

# 2020

Charlotte County District School Board

Financial Statements and  
Independent Auditor's Report

June 30, 2020

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**CHARLOTTE COUNTY  
DISTRICT SCHOOL BOARD  
PORT CHARLOTTE, FLORIDA**

**JUNE 30, 2020**

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**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**CHARLOTTE COUNTY  
DISTRICT SCHOOL BOARD  
PORT CHARLOTTE, FLORIDA**

**JUNE 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

Charlotte County District School Board and  
Superintendent  
Port Charlotte, Florida

### 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 Charlotte County District School Board (the District), as of and for the 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 school internal funds, which are reported herein as agency funds, which represent 12 percent of the assets and 56 percent of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the Charlotte Local Education Foundation, Inc., the Babcock Neighborhood School, Inc., or the Crossroads Hope Academy, the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the discretely presented component units' column. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the school internal funds and the discretely presented component units, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the school internal funds were not audited in accordance with *Government Auditing Standards*.

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Charlotte County District School Board and  
Superintendent  
Port Charlotte, Florida

## INDEPENDENT AUDITOR'S REPORT

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 District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter – COVID-19**

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information as listed in the table of contents (collectively, the required supplementary information) 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 (GASB), 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.

Charlotte County District School Board and  
Superintendent  
Port Charlotte, Florida

## INDEPENDENT AUDITOR'S REPORT

### *Other Information*

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

The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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.



January 29, 2021  
Sarasota, Florida

## **CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**

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

The management of the District School Board of Charlotte County has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2020. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, and it should be considered in conjunction with the District's financial statements found on pages 13-56.

#### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2019-2020 fiscal year are as follows:

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2020, by \$352,452,152.45.
- The District's total net position increased by \$13,095,531.44; from the 2018-2019 fiscal year.
- General revenues total \$201,308,035.48, or 94.9% of all revenues in the 2019-2020 fiscal year compared to \$170,757,488.00, or 92.9% in the prior year. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$10,897,422.90, or 5.1%, compared to \$13,062,750.86, or 7.1% in the prior year.
- At June 30, 2020, the District's governmental funds reported combined fund balances of \$113,367,446.30, an increase of \$26,977,335.02 for the year.
- The unassigned fund balance of the General Fund, representing the net current financial resources available for future appropriation, totals \$25,966,070.11 at June 30, 2020, or 17.9% of total General Fund expenditures.
- During the current year, General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$9,356,971.22. This may be compared to last year's results in which General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$4,987,371.43.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

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

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide

## MANAGEMENT'S DISCUSSION AND ANALYSIS

consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting. The statement of net position provides information about the District's financial position, its assets, liabilities, and deferred outflows/inflows of resources, using an economic resources measurement focus. Assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, equal net position, which is a measure of the financial health of the District. The statement of activities presents information about the change in the District's net position, the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

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

- **Governmental Activities** – This represents most of the District's services, including its educational programs: basic, career, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the state's education finance program provide most of the resources that support these activities.
- **Component Units** – The District presents four separate legal entities in this report. The Charlotte Local Education Foundation, Inc., Crossroads Hope Academy, Inc., and Babcock Neighborhood School, Inc. are legally separate organizations and component units that are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the District.

The Charlotte School Board Leasing Corporation (Leasing Corporation), although also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the District.

Over a period of time, changes in the District's net position are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other non-financial factors, such as changes in the District's property tax base, student enrollment, and the condition of the District's capital assets, including its school buildings and administrative facilities.

### **Fund Financial Statements**

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

- **Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds use a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This



## MANAGEMENT'S DISCUSSION AND ANALYSIS

financial resources measurement focus allows the governmental fund statements to provide information on *near-term* inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. In particular, the sum of the assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the District's *near-term* financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

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

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

- **Proprietary Funds** – Proprietary funds may be established to account for activities in which a fee is charged for services. Internal service funds are used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses an internal service fund to account for the Employee Benefits Fund. Since the services predominately benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.
- **Fiduciary Funds** – Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

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

### Notes to Financial Statements

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

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide other postemployment benefits to its employees.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. 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:

#### Charlotte County District School Board Net Position As of June 30, 2020 and 2019

	Governmental Activities	
	2020	2019
<b>Assets</b>		
Current and Other Assets	\$ 125,315,878.95	\$ 96,707,375.51
Capital Assets	380,505,398.01	390,510,524.82
<b>Total Assets</b>	505,821,276.96	487,217,900.33
<b>Deferred Outflows of Resources</b>	29,561,891.00	32,444,001.99
<b>Liabilities</b>		
Long-Term Liabilities	163,510,646.00	160,703,339.17
Other Liabilities	6,471,530.51	6,951,175.14
<b>Total Liabilities</b>	169,982,176.51	167,654,514.31
<b>Deferred Inflows of Resources</b>	12,948,839.00	12,650,767.00
<b>Net Position</b>		
Net Investment in Capital Assets	315,505,398.01	325,430,831.78
Restricted	77,782,122.50	67,443,594.11
Unrestricted	(40,835,368.06)	(53,517,804.88)
<b>Total Net Position</b>	\$ 352,452,152.45	\$ 339,356,621.01

The largest portion of the District's net position, \$315,476,927.41 (89.5%), reflects its investment in capital assets (e.g. land, buildings, furniture, fixtures, and equipment), net of any related debt outstanding. The District uses these net capital assets to provide services to students; consequently, these net assets are not available for future spending. Although the District's investment in 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 the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position, \$77,782,122.50 (22.1%), represents resources that are subject to external restrictions on how they may be used. The remaining deficit unrestricted net position, (\$40,806,897.46), or (11.6%), is generally used to meet the District's on-going obligations to citizens and creditors. The unrestricted net position turned negative in 2015 in conjunction with the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Charlotte County District School Board Changes in Net Position For the Fiscal Years Ended June 30, 2020 and 2019

	Governmental Activities	
	2020	2019
<b>Program Revenues</b>		
Charges for Services	\$ 2,532,625.35	\$ 3,061,752.82
Operating Grants and Contributions	7,698,713.42	9,024,830.92
Capital Grants and Contributions	666,084.13	976,167.12
<b>General Revenues:</b>		
Property Taxes, Operational Purposes	106,491,364.86	86,396,821.58
Property Taxes, Capital Projects	28,322,970.83	26,726,353.26
Local Sales Tax		
Grants and Contributions Not Restricted to Specific Programs	61,460,676.68	51,761,922.01
Unrestricted Investment Earnings	1,744,766.28	2,340,918.63
Miscellaneous	3,288,256.83	3,531,472.52
<b>Total Revenues</b>	<u>212,205,458.38</u>	<u>183,820,238.86</u>
<b>Program Expenses</b>		
Instruction	100,128,031.14	86,159,200.35
Student Personnel Services	10,894,684.37	9,188,434.83
Instructional Media Services	1,673,377.06	1,507,248.02
Instruction and Curriculum Development Services	5,788,758.09	4,316,251.48
Instructional Staff Training Services	3,656,143.98	3,629,681.42
Instruction Related Technology	1,323,131.69	1,100,798.03
School Board	666,190.44	731,667.81
General Administration	839,406.81	868,344.17
School Administration	10,139,824.66	9,458,147.85
Facilities Acquisition and Construction	8,244,443.54	3,208,097.90
Fiscal Services	889,454.55	868,057.33
Food Services	9,781,115.49	9,090,665.33
Central Services	1,245,914.08	2,402,908.55
Pupil Transportation Services	6,357,095.00	6,219,301.08
Operation of Plant	12,121,805.86	12,117,962.66
Maintenance of Plant	4,146,773.64	3,826,865.41
Administrative Technology Services	1,457,045.72	1,337,216.14
Community Services	183,763.96	187,034.41
Unallocated Interest on Long-Term Debt	3,571,633.92	3,715,118.10
Unallocated Depreciation Expenses	16,001,332.94	22,215,836.33
<b>Total Program Expenses</b>	<u>199,109,926.94</u>	<u>182,148,837.20</u>
<b>Change in Net Position</b>	13,095,531.44	1,671,401.66
<b>Net Position - Beginning</b>	339,356,621.01	337,685,219.35
<b>Net Position - Ending</b>	<u>\$ 352,452,152.45</u>	<u>\$ 339,356,621.01</u>

