208,572,211	\$ 263,491,146

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB Plan. For the fiscal year ended June 30, 2020, the District recognized OPEB Plan expense of \$17,976,072. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB Plan 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	\$ -	\$ 38,413,358
Changes of Assumptions or Other Inputs	47,860,133	9,343,363
Total	\$ 47,860,133	\$ 47,756,721

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	\$ (419,625)
2022	(419,625)
2023	(419,625)
2024	(419,625)
2025	(419,625)
Thereafter	2,201,537
Total	\$ 103,412

F. Construction and Other Significant Commitments

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

<u>Project</u>	<u>Project Authorization</u>	<u>Expended June 30, 2020</u>	<u>Balance Committed</u>
Elementary	\$ 44,435,508.00	\$ 6,705,107.00	\$ 37,730,401.00
Middle	26,703,729.00	1,591,151.00	25,112,578.00
Senior High	86,403,228.00	8,637,969.00	77,765,259.00
Major Renovation	143,241,332.00	62,418,424.00	80,822,908.00
Enterprise Resource Software	13,668,274.00	10,594,047.25	3,074,226.75
Total	\$ 314,452,071.00	\$ 89,946,698.25	\$ 224,505,372.75

G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Workers' compensation, automobile liability, and general liability coverage are being provided on a self-insured basis up to specified limits. Prior to July 18, 2007, the District entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis. Effective July 18, 2007, the District chose not to purchase excess coverage. The District has continued to retain \$4,000,000 to cover any excess claims. The Board has contracted with an insurance administrator to administer these self-insurance programs, including the processing, investigating, and payment of claims.

Settled claims resulting from the risks described above have not exceeded commercial insurance coverage in any of the past 5 fiscal years.

A liability in the amount of \$20,610,745 was actuarially determined using a discount rate of 1.5 percent to cover reported and unreported insurance claims payable at June 30, 2020. It is estimated that \$7,402,269.11 of the liability is current and due with 1 year. The remaining \$13,208,475.89 will be due in future years.

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

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2018-19	\$ 23,487,554.00	\$ 6,051,966.71	\$ (7,415,836.71)	\$ 22,123,684.00
2019-20	22,123,684.00	6,226,184.94	(7,739,123.94)	20,610,745.00

Claims and judgments are generally liquidated by the internal service funds that are funded by the General Fund and Special Revenue Funds.

H. Line of Credit

Pursuant to the provisions of Section 1011.13, Florida Statutes, on June 11, 2019, the Board authorized the Superintendent to establish a Line of Credit Tax Anticipation Note for fiscal year 2020 in the amount of \$100,000,000 with Wells Fargo Bank, N.A. For the fiscal year ended June 30, 2020, no funds had been borrowed or utilized under this line of credit, and therefore, no amounts are outstanding at June 30, 2020.

I. Operating Lease Commitments

The District entered into a 10 and 15-year facility lease for Adult Education and Student Nutrition Services, respectively. The facility lease for Adult Education ended June 30, 2020, but was renewed through fiscal year 2022. The facility lease for Student Nutrition Services ends February 28, 2032. Adult Education funds its lease with workforce dollars. Student Nutrition Services utilizes earned revenue to pay its lease. Rental expenditures in Fiscal Year 2020 for Adult Education and Student Nutrition Services were \$159,613 and \$404,444, respectively. The District has entered into other operating leases; however, they are not considered material.

The following is a schedule by years, of the District's portion of future minimum rental payments required under operating leases that have lease terms in excess of 1 year:

Fiscal Year Ending June 30	Amount
2021	\$ 414,555
2022	424,919
2023	435,542
2024-2028	2,346,587
2029-2032	1,961,434
Total Minimum Payments Required	\$ 5,583,037

J. Long-Term Liabilities

1. Obligations Under Lease Purchase Agreement - Certificates of Participation

The District entered into various financing arrangements, each of which was characterized as a lease-purchase agreement, with the Corporation, whereby the District secured financing of various education facilities through the issuance of Certificates of Participation to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given ground leases on District property to the Corporation, with a rental fee of \$10 per year. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreements to the Trustee for the benefit of the securers of the Certificates of Participation to the end of the ground lease term. Generally, the Certificates of Participation maturity and the ground lease term expiration are consistent.