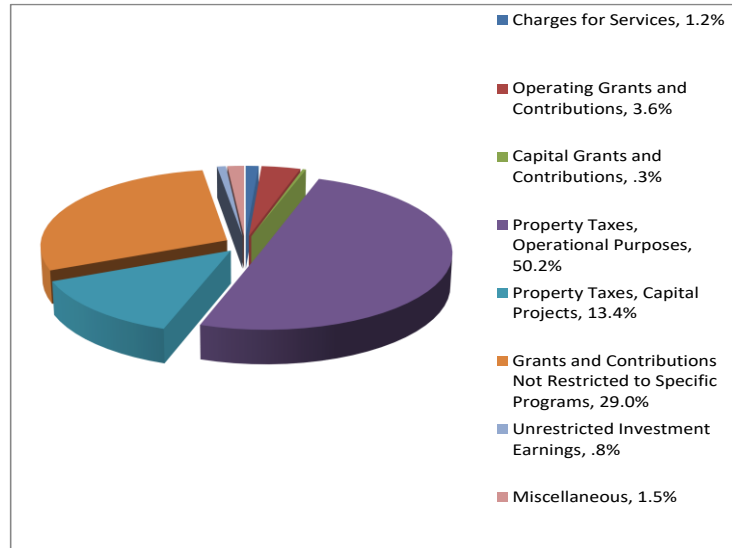
Governmental activities increased the District's net position by \$13,095,531.44. Key elements are as follows:

- The largest revenue source is property taxes for operational purposes, which increased by \$20,094,543.28, or 23.3%, as a result of the voter passed referendum for an additional 1.0 mill.

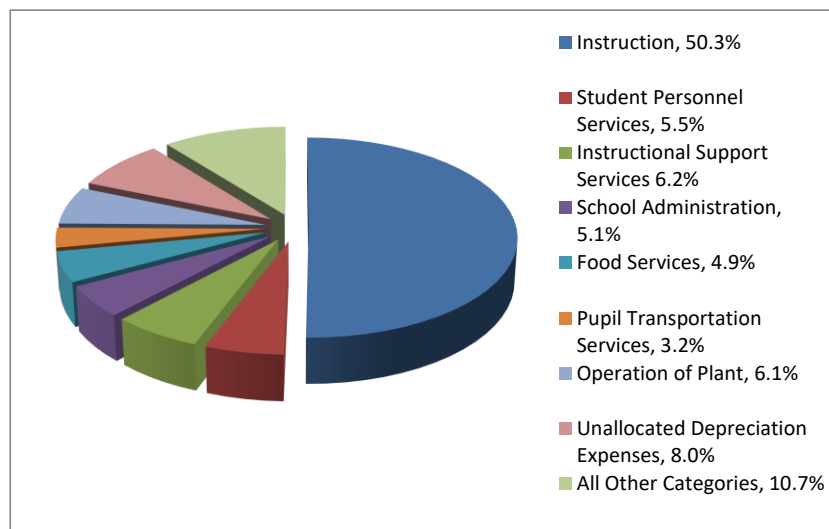
## MANAGEMENT’S DISCUSSION AND ANALYSIS

- A significant revenue source is the State of Florida (18.3%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration each District’s funding ability based on the local property tax base.
- Total grants and contributions not restricted to specific program revenues increased by \$9,698,754.67, or 18.7%, primarily due to an increase in Federal grants.
- Instruction expenses accounted for approximately 50.3% of total governmental expenses for the 2020-2019 fiscal year. Instruction expenses increased by \$13,968,830.79, or 16.2% from the previous year due mainly to changes in pension funding.

The following graph shows total revenues by source:



The following pie chart shows total expenses by function:



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

#### Governmental Funds

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

The total fund balances of governmental funds increased by \$26,977,335.02 during the fiscal year to \$113,367,446.30 at June 30, 2020. Approximately 22.9% of this amount is unassigned \$25,966,070.11 fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is non-spendable, restricted, or assigned to indicate that it is: 1) not in spendable form, \$1,078,638.84, 2) restricted for particular purposes, \$77,356,072.57, or 3) assigned for particular purposes, \$8,966,664.78.

#### Major Governmental Funds

**General Fund**—The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance is \$25,966,070.11 while the total fund balance is \$28,213,181.25. As a measure of the General Fund's liquidity, it may be useful to compare the total unassigned fund balance to General Fund total revenues. The total unassigned fund balance is approximately 17.4% of the total General Fund revenues, while total fund balance represents approximately 18.9% of total General Fund revenues.

The total fund balance increased by \$9,356,971.22 during the fiscal year. Key factors impacting the change are as follows:

- Increases in local property tax values, resulting in increased tax revenues of \$20,094,543.28.
- Expenditures were \$12.7 million less than budgeted due to COVID-19 causing campuses to be closed for the last quarter.

**The Special Revenue—Other Federal Programs Fund** has total revenues and expenditures of \$11,377,631.57 each, and the funding was mainly used for instruction and instruction-related services. Because grant revenues and expenditures in this fund are recognized as mentioned in the previous paragraph, this fund generally does not accumulate a fund balance. Activity in this fund decreased by .9%.

**The Debt Service—Federal Economic Stimulus Fund** has an ending fund balance of \$35,380,661.22. This fund is restricted for the accumulation of resources for, and the payment of, debt principal, interest, and related costs on the Qualified School Construction Bonds. The fund balance increased in the current fiscal year due to scheduled sinking fund deposits.

**The Capital Projects—Local Capital Improvement Fund** has an ending fund balance of \$31,677,867.69, all of which is restricted for the acquisition, construction, and maintenance of capital assets. The fund balance increased by \$6,551,495.50 due mainly to the lack of any major building projects.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Proprietary Funds

Unrestricted net position of the Employee Self-Insurance Fund increased by \$1,931,680.27 during the 2019-2020 fiscal year to \$4,355,511.85 at June 30, 2020. Fund premium revenues and reimbursements exceeded expenses.

### BUDGET VARIANCES IN THE GENERAL FUND

During the 2019-2020 fiscal year, the District amended its General Fund budget several times, which resulted in an increase of total budgeted revenues of \$30,650,818.00, or 24.9%. At the same time, final appropriations are higher than the original budgeted amounts by \$2,843,343.00, or 1.8%. Budget revisions occurred primarily from changes in tax revenues received, adjustments to State FEFP revenues, and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

Actual revenues are \$4,805,064.36 less than budgeted revenues. Actual expenditures are \$12,675,164.37, or 8.0%, less than final budget amounts. The decrease in expenditures was primarily due COVID-19 causing campuses to be closed for the last quarter of the fiscal year. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$7,874,169.25.

### CAPITAL ASSETS AND LONG-TERM DEBT

#### Capital Assets

The District's investment in capital assets totaled \$380,505,398.01 at June 30, 2020 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; construction in progress; and computer software. The total decrease in capital assets for the current fiscal year was approximately 2.6%.

Major capital asset events included the following:

- District-wide security fencing was installed on all campuses, resulting in a net increase of \$9,940,621.00 in site improvements
- Under District policy, school buses are to be replaced every thirteen years. Total cost of new buses for the current year totaled \$718,275.00.

Additional information on the District's capital assets can be found in Note II.C to the financial statements.

#### Long-Term Debt

At June 30, 2020, the District has total long-term debt outstanding of \$65,000,000.00, comprised of \$5,000,000.00 Qualified Zone Academy Bonds payable, and \$60,000,000.00 of Qualified School Construction Bonds payable. During the current fiscal year, the net retirement of long-term debt was \$79,936.03.

Additional information on the District's long-term debt can be found in Note II.I to the financial statements.

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The latest enrollment projections for the District indicate an increase of 64 students during the 2020-2021 fiscal year, which will increase State revenue to some extent. Due to COVID-19, there will be additional grant funds available during the year.

Employer contributions to the Florida Retirement System increased for regular employees from 8.47 to 10.0 percent of payroll for the State's 2020-2021 fiscal year.

Housing prices are expected to increase the taxable assessed value for the 2020-2021 fiscal year.

For fiscal year 2020-2021, the District anticipates an overall increase in revenues of approximately \$4.5 million, due mainly to additional grants awarded to the District. Expenditures are budgeted to increase by approximately the same amount.

### **REQUESTS FOR INFORMATION**

This report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer.

## **BASIC FINANCIAL STATEMENTS**



**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Units</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 76,937,204.31	\$ 2,036,116.00
Investments	-	2,232,405.00
Accounts Receivable	245,383.69	52,018.00
Due from Other Agencies	7,693,426.25	23,328.00
Inventories	1,043,229.84	3,000.00
Prepaid Items	35,409.00	913,869.00
Restricted Cash	35,380,661.22	-
Restricted Investments	3,980,564.64	-
Capital Assets:		
Non-Depreciable Capital Assets	12,399,173.78	2,400,000.00
Depreciable Capital Assets, Net	368,106,224.23	10,040,994.00
<b>Total Assets</b>	<u>505,821,276.96</u>	<u>17,701,730.00</u>
<b>Deferred Outflows of Resources</b>		
Pension Related	29,348,499.00	-
Other Postemployment Benefits	213,392.00	-
<b>Total Deferred Outflows of Resources</b>	<u>29,561,891.00</u>	<u>-</u>
<b>Liabilities</b>		
Salaries and Benefits Payable	842,844.43	292,952.00
Payroll Deductions and Withholdings	763,706.39	-
Accounts Payable	2,975,582.86	41,736.00
Construction Contracts Payable - Retained Percentage	28,470.60	-
Accrued Interest Payable	74,856.00	263,561.00
Deposits Payable	134,653.63	-
Unearned Revenue	1,651,416.60	2,255.00
Long-Term Liabilities:		
Portion Due Within One Year	3,049,349.60	174,735.00
Portion Due After One Year	160,461,296.40	13,020,513.00
<b>Total Liabilities</b>	<u>169,982,176.51</u>	<u>13,795,752.00</u>
<b>Deferred Inflows of Resources</b>		
Pension Related	11,813,780.00	-
Other Postemployment Benefits	1,135,059.00	-
<b>Total Deferred Inflows of Resources</b>	<u>12,948,839.00</u>	<u>-</u>
<b>Net Position</b>		
Net Investment in Capital Assets	315,476,927.41	(104,254.00)
Restricted For:		
State Required Carryover Programs	1,669,378.23	-
Food Service	3,302,435.41	-
Debt Service	39,286,369.86	1,322,897.00
Capital Projects	33,523,939.00	-
Other Purposes	-	2,868,111.00
Unrestricted	(40,806,897.46)	(180,776.00)
<b>Total Net Position</b>	<u>\$ 352,452,152.45</u>	<u>\$ 3,905,978.00</u>

See accompanying notes.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
STATEMENT OF ACTIVITIES  
FOR FISCAL YEAR ENDED JUNE 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Governmental Activities</b>			
Instruction	\$ 100,128,031.14	\$ 888,103.27	\$ -
Pupil Personnel Services	10,894,684.37	-	-
Instructional Media Services	1,673,377.06	-	-
Instruction and Curriculum Development Services	5,788,758.09	-	-
Instructional Staff Training Services	3,656,143.98	-	-
Instruction Related Technology	1,323,131.69	-	-
School Board	666,190.44	-	-
General Administration	839,406.81	-	-
School Administration	10,139,824.66	-	-
Facilities Acquisition and Construction	8,244,443.54	-	-
Fiscal Services	889,454.55	-	-
Food Services	9,781,115.49	724,800.87	7,698,713.42
Central Services	1,245,914.08	-	-
Pupil Transportation Services	6,357,095.00	207,970.94	-
Operation of Plant	12,121,805.86	-	-
Maintenance of Plant	4,146,773.64	-	-
Administrative Technology Services	1,457,045.72	-	-
Community Services	183,763.96	711,750.27	-
Interest on Long-Term Debt	3,571,633.92	-	-
Unallocated Depreciation Expense	16,001,332.94	-	-
<b>Total Governmental Activities</b>	<u>\$ 199,109,926.94</u>	<u>\$ 2,532,625.35</u>	<u>\$ 7,698,713.42</u>
<b>Component Units</b>			
Charlotte Local Education Foundation, Inc.	384,910.00	-	-
Babcock Neighborhood School, Inc.	5,150,040.00	130,522.00	43,406.00
Crossroads Hope Academy, Inc.	358,189.00	-	42,068.00
<b>Total Component Units</b>	<u>\$ 5,893,139.00</u>	<u>\$ 130,522.00</u>	<u>\$ 85,474.00</u>

**General Revenues**

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

State Sources

Grants and Contributions Not Restricted to Specific Programs

Local and Other

Unrestricted Investment Earnings

Miscellaneous

**Total General Revenues**

**Change in Net Position**

**Net Position - Beginning of Year**

**Net Position - End of Year**

See accompanying notes.

Program Revenues	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		Component Units
	Governmental Activities		
\$ -	\$ (99,239,927.87)	\$ -	-
-	(10,894,684.37)	-	-
-	(1,673,377.06)	-	-
-	(5,788,758.09)	-	-
-	(3,656,143.98)	-	-
-	(1,323,131.69)	-	-
-	(666,190.44)	-	-
-	(839,406.81)	-	-
-	(10,139,824.66)	-	-
609,579.02	(7,634,864.52)	-	-
-	(889,454.55)	-	-
-	(1,357,601.20)	-	-
-	(1,245,914.08)	-	-
-	(6,149,124.06)	-	-
-	(12,121,805.86)	-	-
-	(4,146,773.64)	-	-
-	(1,457,045.72)	-	-
-	527,986.31	-	-
56,505.11	(3,515,128.81)	-	-
-	(16,001,332.94)	-	-
<u>\$ 666,084.13</u>	<u>\$ (188,212,504.04)</u>		-

-	-	(384,910.00)
212,295.00	-	(4,763,817.00)
16,418.00	-	(299,703.00)
<u>\$ 228,713.00</u>	<u>\$ -</u>	<u>(5,448,430.00)</u>

106,491,364.86	-
28,322,970.83	-
-	3,585,538.00
61,460,676.68	461,951.00
-	991,500.00
1,744,766.28	14,357.00
3,288,256.83	25.00
<u>201,308,035.48</u>	<u>5,053,371.00</u>
13,095,531.44	(395,059.00)
<u>339,356,621.01</u>	<u>4,301,037.00</u>
<u>\$ 352,452,152.45</u>	<u>\$ 3,905,978.00</u>