Certificates of participation that are still part of the District's debt obligation are as follows:

<u>Certificates</u>		<u>Date of Certificates</u>	<u>Original Amount of Certificates</u>	<u>Remaining Amount of Certificates</u>
Series 2005 QZAB	*	December 20, 2005	\$ 3,002,000	\$ 3,002,000
Series 2010 QSCB	*	December 21, 2010	37,935,000	37,935,000
Series 2014A	*	April 2, 2014	39,950,000	24,180,000
Series 2015A		August 20, 2015	100,625,000	91,690,000
Series 2016A		March 31, 2016	53,350,000	48,140,000
Series 2017A		May 25, 2017	32,445,000	27,050,000
Series 2017B		November 13, 2017	51,915,000	51,915,000
Series 2017C	*	November 13, 2017	97,380,000	89,845,000
Series 2018		November 14, 2018	64,995,000	63,905,000
Series 2020A		May 21, 2020	56,700,000	56,700,000
Series 2020B		May 21, 2020	76,530,000	76,530,000
Total			<u>\$ 614,827,000</u>	<u>\$ 570,892,000</u>

* Outstanding direct placement debt.

The Series 2014A Certificates of Participation were issued in order to provide funds necessary to fully advance refund the Series 2002 Certificates of Participation and partially advance refund the Series 2004B Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed, and installed from the proceeds of the Series 2002 and Series 2004B Certificates of Participation. The Series 2015A Certificates of Participation were issued in order to refund the Series 2005A and advance refund the Series 2006A Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed, and installed from the proceeds of the 2005A and 2006A Certificates of Participation. The Series 2016A Certificates of Participation were issued in order to advance refund the Series 2007 Certificates of Participation and refinance the educational facilities that the District acquired,

constructed, and installed from the proceeds of the 2007 Certificates of Participation. See Note II.J.3. for current issuances. The Series 2017A Certificates of Participation were issued in order to advance refund the Series 2006B Certificates of Participation and refinance the educational facilities that the District acquired, constructed, and installed from the proceeds of the 2006B Certificates of Participation. The Series 2017B Certificates of Participation were issued in order to advance refund the Series 2012A Certificates of Participation and refinance the educational facilities that the District acquired, constructed, and installed from the proceeds of the 2012A Certificates of Participation. The Series 2017C Certificates of Participation were issued in order to refund the Series 2008A Certificates of Participation and refinance the educational facilities that the District acquired, constructed, and installed from the proceeds of the 2008A Certificates of Participation. The Series 2018 Certificates of Participation were issued in order to refund the Series 2015B Certificates of Participation and refinance the educational facilities that the District acquired, constructed, and installed from the proceeds of the 2015B Certificates of Participation. The Series 2020A Certificates of Participation were issued in order to refund the Series 2010A Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the 2010A Certificates of Participation. The Series 2020B Certificates of Participation were issued in order to refund the Series 2012A Certificates of Participation and refinance the educational facilities that the District acquired, constructed, and installed from the proceeds of the 2012A Certificates of Participation. Due to the economic substance of the issuances of the Certificates of Participation as a financing arrangement on behalf of the Board, the financial activities of the Corporation have been blended in with the financial statements of the District. For accounting purposes, due to the blending of the Corporation within the District's financial statements, basic lease payments are reflected as debt service expenditures when payable to Certificate holders.

The lease payments for the Series 2014A, 2015A, 2016A, 2017A, 2017B, 2017C, 2018, 2020A, and 2020B Certificates are payable by the District, semi-annually, on July 1 and January 1 at interest rates of 2.56 percent, 2 to 5 percent, 5 percent, 4 to 5 percent, 5 percent, 5 percent, 5 percent, and 1.26 to 2.19 percent, respectively. The lease payments for the Series 2005-QZAB and 2010-QSCB Certificates are due December 20, 2020, and December 1, 2028, respectively. There is no interest to be paid on the QZABs or QSCB as the Certificate holders receive Federal Tax Credits in lieu of interest payments. The District is required to reserve a portion of the lease payments each year.

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

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 57,568,304.25	\$ 36,887,000.00	\$ 20,681,304.25
2022	61,274,260.69	40,645,000.00	20,629,260.69
2023	61,373,936.14	42,565,000.00	18,808,936.14
2024	61,326,119.64	44,435,000.00	16,891,119.64
2025	59,287,452.32	43,990,000.00	15,297,452.32
2026-2030	336,539,415.71	288,090,000.00	48,449,415.71
2031-2032	77,139,037.50	74,280,000.00	2,859,037.50
Total Minimum Lease Payments	\$ 714,508,526.25	\$ 570,892,000.00	\$ 143,616,526.25

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 2011A	\$ 660,000	3 - 5	2023
Series 2014A	1,268,000	2 - 5	2025
Series 2017A	4,355,000	3 - 5	2028
Series 2019A	367,000	5	2029
Series 2020A	1,686,000	5	2030
District Revenue Bonds:			
Series 2015 Capital Improvement & Racetrack Revenue Refunding	4,555,000	2 - 4	2033
Series 2015B, Sales Tax Refunding	65,195,000	3 - 5	2026
Series 2017A, Sales Tax Refunding	63,345,000	2.49	2027
Total Bonds Payable	\$ 141,431,000		

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

State School Bonds

These bonds are issued by the SBE on behalf of the District. The bonds mature serially and are secured by a pledge of part 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 issues. Principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements are administered by the SBE and the SBA.