See accompanying notes.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<b>General Fund</b>	<b>Special Revenue - Other Federal Programs</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 23,748,671.32	\$ -
Accounts Receivable	70,030.91	-
Due from Other Funds	2,968,176.67	-
Due from Other Agencies	3,646,293.97	2,920,844.40
Inventories	542,323.91	-
Prepaid	35,409.00	-
Restricted Cash and Cash Equivalents	-	-
Restricted Investments	-	-
<b>Total Assets</b>	<b>31,010,905.78</b>	<b>2,920,844.40</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>		
<b>Liabilities</b>		
Salaries and Benefits Payable	726,109.20	72,270.57
Payroll Deductions and Withholdings	655,392.33	46,951.14
Accounts Payable	833,288.00	8,798.80
Construction Contracts Payable - Retainage Payable	-	-
Due to Other Funds	-	2,792,823.89
Unearned Revenue	66,000.00	-
Deposits Payable	-	-
<b>Total Liabilities</b>	<b>2,280,789.53</b>	<b>2,920,844.40</b>
<b>Deferred Inflows of Resources</b>		
Unavailable Revenues	516,935.00	-
<b>Total Deferred Inflows of Resources</b>	<b>516,935.00</b>	<b>-</b>
<b>Fund Balances</b>		
Non-Spendable:		
Inventories	542,323.91	-
Prepaid Items	35,409.00	-
Restricted:		
State Required Carryover Programs	1,669,378.23	-
Debt Service	-	-
Capital Projects	-	-
Food Service	-	-
Assigned:		
Disaster Recovery	-	-
Unassigned	25,966,070.11	-
<b>Total Fund Balances</b>	<b>28,213,181.25</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 31,010,905.78</b>	<b>\$ 2,920,844.40</b>

See accompanying notes.

<b>Debt Service - Federal Economic Stimulus Fund</b>	<b>Capital Projects - Local Capital Improvement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 32,770,317.77	\$ 13,631,446.94	\$ 70,150,436.03
-	-	-	70,030.91
-	35,485.23	-	3,003,661.90
-	730,720.07	395,567.81	7,693,426.25
-	-	500,905.93	1,043,229.84
-	-	-	35,409.00
35,380,661.22	-	-	35,380,661.22
-	-	3,980,564.64	3,980,564.64
<u>35,380,661.22</u>	<u>33,536,523.07</u>	<u>18,508,485.32</u>	<u>121,357,419.79</u>
-	6,758.34	36,679.31	841,817.42
-	14,627.94	44,577.39	761,548.80
-	1,808,798.50	161,353.62	2,812,238.92
-	28,470.60	-	28,470.60
-	-	35,485.23	2,828,309.12
-	-	-	66,000.00
-	-	134,653.63	134,653.63
-	<u>1,858,655.38</u>	<u>412,749.18</u>	<u>7,473,038.49</u>
-	-	-	516,935.00
-	-	-	516,935.00
-	-	500,905.93	1,043,229.84
-	-	-	35,409.00
-	-	-	1,669,378.23
35,380,661.22	-	3,980,564.64	39,361,225.86
-	31,677,867.69	1,846,071.31	33,523,939.00
-	-	2,801,529.48	2,801,529.48
-	-	8,966,664.78	8,966,664.78
-	-	-	25,966,070.11
<u>35,380,661.22</u>	<u>31,677,867.69</u>	<u>18,095,736.14</u>	<u>113,367,446.30</u>
<u>\$ 35,380,661.22</u>	<u>\$ 33,536,523.07</u>	<u>\$ 18,508,485.32</u>	<u>\$ 121,357,419.79</u>

See accompanying notes.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<b>Total Fund Balances - Governmental Funds</b>		\$ 113,367,446.30
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Revenues are deferred in governmental funds when both the measurement and available criteria are not met under the modified accrual basis of accounting. Under the full accrual basis of accounting, these revenues would be recognized when earned regardless of when they are received.		516,935.00
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.		
Capital Assets	628,713,995.70	
Accumulated Depreciation	(248,208,597.69)	380,505,398.01
Deferred outflows of resources are not available to pay for current-period expenditures and are, therefore, not reported in governmental funds.		
Related to Pensions	29,348,499.00	
Related to Other Postemployment Benefits	213,392.00	29,561,891.00
Deferred inflows of resources are not available to pay for current-period expenditures and are, therefore, not reported in governmental funds.		
Related to Pensions	(11,813,780.00)	
Related to Other Postemployment Benefits	(1,135,059.00)	(12,948,839.00)
Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the government funds until due. This amount is the amount of accrued interest payable at fiscal year-end.		(74,856.00)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		4,355,511.85
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Long-term liabilities at year-end consist of:		
Qualified Zone Academy Bonds Payable	(5,000,000.00)	
Certificates of Participation Payable	(60,000,000.00)	
Net Pension Liability	(85,125,960.00)	
Compensated Absences Payable	(10,085,833.71)	
Other Postemployment Benefits Payable	(2,619,541.00)	(162,831,334.71)
<b>Total Net Position - Governmental Activities</b>		<b>\$ 352,452,152.45</b>

See accompanying notes.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General Fund	Special Revenue - Other Federal Programs	Debt Service - Federal Economic Stimulus Fund
<b>Revenues</b>			
Intergovernmental:			
Federal Direct	\$ 157,606.58	\$ 2,351,102.23	\$ 2,981,973.00
Federal Through State and Local	799,146.40	9,026,529.34	-
State	37,057,564.13	-	-
Local:			
Property Taxes	106,491,364.86	-	-
Charges for Services - Food Service	-	-	-
Miscellaneous	4,546,685.67	-	602,038.02
<b>Total Revenues</b>	<u>149,052,367.64</u>	<u>11,377,631.57</u>	<u>3,584,011.02</u>
<b>Expenditures</b>			
Current - Education:			
Instruction	87,555,212.48	6,032,640.10	-
Student Support Services	10,202,668.47	850,810.80	-
Instructional Media Services	1,664,693.09	-	-
Instruction and Curriculum Development Services	4,027,753.95	1,795,925.39	-
Instructional Staff Training Services	1,801,277.19	1,946,426.99	-
Instruction Related Technology	1,448,429.24	-	-
School Board	666,190.44	-	-
General Administration	363,597.93	467,908.56	-
School Administration	9,990,859.70	166,585.60	-
Facilities Acquisition and Construction	-	-	-
Fiscal Services	890,428.84	-	-
Food Services	-	12,542.12	-
Central Services	2,437,963.48	-	-
Student Transportation Services	6,355,175.28	4,439.01	-
Operation of Plant	12,069,127.66	99,412.00	-
Maintenance of Plant	4,166,970.68	941.00	-
Administrative Technology Services	1,446,918.71	-	-
Community Services	183,546.63	-	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	173,651.86	-	3,421,000.00
<b>(Total Expenditures)</b>	<u>145,444,465.63</u>	<u>11,377,631.57</u>	<u>3,421,000.00</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>3,607,902.01</u>	<u>-</u>	<u>163,011.02</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	5,703,220.33	-	3,254,247.65
Insurance Loss Recoveries	45,848.88	-	-
Transfers (Out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>5,749,069.21</u>	<u>-</u>	<u>3,254,247.65</u>
<b>Net Change in Fund Balances</b>	9,356,971.22	-	3,417,258.67
<b>Fund Balances, Beginning of Year</b>	18,856,210.03	-	31,963,402.55
<b>Fund Balances, End of Year</b>	<u>\$ 28,213,181.25</u>	<u>\$ -</u>	<u>\$ 35,380,661.22</u>

See accompanying notes.