District Revenue Bonds

Series 2015 Capital Improvement and Racetrack Revenue Refunding Bonds

These bonds are authorized by Chapter 71-680, Laws of Florida, which authorized the Board to pledge all of the portion of racetrack funds accruing annually to Hillsborough County, under the provisions of Chapters 550 and 551, Florida Statutes, as allocated to the Board pursuant to law, and Chapter 132, Florida Statutes, which authorized the refunding of the District Revenue Bonds of 1985. As required by the bond resolution, the District has established the sinking fund and

reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

Sales Tax Revenue Bonds, Series 2015B and 2017A

These bonds are authorized by the Constitution and Laws of the State of Florida, including, particularly Chapter 1010, Florida Statutes, Chapter 212, Part I, Florida Statutes, and other applicable provisions of law. The bonds are secured by a pledge of the proceeds received pursuant to the Interlocal Agreement from the levy and collection by the County of the one-half cent local infrastructure sales surtax.

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	\$ 1,604,887.86	\$ 1,215,000.00	\$ 389,887.86
2022	1,599,050.00	1,267,000.00	332,050.00
2023	1,527,100.00	1,254,000.00	273,100.00
2024	1,313,040.00	1,094,000.00	219,040.00
2025	1,060,340.00	896,000.00	164,340.00
2026-2030	2,881,940.00	2,610,000.00	271,940.00
Total State School Bonds	9,986,357.86	8,336,000.00	1,650,357.86
District Revenue Bonds:			
2021	20,949,473.01	16,395,000.00	4,554,473.01
2022	20,930,840.76	17,145,000.00	3,785,840.76
2023	20,915,414.51	17,935,000.00	2,980,414.51
2024	20,890,032.51	18,755,000.00	2,135,032.51
2025	21,053,578.01	19,625,000.00	1,428,578.01
2026-2030	43,407,175.42	42,015,000.00	1,392,175.42
2031-2033	1,286,843.75	1,225,000.00	61,843.75
Total District Revenue Bonds	149,433,357.97	133,095,000.00	16,338,357.97
Total	\$ 159,419,715.83	\$ 141,431,000.00	\$ 17,988,715.83

3. Defeased Debt

On May 21, 2020, the District issued \$56,700,000 Certificates of Participation, Series 2020A at a premium of \$14,598,252 with an interest rate of 5 percent. The proceeds were used to fully refund \$73,800,000 principal amount of the District's Series 2010A Certificates of Participation. \$75,472,280 of the net proceeds (after payment of \$394,937 of issuance costs and contributed District funds of \$4,568,965) were placed in an irrevocable trust to provide for future debt service payment of the refunded amount of the Series 2010A Certificates of Participation.

As a result, \$73,800,000 of the Series 2010A are considered defeased and the liability for these certificates have been removed from long-term debt. Accordingly, the trust account assets and liability for that portion of the Series 2010A are not included in the District's financial statements.

As a result of the refunding, the District reduced its total debt service requirements by \$7,748,016.56 which resulted in an economic loss of \$505,871.26.

On May 21, 2020, the District issued \$76,530,000 Certificates of Participation, Series 2020B with interest rates between 1.261 percent to 2.191 percent. The proceeds were used to fully refund \$69,050,000 principal amount of the District's Series 2012A Certificates of Participation. \$77,394,144 of the net proceeds (after payment of \$469,939 of issuance costs and contributed District funds of \$1,334,083) were placed in an irrevocable trust to provide for future debt service payment of the refunded amount of the Series 2012A Certificates of Participation.

As a result, \$69,050,000 of the Series 2012A are considered defeased and the liability for these certificates have been removed from long-term debt. Accordingly, the trust account assets and liability for that portion of the Series 2012A are not included in the District's financial statements.

As a result of the refunding, the District reduced its total debt service requirements by \$8,977,387.57 which resulted in an economic loss of \$8,244,808.98.

On January 14, 2020, the State Board of Education issued Series 2020A SBE Refunding Bonds in the amount of \$1,686,000 at a premium, with an interest rate of 5 percent, on behalf of the District. The amount of \$1,973,414.22 of the net proceeds (after payment of \$9,837 in underwriter's fees and other issuance costs) were placed in an irrevocable trust to refund the 2010A bonds that mature on or after January 1, 2021, and were called for redemption on January 15, 2020.

As a result of the refunding, the School District reduced its total debt service requirements by \$1,970,000 which resulted in an economic loss of \$3,414.22.

4. Changes in Long-Term Liabilities

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

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Estimated Liability for Self-Insurance Program	\$ 22,123,684.00	\$ 6,226,184.94	\$ 7,739,123.94	\$ 20,610,745.00	\$ 7,402,269.11
Other Postemployment Benefits Payable	170,574,805.00	37,997,406.00	-	208,572,211.00	-
Compensated Absences Payable	183,728,437.69	46,391,672.77	32,478,473.82	197,641,636.64	12,992,933.83
Net Pension Liability:					
State - FRS	706,561,721.00	76,721,760.00	-	783,283,481.00	-
State - HIS	359,852,899.00	10,856,015.38	-	370,708,914.38	11,326,304.50
Early Retirement Program	12,582,689.00	402,350.00	-	12,985,039.00	-
Certificates of Participation Payable	623,613,000.00	133,230,000.00	185,951,000.00	570,892,000.00	36,887,000.00
Bonds Payable	159,512,000.00	1,686,000.00	19,767,000.00	141,431,000.00	17,610,000.00
Total Governmental Activities	\$2,238,549,235.69	\$313,511,389.09	\$245,935,597.76	\$2,306,125,027.02	\$86,218,507.44
Plus unamortized premiums:					
Certificates of Participation				59,408,988.58	
Bonds Payable				6,069,176.74	
Total Long-Term Debt				\$2,371,603,192.34	

Internal service funds predominately serve the governmental funds and, accordingly, long-term liabilities of those funds are included in the governmental activities. For the governmental activities, compensated absences, net pension liability, and other postemployment benefits are generally liquidated with resources of the General and Special Revenue Funds. The estimated liability for long-term claims are generally liquidated with resources of the Worker's Compensation and the General and Automobile liability programs Internal Service Funds.

K. Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions (GASB 54) with the intention of providing more structured classification of fund balance reporting. The reporting standards established a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or are legally or contractually required to remain intact. Examples of this classification are prepaid item, inventories, and principal of an endowment fund. The District has inventories that are considered nonspendable. The District does not have any other nonspendable fund balances.

The GASB 54 provides a hierarchy of spendable fund balances, based on spending constraints:

- Restricted – fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed – fund balances that contain self-imposed constraints by the Board, (the District's highest level of decision-making authority). The Board has not established a policy to commit fund balance, therefore, no such balance is reported.
- Assigned – fund balances that contain self-imposed constraints of the Government to be used for a particular purpose. The District has a policy approved by the Board that designates administrative staff (the Superintendent and Chief Business officer) to determine the assignments.
- Unassigned – fund balance of the General Fund that is not constrained for a particular purpose.

The District has classified its fund balances based on the GASB 54 hierarchy as follows:

- Nonspendable – The District has inventories totaling \$6,138,731.87 that are classified as nonspendable.
- Spendable – The District has classified the spendable fund balances as restricted, assigned, and unassigned. The District currently has no funds classified as committed.
 - Restricted. Federal Laws, Florida Statutes, and local constraints require that certain revenues be specifically used for certain expenditures. These funds have been included in the restricted category of fund balances. The restricted fund balance total is \$310,320,410.45 and represents \$38,905,455.38 for Food Service, \$35,171,286.77 for State programs, \$3,541,298.85 for local programs, \$84,350,759.40 for Debt Service, and \$148,351,610.05 for Capital Projects.
 - Assigned. The District has set aside certain spendable fund balances in the amount of \$4,123,262.95 for District Operations.
 - Unassigned. The District has \$70,816,845.16 in unassigned fund balance. At the end of the fiscal year, the unassigned fund balance in the General Fund is 3.91 percent of total General Fund revenues (including other financing sources and uses).

The District applies resources for expenditures to restricted, then assigned, and then unassigned when expenditures are incurred which could use any of the fund balance classifications.

L. Interfund Receivables and Payables

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 73,144,773.18	\$ 13,479,619.68
Special Revenue - Other	1,080,634.32	40,049,677.42
Capital Projects - Local Capital Improvement	8,685,627.14	33,886,659.36
Capital Projects - Other	182,170.55	3,301,426.29
Nonmajor Governmental	498,390.98	2,247,432.52
Internal Service	12,387,783.45	3,014,564.35
Total	\$ 95,979,379.62	\$ 95,979,379.62

The majority of interfund receivables and payables are established during the closing period. The receivable in the General Fund is for payback of direct/indirect charges for June 30, 2020 and temporary loans to Special Revenue – Other for cost reimbursement grants. The amounts in Capital Projects – Local Capital Improvement Fund, Capital Projects – Other Funds, and nonmajor funds are mostly due to the movements of expenditures between capital project funds. The amount in the Internal Service Fund is due to movement of revenue to other funds. The amounts payable are expected to be paid within a period of less than 13 months, as allowable under Section 1011.09, Florida Statutes.