<b>Capital Projects - Local Capital Improvement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 5,490,681.81
-	15,094,952.26	24,920,628.00
407,053.00	1,469,943.41	38,934,560.54
28,322,970.83	-	134,814,335.69
-	724,800.87	724,800.87
508,829.15	304,137.27	5,961,690.11
<u>29,238,852.98</u>	<u>17,593,833.81</u>	<u>210,846,697.02</u>
-	324.15	93,588,176.73
-	2,218.73	11,055,698.00
-	-	1,664,693.09
-	65.89	5,823,745.23
-	-	3,747,704.18
-	-	1,448,429.24
-	-	666,190.44
-	-	831,506.49
-	7.36	10,157,452.66
-	277,044.01	277,044.01
-	19.14	890,447.98
-	9,787,806.35	9,800,348.47
-	132.89	2,438,096.37
-	342.53	6,359,956.82
-	35,112.29	12,203,651.95
-	599.94	4,168,511.62
-	54.20	1,446,972.91
-	-	183,546.63
13,487,181.10	23,970.00	13,511,151.10
-	57,235.10	57,235.10
-	-	3,594,651.86
<u>13,487,181.10</u>	<u>10,184,932.58</u>	<u>183,915,210.88</u>
<u>15,751,671.88</u>	<u>7,408,901.23</u>	<u>26,931,486.14</u>
-	242,708.40	9,200,176.38
-	-	45,848.88
(9,200,176.38)	-	(9,200,176.38)
<u>(9,200,176.38)</u>	<u>242,708.40</u>	<u>45,848.88</u>
6,551,495.50	7,651,609.63	26,977,335.02
25,126,372.19	10,444,126.51	86,390,111.28
<u>\$ 31,677,867.69</u>	<u>\$ 18,095,736.14</u>	<u>\$ 113,367,446.30</u>

See accompanying notes.



**CHARLOTTE 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**

Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because: \$ 26,977,335.02

Under the modified accrual basis of accounting used in governmental funds,  
revenues are recognized when they are earned, measurable, and available.  
In the statement of activities, however, which is presented on the accrual  
basis, revenues are recognized when they are earned and measurable. 516,935.00

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

Capital Outlay	\$ 6,087,908.59	
Depreciation Expense	<u>(16,001,332.94)</u>	(9,913,424.35)

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 from the change in fund balances  
by the cost of assets sold. (91,702.46)

Repayment of long-term debt is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the statement of net  
position. This is the amount of repayments in the current fiscal year. 56,000.00

Premiums and refunding losses are recognized in the governmental  
funds in the year debt is issued, but are deferred and amortized over  
the life of the debt in the governmental-wide statements:

Amortization of Debt Premiums	23,936.03	
Amortization of Refunding Losses	<u>(242.99)</u>	23,693.04

Interest on long-term debt is recognized as an expenditure in the  
governmental funds when due, but is recognized as interest accrued  
in the statement of activities. This is the net change in accrued interest  
in the current period. 560.00

See accompanying notes.

**CHARLOTTE 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**

The change in accrued compensated absences and other postemployment benefits costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net (increase) decrease in these long-term liabilities for the current fiscal year:

Accrued Compensated Absences	\$	1,015,670.92		
Accrued Postemployment Benefit Obligation		38,380.00	\$	1,054,050.92

Certain changes in the items related to the District's participation in a multiple-employer retirement system are reported only at the government-wide level. Following are the changes in these amounts for the current fiscal year:

FRS Pension Contribution		5,912,284.00		
HIS Pension Contribution		1,592,894.00		
FRS Pension Expense		(13,285,269.00)		
HIS Pension Expense		(1,679,505.00)		(7,459,596.00)

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

1,931,680.27

**Change in Net Position - Governmental Activities**

\$ 13,095,531.44

See accompanying notes.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020**

	<u><b>Governmental Activities - Internal Service Fund Self-Insurance</b></u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 6,786,768.28
<b>Total Assets</b>	<u>6,786,768.28</u>
<b>Liabilities</b>	
Current Liabilities:	
Salaries and Benefits Payable	1,027.01
Payroll Deductions and Withholdings	2,157.59
Accounts Payable	163,343.94
Unearned Revenue	1,585,416.60
Estimated Insurance Claims Payable	679,311.29
<b>Total Current Liabilities</b>	<u>2,431,256.43</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 4,355,511.85</u>

See accompanying notes.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2020**

	<u>Governmental Activities - Internal Service Fund Self-Insurance</u>
<b>Operating Revenues</b>	
Premium Contributions	\$ 16,837,923.39
Other Income	907,744.01
<b>Total Operating Revenues</b>	<u>17,745,667.40</u>
<b>Operating Expenses</b>	
Salaries	72,384.28
Employee Benefits	23,190.02
Purchased Services	4,914,658.17
Materials and Supplies	10,345.41
Capital Outlay	3,449.30
Insurance Claims	10,761,373.42
<b>Total Operating Expenses</b>	<u>15,785,400.60</u>
<b>Operating Income</b>	<u>1,960,266.80</u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest Expense	<u>(28,586.53)</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(28,586.53)</u>
<b>Change in Net Position</b>	1,931,680.27
<b>Total Net Position - Beginning of Year</b>	<u>2,423,831.58</u>
<b>Total Net Position - End of Year</b>	<u><u>\$ 4,355,511.85</u></u>

See accompanying notes.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2020**

	<b>Governmental Activities - Internal Service Fund Self-Insurance</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Board Funds	\$ 12,914,085.55
Cash Received from Participants	3,962,928.49
Other Receipts	907,744.01
Cash Payments to Suppliers for Goods and Services	(4,919,671.95)
Cash Payments for Claims	(11,099,735.64)
Cash Payments to Employees for Services	(98,265.17)
<b>Net Cash Provided by Operating Activities</b>	<b>1,667,085.29</b>
 <b>Cash Flows from Investing Activities</b>	
Investment Expense	(28,586.53)
<b>Net Cash Provided by Investing Activities</b>	<b>(28,586.53)</b>
 <b>Net Increase in Cash and Cash Equivalents</b>	 1,638,498.76
 <b>Cash and Cash Equivalents, Beginning of Year</b>	 5,148,269.52
 <b>Cash and Cash Equivalents, End of Year</b>	 \$ 6,786,768.28
 <b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u></b>	
Operating Income (Loss)	\$ 1,960,266.80
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Salaries and Benefits Payable	(736.13)
Increase (Decrease) in Payroll Deductions and Withholdings	(1,954.74)
Increase (Decrease) in Accounts Payable	127,396.15
Increase (Decrease) in Deposits Payable	39,090.65
Increase (Decrease) in Due to Other Funds	(118,615.22)
Increase (Decrease) in Estimated Insurance Claims Payable	(338,362.22)
Total Adjustments	(293,181.51)
 <b>Net Cash Provided by Operating Activities</b>	 \$ 1,667,085.29

See accompanying notes.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
STATEMENT OF FIDUCIARY NET ASSETS AND LIABILITIES  
FIDUCIARY FUNDS - AGENCY  
JUNE 30, 2020**

	<b>Agency Funds</b>
<b>Assets</b>	
Cash	\$ 3,592,652.79
<b>Total Assets</b>	3,592,652.79
 <b>Liabilities</b>	
Due to Other Funds	175,352.78
Internal Accounts Payable	3,417,300.01
<b>Total Liabilities</b>	\$ 3,592,652.79

See accompanying notes.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The government-wide financial statements (i.e., the statement of net position, and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other non-exchange transactions. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

**B. Reporting Entity**

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

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

- **Blended Component Unit**—A blended component unit is, in substance, part of the primary government's operations, even though it is a legally separate entity.
  - The Charlotte County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.
- **Discretely Presented Component Units**—The component unit columns in the government-wide financial statements include the financial data of the District's other component units. A separate column is used to emphasize that they are legally separate from the District:

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

- Charlotte Local Education Foundation, Inc. (the Foundation) is a separate not-for-profit corporation organized and operated as a direct-support organization to receive, hold, and administer property and to make expenditures for the benefit of the District. Because of the nature and significance of its relationship with the District, the Foundation is considered a discretely presented component unit.
- Babcock Neighborhood School, Inc. and Crossroads Hope Academy, Inc. (charter schools) are not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the *Florida Not-For-Profit Corporation Act*, and Section 1002.33, Florida Statutes. The charter schools operate under a charter approved by their sponsor, the Board. The charter schools are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charter, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District.