M. 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:

Source	Amount
Florida Education Finance Program	\$ 886,605,865.00
Categorical Educational Program	255,472,457.36
Workforce Development Program	27,967,434.00
Capital Outlay and Debt Service (Motor Vehicle License Tax)	8,286,514.00
Food Service Supplement	1,376,471.00
Mobile Home License Tax	600,688.09
Sales Tax Distribution (previously called Pari-Mutuel Tax)	446,500.00
State Board of Education Bond Interest	245,973.44
Discretionary Lottery Funds	226,954.00
Miscellaneous	23,282,971.21
Total	\$ 1,204,511,828.10

2. Property Taxes

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

	<u>Millages</u>	<u>Taxes Levied</u>
General Fund		
Nonvoted School Tax:		
Required Local Effort	3.881	\$ 438,491,114.95
Basic Discretionary Local Effort	0.748	84,510,606.63
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	1.500	169,473,141.65
Total	<u>6.129</u>	<u>\$ 692,474,863.23</u>

N. 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	\$ 58,709,458.61	\$ 3,295,703.59
Special Revenue - Other	12,178.53	-
Debt Service - Other	65,148,070.19	2,138.01
Capital Projects - Local Capital Improvement	-	105,375,243.57
Capital Projects - Other	-	13,113,680.00
Nonmajor Governmental	873,257.54	-
Internal Service	3,049,493.00	6,005,692.70
Total	<u>\$ 127,792,457.87</u>	<u>\$ 127,792,457.87</u>

The largest amount of interfund transfers is to move money to the debt service funds for the bond principal and interest payments. The remainder is the charging of direct and indirect costs.

III. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Litigation

The District is involved in several pending and threatened legal actions. In the opinion of District management, the range of potential loss from all such claims and actions should not materially affect the financial condition of the District.

B. Grants and Contracts

The District participates in various Federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable Federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a Federal audit may become a liability of the District.

IV. SUBSEQUENT EVENTS

The District obtained Board approval to utilize a Tax Anticipation Note in the amount of \$75,000,000 for the 2020-21 fiscal year to cover a cash shortfall until the property tax dollars are remitted in late November 2020 from the Hillsborough County Tax Collector.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 12,053,165	\$ 11,072,796	\$ 11,939,817
Interest	6,342,532	6,530,837	6,476,707
Differences Between Expected and Actual Experience	(15,259,065)	(17,872,534)	(12,513,779)
Changes of Assumptions or Other Inputs	37,736,200	15,722,184	(12,406,762)
Benefit Payments	(2,875,426)	(5,074,173)	(4,508,527)
Net Change in Total OPEB Liability	37,997,406	10,379,110	(11,012,544)
Total OPEB Liability - Beginning	170,574,805	160,195,695	171,208,239
Total OPEB Liability - Ending	\$ 208,572,211	\$ 170,574,805	\$ 160,195,695
Covered-Employee Payroll	\$ 1,169,899,584	\$ 1,108,181,513	\$ 1,110,758,831
Total OPEB Liability as a Percentage of Covered-Employee Payroll	17.83%	15.39%	14.42%

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

	2019	2018	2017	2016	2015	2014
District's Proportion of the FRS Net Pension Liability	2.274434221%	2.345782073%	2.465541496%	2.541959515%	2.763289665%	2.675744615%
District's Proportionate Share of the FRS Net Pension Liability	\$ 783,283,481	\$ 706,561,721	\$ 729,290,632	\$ 964,675,632	\$ 356,915,921	\$ 163,259,770
District's Covered Payroll	\$ 940,829,955	\$ 946,040,970	\$ 985,656,086	\$ 988,184,066	\$ 985,386,796	\$ 930,149,025
District's Proportionate Share of the FRS Net Pension Liability as a Percentage of Its Covered Payroll	83.25%	74.69%	73.99%	97.62%	36.22%	17.55%
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%

(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	\$ 75,940,903	\$ 71,543,364	\$ 67,273,588	\$ 64,502,458	\$ 61,989,736	\$ 67,371,349	\$ 58,610,162
FRS Contributions in Relation to the Contractually Required Contribution	(75,940,903)	(71,543,364)	(67,273,588)	(64,502,458)	(61,989,736)	(67,371,349)	(58,610,162)
FRS Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$968,342,789	\$940,829,955	\$946,040,970	\$985,656,086	\$988,184,066	\$985,386,796	\$930,149,025
FRS Contributions as a Percentage of Covered Payroll	7.84%	7.60%	7.11%	6.54%	6.27%	6.84%	6.30%