The financial data reported on the accompanying statements was derived from the Foundation's and charter schools' audited financial statements for the fiscal year ended June 30, 2020. The audit reports are filed in the District's administrative offices at 1445 Education Way, Port Charlotte, Florida 33948.

**C. Basis of Presentation—Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The effects of interfund activity have been eliminated from the government-wide financial statements except for interfund services provided or used.

**D. Basis of Presentation—Fund Financial Statements**

The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component unit. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major funds. Each major governmental fund is displayed in a separate column, and non-major governmental funds are aggregated and reported in a single column.

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 Federal Programs Fund**—to account for certain federal program resources.



**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

- **Debt Service—Federal Economic Stimulus Fund**—to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs on the District’s Qualified School Construction Bonds (QSCB).
- **Capital Projects—Local Capital Improvement Fund**—to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and debt service payments thereon.

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

- **Internal Service Fund**—to account for the District’s Employee Benefits Program.
- **Agency Funds**—to account for resources of the school internal funds, which are used to administer monies collected at several schools in connection with school, student athletic, class, and club activities.

During the course of its operations, the District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, transfers between the funds included in governmental activities are eliminated in the preparation of the government-wide financial statements.

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

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Generally, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
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requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital assets are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The Agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

The discretely presented component units are reported using the economic resources measurement focus and the accrual basis of accounting.

**F. Assets, Liabilities, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The District's cash and cash equivalents include cash on hand, demand deposits, and short-term, highly-liquid investments with original maturities of three months or less from the date of acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME and money market funds, except that amounts held in escrow for long-term debt are not considered to be cash equivalents.

Cash deposits are held by banks qualified as public depositories under Florida law. These deposits are insured by federal depository insurance up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

**2. Investments**

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

Investments made locally include a money market fund and a Federated Home Loan Mortgage Corporation (FHLMC) note and are reported at fair value.

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

**3. Receivables/Due from Other Agencies**

Accounts receivables and due from other agencies are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible amounts at June 30, 2020, is \$0.00.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost using the moving average pricing method, except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when consumed rather than purchased.

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**5. Capital Assets**

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

Capital assets are depreciated using group depreciation and the straight-line method over the following original estimated useful lives of the asset group:

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other Than Buildings	15 Years
Buildings and Fixed Equipment	20-50 Years
Furniture, Fixtures, and Equipment	7 Years
Motor Vehicles	7-10 Years
Audio Visual Materials and Computer Software	5 Years

**6. Pensions**

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

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

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**7. Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Bond premiums, discounts, and refunding losses are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the unamortized bond premium/discount. Unamortized refunding losses are reported as deferred outflows. Issuance costs are expensed in the year incurred.

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

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

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

**8. Deferred Outflows/Deferred Inflows**

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category, including the deferred amounts on pension and other postemployment benefits reported in the government-wide statement of net position. The deferred outflows of resources related to pensions and other postemployment benefits are discussed in subsequent note.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category on the statement of net position. The first item is unavailable revenue, reported on the governmental fund balance sheet, which represents revenue that is earned and receivable, but has not been recognized because it has not met the "availability" criteria for governmental fund revenue. The remaining items are deferred inflows of resources related to pensions and other postemployment benefits, which are discussed in subsequent notes.

**9. Net Position Flow Assumptions**

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

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**10. Fund Balance Flow Assumption**

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

**11. Fund Balance Policies**

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

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The District may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Also classified as assigned are amounts that are constrained to be used for specific purposes based on actions of the Superintendent. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. Amounts for disaster recovery are designated as assigned at June 30, 2020.

Board Policy #6233 provides that "to promote and maintain the financial strength and stability of the District, the Board directs that each year's final adopted budget shall include an appropriated (unassigned) projected fund balance of not less than five percent (5%) of the District's general fund revenues". The projected fund balance may be allowed to fall below five percent (5%) only after a super majority vote of the Board.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. State Revenue Sources**

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

The State provides financial assistance to administer certain educational programs. SBE rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same educational programs. The Department generally requires that these educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the unencumbered balance of categorical and earmarked educational program resources.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the District on an annual basis. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Department. Accordingly, the District recognizes the allocation of Public Education Capital Outlay funds as advanced revenue until such time as an encumbrance authorization is received.

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

**3. District Property Taxes**

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

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
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**JUNE 30, 2020**

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

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

On September 10, 2019, the Charlotte County School Board approved a four year operating millage rate of 1.000, voted by the county for quality improvements, and offering competitive salary and benefits within the District in accordance with Section 1011.71 (9) and 1011.73 (2), Florida Statutes.

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

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

On September 10, 2019, the Charlotte County School Board approved a 4 year operating millage rate of 1.000 voted by the county for quality improvements, and offering competitive salary and benefits within the District in accordance with Section 1011.71 (9) and 1011.73 (2), Florida Statutes.

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

#### **4. Federal Revenue Sources**

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

#### **5. Compensated Absences**

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

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
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**6. Proprietary Fund Operating and Non-Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for employee health insurance premiums. Operating expenses include insurance claims and excess coverage premiums. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**H. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates used are those used in the actuarial assumptions for the Other Postemployment Benefits Liability, Net Pension Liability, and the incurred but not reported liability along with depreciable useful lives of capital assets.

**Note II - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Cash Deposits with Financial Institutions**

**Custodial Credit Risk-Deposits**—In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. All bank balances of the District are fully insured or collateralized as required by Chapter 280, Florida Statutes.

Cash balances from all funds are combined and invested to the extent available. Earnings are allocated monthly to each fund balance based on average daily balances.

**B. Investments**

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

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
State Board of Administration (SBA):		
Florida PRIME (1)	53-Day Average	\$ 48,905,079.39
Florida PRIME – Debt Service (1) (3)	53-Day Average	35,380,574.39
Goldman Sachs Financial Square Government Fund (3)	6 Months	86.83
Federal Home Loan Mortgage Corporation (FHLMC)		
Discount Note (2)	October 30, 2020	<u>3,980,564.64</u>
<b>Total Investments</b>		<b><u>\$ 88,266,305.25</u></b>

- Notes: (1) Investments that have original maturities of three months or less are considered cash equivalents for financial reporting purposes.
- (2) This investment is held under a paying agent agreement and sinking fund forward delivery agreement in connection with the Qualified Zone Academy Bonds (QZAB) (see Note II.I.1).
- (3) This investment is held under a master trust agreement and supplemental master trust agreement in connection with the Qualified School Construction Bond (QSCB) (see Note II.I.2).



**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Fair Value Measurement**—The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The SBA debt service account and the FHLMC investment are valued using Level 1 inputs.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Florida PRIME meets all the necessary criteria to elect to measure all of their investments in Florida PRIME at amortized cost.

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

Florida PRIME had a weighted average days to maturity (WAM) of 53 days at June 30, 2020. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

For Florida PRIME, Section 218.409(8), Florida Statutes, states that "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, the Investment Advisory Council, and the Participant Local Government 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 Executive Director may extend the moratorium 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".

With regard to liquidity fees, Florida Statute 218.409(4) provides the authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and propose of such fees. At present, no such disclosure has been made.

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.