(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
District's Proportion of the HIS Net Pension Liability	3.313155226%	3.399934641%	3.604627649%	3.707982372%	3.739257446%	3.581709108%
District's Proportionate Share of the HIS Net Pension Liability	\$ 370,708,914	\$ 359,852,899	\$ 385,423,419	\$ 432,149,985	\$ 381,345,440	\$ 334,898,541
District's Covered Payroll	\$ 1,108,181,513	\$ 1,110,758,831	\$ 1,149,179,153	\$ 1,145,023,748	\$ 1,134,992,341	\$ 1,064,282,519
District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	33.45%	32.40%	33.54%	37.74%	33.60%	31.47%
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) 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	\$ 19,421,560	\$ 18,397,796	\$ 18,428,926	\$ 19,066,752	\$ 19,005,773	\$ 14,293,769	\$ 12,269,731
HIS Contributions in Relation to the Contractually Required Contribution	(19,421,560)	(18,397,796)	(18,428,926)	(19,066,752)	(19,005,773)	(14,293,769)	(12,269,731)
HIS Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,169,899,584	\$ 1,108,181,513	\$ 1,110,758,831	\$ 1,149,179,153	\$ 1,145,023,748	\$ 1,134,992,341	\$ 1,064,282,519
HIS Contributions as a Percentage of Covered Payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.15%

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

**Schedule of Changes in Net Pension
Liability and Related Ratios – Early Retirement Plan
Last 10 Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Interest	\$ 595,796	\$ 591,171	\$ 620,996	\$ 654,392	\$ 891,553	\$ 855,451	\$ 958,050
Differences Between Expected and Actual Experience	355,517	(242,941)	44,936	(78,680)	(89,247)	(9,066)	(96,760)
Changes of Assumptions	827,272	(505,662)	-	-	1,845,696	2,180,253	-
Benefit Payments, Including Refunds of Member Contributions	(1,811,535)	(1,837,661)	(1,891,507)	(1,931,650)	(1,958,864)	(2,031,448)	(2,023,059)
Net Change in Total Pension Liability	(32,950)	(1,995,093)	(1,225,575)	(1,355,938)	689,138	995,190	(1,161,769)
Total Pension Liability, Beginning	22,564,916	24,560,009	25,785,584	27,141,522	26,452,384	25,457,194	26,618,963
Total Pension Liability, Ending (A)	<u>\$22,531,966</u>	<u>\$22,564,916</u>	<u>\$24,560,009</u>	<u>\$25,785,584</u>	<u>\$27,141,522</u>	<u>\$26,452,384</u>	<u>\$25,457,194</u>
Plan Fiduciary Net Position:							
Employer Contributions	\$ 1,090,000	\$ 1,195,000	\$ 1,170,000	\$ 1,185,000	\$ 1,114,742	\$ 1,410,653	\$ 1,355,705
Net Investment Income	298,094	340,359	21,068	(11,048)	260,643	122,078	80,327
Benefit Payments, Including Refunds of Member Contributions	(1,811,535)	(1,837,661)	(1,891,507)	(1,931,650)	(1,958,864)	(2,031,448)	(2,023,059)
Administrative Expense	(11,859)	(37,516)	(11,900)	(40,901)	(42,425)	(44,794)	(12,540)
Net Change in Plan Fiduciary Net Position	(435,300)	(339,818)	(712,339)	(798,599)	(625,904)	(543,511)	(599,567)
Plan Fiduciary Net Position, Beginning	9,982,227	10,322,045	11,034,384	11,832,983	12,458,887	13,002,398	13,601,965
Plan Fiduciary Net Position, Ending (B)	\$ 9,546,927	\$ 9,982,227	\$10,322,045	\$11,034,384	\$11,832,983	\$12,458,887	\$13,002,398
Net Pension Liability, Ending (A)-(B)	\$12,985,039	\$12,582,689	\$14,237,964	\$14,751,200	\$15,308,539	\$13,993,497	\$12,454,796
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	42.37%	44.24%	42.03%	42.79%	43.60%	47.10%	51.08%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability As a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Benefit Changes: As of July 1, 2010, the Supplemental Early Retirement Pension Plan was closed to any new participants.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Schedule of District Contributions – Early Retirement Plan
Last 10 Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contribution	\$1,071,899	\$1,169,710	\$1,150,507	\$1,147,174	\$1,054,194	\$1,095,221	\$1,402,918	\$1,381,913	\$1,341,630	\$1,317,182
Contributions in Relation to the Actuarially Determined Contribution	1,090,000	1,195,000	1,170,000	1,185,000	1,114,742	1,410,653	1,401,167	1,383,258	879,714	1,764,068
Contributions Deficiency (Excess)	<u>\$ (18,101)</u>	<u>\$ (25,290)</u>	<u>\$ (19,493)</u>	<u>\$ (37,826)</u>	<u>\$ (60,548)</u>	<u>\$ (315,432)</u>	<u>\$ 1,751</u>	<u>\$ (1,345)</u>	<u>\$ 461,916</u>	<u>\$ (446,886)</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A (A)	N/A (A)	N/A (A)	N/A (A)	N/A (A)	N/A (A)	N/A (A)	N/A (A)	N/A (A)	N/A (A)

Notes to Schedule:

(A) As of July 1, 2010, the Supplemental Early Retirement Pension Plan was closed to any new participants.

Valuation Date: Actuarially determined contribution rates are calculated on July 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Aggregate
Asset Valuation Method	Market Value
Inflation	2.5%
Salary Increases	N/A
Investment Rate of Return	2.25%
Retirement Age	N/A
Mortality	Rates were based on the PUB-2010, adjusted for the headcount weighted teacher's mortality, set forward one year for females and two years for males, projected using scale MP 2018.

Schedule of Investment Returns – Early Retirement Plan

	2020	2019	2018	2017	2016	2015	2014	2013
Annual Money-Weighted Rate of Return, Net of Investment Expense	2.25%	2.75%	2.50%	2.50%	2.50%	3.50%	3.50%	3.50%

1. 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.

Changes of Assumptions. Changes of assumptions and other inputs include the change in the discount rate from 3.5 percent as of the beginning of the measurement period to 2.21 percent as of the end of the measurement period.

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

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

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

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

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Hillsborough 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	\$ -	\$ 18,360,760.60
National School Lunch Program	10.555	20001, 20003	-	49,061,155.07
Summer Food Service Program for Children	10.559	19006, 19007, 20006, 20007	-	22,127,193.66
Total Child Nutrition Cluster			-	89,549,109.33
Student Financial Assistance Cluster				
United States Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	55,965.62
Federal Work-Study Program	84.033	N/A	-	27,591.28
Federal Pell Grant Program	84.063	N/A	-	2,743,007.75
Total Student Financial Assistance Cluster			-	2,826,564.65
Special Education Cluster				
United States Department of Education:				
Florida Department of Education				
Special Education - Grants to States	84.027	262, 263	-	47,744,434.70
Special Education - Preschool Grants	84.173	267	-	847,068.15
Total Special Education Cluster			-	48,591,502.85
Child Care and Development Cluster				
United States Department Health and Human Services:				
Child Care and Development Block Grant:	93.575			
Florida Department of Children and Families		LC937	-	69,268.77
Hillsborough County School Readiness Coalition		SR1920	-	225,055.19
Total Child Care and Development Block Grant	93.575		-	294,323.96
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:				
Hillsborough County School Readiness Coalition	93.596	SR1920	-	122,190.63
Total Child Care and Development Cluster			-	416,514.59
Not Clustered				
United States Department of Agriculture				
Florida Department of Health:				
Child and Adult Care Food Program	10.558	4272	-	3,873,355.07
Florida Department of Agriculture and Consumer Services:				
Healthier US School Challenge: Smarter Lunchrooms	10.543	1973	-	32,036.31
Fresh Fruit and Vegetable Program	10.582	20004	-	1,016,282.16
Total United States Department of Agriculture			-	4,921,673.54
United States Department of Commerce				
Science, Technology, Business and/or Education Outreach	11.620	N/A	-	3,999.99
United States Department of Defense				
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	N/A	-	144,132.00
United States Department of Justice				
Public Safety Partnership and Community Policing Grants	16.710	N/A	-	84,045.93
STOP School Violence	16.839	N/A	-	9,275.00
Total United States Department of Justice			-	93,320.93
United States Department of Labor				
Florida Department of Education:				
National Farmworker Jobs Program	17.264	405	-	314,222.55
United States Department of Education				
Impact Aid	84.041	N/A	-	399,619.37
Indian Education - Grants to Local Educational Agencies	84.060	N/A	-	10,519.00

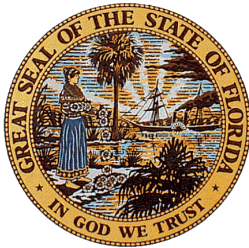
(Continued)