The District's investment in the FHLMC discount note is authorized under a forward delivery agreement (FDA) with the QZAB paying agent. The FDA guarantees an interest rate of 3.22%. The provider of the FDA bears the interest rate risk.

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The District's investments in the State of Florida debt service accounts will be used for debt service payments on bond debt issued by the SBE for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate risk (and credit risk) for this account.

**Credit Risk**—Section 218.415(17), Florida Statutes, limits investments to ones considered to have low credit risks. Money market funds must be Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency. Investments in interest-bearing time deposits must be in qualified public depositories, as defined in Section 280.02, Florida Statutes. The District's investment policy does not further limit its investment choices.

As of June 30, 2020, the District's investment in Florida PRIME is rated AAAM by Standard & Poor's.

The FHLMC investment note is rated Aaa by Moody's Investor Services and AA+ by Standard & Poor's.

**Custodial Credit Risk**—Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and: 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the state, or any other state or territory of the United States which has a branch or principal place of business in this state, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this state, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The District's investment policy does not address custodial credit risk. The District's investment in the FHLMC discount note is held in a custodial account by the paying agent.

**Concentration of Credit Risk**—Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not have a formal investment policy that limits the amount the District may invest in any one issuer. The FHLMC note comprises 6.1 percent of total investments and 99.5 percent of investments in the other governmental funds.

**C. Changes in Capital Assets**

Changes in capital assets are presented in the table below:

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	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 10,337,853.08	\$ -	\$ -	\$ 10,337,853.08
Construction in Progress	8,831,210.56	4,869,770.01	(11,639,659.87)	2,061,320.70
<b>Total Capital Assets Not Being Depreciated</b>	<b>19,169,063.64</b>	<b>4,869,770.01</b>	<b>(11,639,659.87)</b>	<b>12,399,173.78</b>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	6,944,612.24	9,988,131.99	(47,511.19)	16,885,233.04
Buildings and Fixed Equipment	557,994,157.25	-	-	557,994,157.25
Furniture, Fixtures, and Equipment	25,440,432.98	2,148,896.46	(2,898,808.26)	24,690,521.18
Motor Vehicles	15,729,775.38	718,275.00	(921,778.20)	15,526,272.18
Audio Visual Materials and Computer Software	1,216,143.27	2,495.00	-	1,218,638.27
<b>Total Capital Assets Being Depreciated</b>	<b>607,325,121.12</b>	<b>12,857,798.45</b>	<b>(3,868,097.65)</b>	<b>616,314,821.92</b>
Less Accumulated Depreciation:				
Improvements Other Than Buildings	5,944,104.00	835,754.00	(24,567.14)	6,755,290.86
Buildings and Fixed Equipment	196,751,062.43	12,682,923.60	-	209,433,986.03
Furniture, Fixtures, and Equipment	21,032,575.19	1,496,735.06	(2,830,049.85)	19,699,260.40
Motor Vehicles	11,112,442.88	955,391.19	(921,778.20)	11,146,055.87
Audio Visual Materials and Computer Software	1,143,475.44	30,529.09	-	1,174,004.53
<b>Total Accumulated Depreciation</b>	<b>235,983,659.94</b>	<b>16,001,332.94</b>	<b>(3,776,395.19)</b>	<b>248,208,597.69</b>
<b>Total Being Depreciated, Net</b>	<b>371,341,461.18</b>	<b>(3,143,534.49)</b>	<b>(91,702.46)</b>	<b>368,106,224.23</b>
<b>Total Governmental Activities Capital Assets, Net</b>	<b>\$ 390,510,524.82</b>	<b>\$ 1,726,235.52</b>	<b>\$ (11,731,362.33)</b>	<b>\$ 380,505,398.01</b>

The District's capital assets serve several functions; accordingly, depreciation expense, which totals \$16,001,332.94, is not charged to functions but is shown as unallocated on the statement of activities.

**D. Florida Retirement System**

**1. FRS – Defined Benefit Pension Plans**

**General Information about the Florida Retirement System (FRS)**

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance. Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit plans and

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other non-integrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The District's pension expense totaled \$14,964,774 for the fiscal year ended June 30, 2020 (all plans).

Payables to the Pension Plan. At June 30, 2020, the District reported a payable of \$625,392.42 for the outstanding amount of contributions to the Plan required for the fiscal year-end June 30, 2020.

**FRS Pension Plan**

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

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officer Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class (not applicable to the District).

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

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

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal

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years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<b><i>Regular Class Members Initially Enrolled before July 1, 2011</i></b>	
Retirement up to Age 62 or up to 30 Years of Service	1.60
Retirement at Age 63 or with 31 Years of Service	1.63
Retirement at Age 64 or with 32 Years of Service	1.65
Retirement at Age 65 or with 33 or more Years of Service	1.68
<b><i>Regular Class Members Initially Enrolled on or after July 1, 2011</i></b>	
Retirement up to Age 65 or up to 33 Years of Service	1.60
Retirement at Age 66 or with 34 Years of Service	1.63
Retirement at Age 67 or with 35 Years of Service	1.65
Retirement at Age 68 or with 36 or more Years of Service	1.68
<b><i>Elected County Officers</i></b>	3.00
<b><i>Senior Management Service Class</i></b>	2.00
<b><i>Special Risk Regular</i></b>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

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

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

*FRS – District:*

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	8.47
FRS, Elected County Officers	3.00	48.82
FRS, Senior Management Service	3.00	25.41
DROP - Applicable to Members from		
All of the Above Classes	0.00	14.60
FRS, Reemployed Retiree	(2)	(2)

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

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The District's contributions to the Plan totaled \$5,912,284.00 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 \$56,967,755.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the District's 2018-19 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the District's proportion was .165418288%, which was a decrease of .007786257 from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized Plan pension expense of \$13,285,269.00. In addition, the District reported differed outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions after Measurement Date	\$ 5,912,284.00	\$ -
Difference Between Expected and Actual		
Experience	3,378,920.00	35,354.00
Changes of Assumptions	14,631,771.00	-
Changes in Proportion and Difference Between		
District Contributions and Proportionate Share		
of Contributions	125,469.00	3,668,086.00
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	3,151,754.00
<b>Total</b>	<b>\$ 24,048,444.00</b>	<b>\$ 6,855,194.00</b>

The deferred outflows of resources related to pensions, totaling \$5,912,284, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2021	\$ 4,479,733.00
2022	611,625.00
2023	3,126,211.00
2024	2,493,481.00
2025	478,440.00
Thereafter	91,476.00
<b>Total</b>	<b>\$ 11,280,966.00</b>

Actuarial Assumptions. The total pension liability in the July 1, 2019 actuarial valuation, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%	
Salary Increases	3.25%	Average, Including Inflation
Investment Rate of Return	6.90%	Net of Pension Plan Investment Expense, Including Inflation

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Mortality rates were based on the PUB2010 base tables which vary by member category and sex, projected generationally with Scale MP-2018.