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal CFDA Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Not Clustered (continued)				
United States Department of Education (continued)				
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	\$ -	\$ 880,973.12
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	-	328,148.78
Teacher Incentive Fund	84.374	N/A	-	1,728,263.20
Investing in Innovation (i3) Fund	84.411	N/A	-	665,300.82
Supporting Effective Educator Development Program	84.423	N/A	-	190,254.53
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	-	2,107,471.35
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	238,641.12	75,601,099.69
Migrant Education - State Grant Program	84.011	217	-	3,275,829.40
Career and Technical Education - Basic Grants to States	84.048	161	-	2,979,946.34
Education for Homeless Children and Youth	84.196	127	-	143,256.76
Charter Schools	84.282	298	2,710,287.45	2,710,287.45
Twenty-First Century Community Learning Centers	84.287	244	186,133.21	186,133.21
English Language Acquisition State Grants	84.365	102	-	3,358,495.50
Supporting Effective Instruction State Grants	84.367	224	-	7,111,068.03
School Improvement Grants	84.377	126	-	14,847.78
Student Support and Academic Enrichment Program	84.424	241	-	4,341,135.34
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425D	124	-	17,227,278.11
Hurricane Education Recovery	84.938B	107	-	424,378.48
Total United States Department of Education			3,135,061.78	123,684,306.26
United States Department of Health and Human Services				
Cooperative Agreements to Promote Adolescent Health through School-based HIV/STD Prevention and School-based Surveillance	93.079	N/A	-	311,813.77
Florida Department of Children and Families:				
Refugee and Entrant Assistance - State Administered Programs	93.566	LK198, LK205	-	805,544.85
Florida Department of Health:				
Children's Health Insurance Program	93.767	HB377	-	111,910.00
Hillsborough County School Readiness Coalition:				
Temporary Assistance for Needy Families	93.558	SR1920	-	97,743.60
Social Services Block Grant	93.667	SR1920	-	14,013.29
Hillsborough County:				
Head Start	93.600	None	-	12,135,002.77
Total United States Department of Health and Human Services			-	13,476,028.28
United States Department of Homeland Security				
Coptic Orthodox Charities:				
Citizen Education and Training	97.010	COC-0	-	45,514.75
Total Expenditures of Federal Awards			\$ 3,135,061.78	\$ 284,066,889.72

The notes below are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Hillsborough 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 \$5,792,289.15 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Impact Aid. Expenditures are related to grant number/program 19-FL-2020-0202.
- (6) Head Start. Expenditures include \$12,135,002.77 for grant number/program year 04CH4768/05.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Hillsborough 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 25, 2021, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

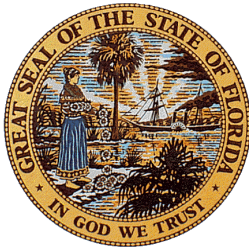
Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 25, 2021



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

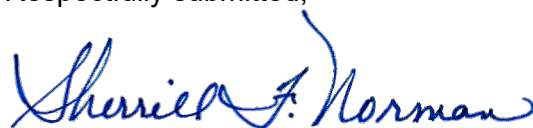
District management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types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

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

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

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with a large initial 'S' and 'N'.

Sherrill F. Norman, CPA
Tallahassee, Florida
March 25, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major Federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major Federal programs:	
CFDA Numbers:	Name of Federal Program or Cluster:
84.010	Title I Grants to Local Educational Agencies
84.425	Education Stabilization Fund
Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
Auditee qualified as low risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for the Federal awards audit findings included in the prior audit report.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

School Board
Lynn L. Gray, Chair
Stacy A. Hahn, Ph.D., Vice Chair
Nadia T. Combs
Karen Perez
Melissa Snively
Jessica Vaughn
Henry "Shake" Washington



Superintendent of Schools
Addison G. Davis
Deputy Superintendent, Instruction
Terry Connor
Assistant Superintendent Curriculum and Instruction
Daniela Simic
Assistant Superintendent Teaching and Learning
Deborah Cook
Executive Director Career, Technical, and Adult Education
Warren S. Brooks

June 30, 2020

Audit Report No. (Finding No.)	Program/Area	Brief Description	Status	Comments
KPMG, LLC (2019-001)	Federal Pell Grant Program (CFDA No. 84.063)	District disbursement procedures need improvement to ensure the accuracy of cost of attendance calculations prior to the disbursement of Pell Grant Program awards.	Fully Corrected	
KPMG, LLC (2019-002)	Federal Pell Grant Program (CFDA No. 84.063)	District reporting procedures need improvement to ensure that student information is accurately and timely reported to the Common Origination and Disbursement System.	Fully Corrected	
KPMG, LLC (2019-003)	Federal Pell Grant Program (CFDA No. 84.063)	District reporting procedures need improvement to ensure that student status changes are accurately and timely reported to the National Student Loan Data System.	Fully Corrected	

Respectfully,

Darrell R. Faber
Director, Workforce and Continuing Education

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Adult and Career Services Center • 5410 N. 20th Street. • Tampa, FL 33610