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

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.30%	3.30%	1.20%
Fixed Income	18.00%	4.10%	4.10%	3.50%
Global Equity	54.00%	8.00%	6.80%	16.50%
Real Estate	10.00%	6.70%	6.10%	11.70%
Private Equity	11.00%	11.20%	8.40%	25.80%
Strategic Investments	6.00%	5.90%	5.70%	6.70%
<b>Total</b>	<u>100.00%</u>			
Assumed Inflation - Mean			2.60%	1.70%

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

**Discount Rate.** The discount rate used to measure the total pension liability was 6.90%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's Proportionate Share of the Net Pension Liability	\$ 98,478,279	\$ 56,967,755	\$ 22,299,447

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

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**HIS Pension Plan**

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

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

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

The District's contributions to the HIS Plan totaled \$1,592,894.00 for the fiscal year ended June 30, 2020.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2020, the District reported a net pension liability of \$28,158,205.00 for its proportionate share of the HIS 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, 2018. The District's proportionate share of the net pension liability was based on the District's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the District's proportionate share was .251659743%, which was decrease of .009407965 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized HIS pension expense of \$1,679,505.00. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions after Measurement Date	\$ 1,592,894.00	\$ -
Difference Between Expected and Actual		
Experience	342,013.00	34,479.00
Changes of Assumptions	3,260,454.00	2,301,422.00
Changes in Proportion and Difference Between District Contributions and Proportionate Share of Contributions	86,524.00	2,622,685.00
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	18,170.00	-
<b>Total</b>	<b>\$ 5,300,055.00</b>	<b>\$ 4,958,586.00</b>



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The deferred outflows of resources related to pensions, totaling \$1,592,894, resulting from District contributions to the HIS 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 as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2021	\$ 67,366
2022	(99,637)
2023	(291,848)
2024	(675,591)
2025	(267,770)
Thereafter	16,055
<b>Total</b>	<b>\$ (1,251,425)</b>

*Actuarial Assumptions.* The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%	
Salary Increases	3.25%	Average, Including Inflation
Discount Rate	3.50%	
Long-Term Expected Rate of Return, Net of Investment Expense	N/A	
Municipal Bond Rate	3.50%	Net of Pension Plan Investment Expense Including Inflation

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

The actuarial assumptions that determined the total pension liability as of June 30, 2019, were based on the results of an actuarial experience study of the FRS for the period July 1, 2008 – June 30, 2013.

*Discount Rate.* The discount rate used to measure the total pension liability was 3.50%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

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	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
District's Proportionate Share of the Net Pension Liability	\$ 32,144,037	\$ 28,158,205	\$ 24,838,462

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

**FRS – Defined Contribution Pension Plan**

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

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

Class	Percent of Gross Compensation
FRS, Regular	6.30%
FRS, Elected County Officers	11.34%
FRS, Senior Management Service	7.67%

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

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

The District's contribution to the Investment Plan totaled \$2,441,897.54 for the fiscal year ended June 30, 2020.

**E. Other Postemployment Benefits**

**Plan Description**—The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District and their eligible dependents are eligible 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 OPEB Plan at reduced or blended group (implicitly subsidized) premium rates. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are generally expected to result in higher costs to the Plan on average than those of active employees. The District does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB Plan does not issue a stand-alone report, and is not included in the report of a Public Employee Retirement System or another entity.

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

**Employees Covered by Benefit Terms.** As of the valuation date, June 30, 2019, there were 1,382 active participants and 54 inactive participants (retirees and beneficiaries) receiving postemployment healthcare benefits. The District provided required contributions of \$299,925.00 toward the annual OPEB cost, net of retiree contributions totaling \$597,231.00. Required contributions are based upon projected pay-as-you-go financing.

**Total OPEB Liability.** The District's total OPEB liability of \$2,619,541.00 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2019.

**Actuarial Assumptions and Other Inputs.** The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	3.13%
Salary Increases	Salary increase rates used in the July 1, 2019, actuarial valuation of the FRS: 3.6% - 8.0%, including inflation.

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Retirement Age	Retirement rates used in the July 1, 2019, actuarial valuation of the FRS. They are based on the results of a state-wide experience study covering the period 2013 through 2018.
Mortality	Mortality tables used in the July 1, 2019, actuarial valuation of the FRS for Regular K-12 Instructional Class members and non-K-12 Instruction Regular Class members. These rates were taken from adjusted Pub-2010 mortality tables published by SOA with generational mortality improvements using scale MP-2018. Adjustments to reference tables are based on the results of a state-wide experience study covering the period 2013 through 2018.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.50% and gradually decreasing to an ultimate trend rate of 3.99% by 2040. 0.25% is added to the ultimate rate for excise tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in the per capita health costs.
Notes	Changes in assumption and other inputs include the change in discount rate from 3.62% as of the beginning of the measurement period to 3.13% as of June 30, 2019. This change is reflected in the Schedule of Changes in Total OPEB Liability. There were no benefit changes during the year.

**Changes to the Total OPEB Liability** Below are the details regarding the total OPEB liability for the measurement period from June 30, 2019 to June 30, 2020.

Measurement Year Ended June 30,	<u>2019</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 168,149.00
Interest in the Total OPEB Liability	134,686.00
Changes in Benefit Terms	-
Differences Between Expected and Actual	
Experience of the Total OPEB Liability	(64,833.00)
Changes in Assumptions and Other Inputs	(1,020,955.00)
Benefit Payments	<u>(299,925.00)</u>
<b>Net Change in Total OPEB Liability</b>	(1,082,878.00)
<b>Total OPEB Liability - Beginning</b>	<u>3,702,419.00</u>
<b>Total OPEB Liability - End</b>	<u>\$ 2,619,541.00</u>

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.13% (based on the weekly rate closest to but not later than the measurement date of the Fidelity's "20-Year Municipal GO AA Index"). The discount rate was 3.62% as of the beginning of the measurement year.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
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**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 (2.13 percent) or 1 percentage point higher (4.13 percent) than the current discount rate:

	<b>1% Decrease (2.13%)</b>	<b>Current Discount Rate (3.13%)</b>	<b>1% Increase (4.13%)</b>
Total OPEB Liability	\$ 2,812,956.00	\$ 2,619,541.00	\$ 2,499,017.00

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend** 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 that are 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rates:

	<b>1% Decrease (5.5% down to 2.99%)</b>	<b>Current Healthcare Cost Trend Rate Assumptions (6.5 down to 3.99%)</b>	<b>1% Increase (7.5% down to 4.99%)</b>
Total OPEB Liability	\$ 2,321,394.00	\$ 2,619,541.00	\$ 2,987,273.00

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**  
For the year ended June 30, 2020, the District recognized OPEB expense of \$175,012.00. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$ -	\$ 58,477.00
Difference Between Expected and Actual Experience	-	1,076,582.00
Employer Contributions after Measurement Date	213,392.00	-
<b>Total</b>	<b>\$ 213,392.00</b>	<b>\$ 1,135,059.00</b>

Of the total amount reported as deferred outflows of resources related to OPEB, \$213,392.00 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<b>Fiscal Year Ending</b>	<b>Amount</b>
2021	\$ (127,823)
2022	(127,823)
2023	(127,823)
2024	(127,823)
2025	(127,823)
Thereafter	(495,944)
<b>Total</b>	<b>\$ (1,135,059)</b>

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**F. Other Significant Commitments**

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

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

<b>Major Funds</b>				
<b>General</b>	<b>Special Revenue Other Federal Programs</b>	<b>Capital Projects Local Capital Improvement</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,499,597.55	\$ 89,557.14	\$ 3,031,123.04	\$ 340,489.97	\$ 4,960,767.70

**G. Risk Management Programs**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board is a member of the Florida School Board Insurance Trust (FSBIT), a protected self-insurance fund for Florida school boards. FSBIT was established under the authority of Section 624.4622, Florida Statutes, for the purpose of pooling property, casualty, and workers’ compensation exposure; purchasing and procuring insurance coverage of various types or providing self-insurance; and providing risk management services for the Florida school boards.

The District’s health insurance program for its employees is provided on a self-insured basis up to specific limits. The District has entered into an agreement with an insurance company to provide specific excess coverage of claims amounts above \$300,000 on an individual basis, and aggregate excess coverage of \$5 million when total claims minus specific excess coverage exceeds the loss fund established annually by the District. The District 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 risk described above have not exceeded commercial insurance coverage in any of the past three fiscal years.

A liability in the amount of \$679,311.29 was determined to cover the estimated incurred, but not reported, insurance claims payable at June 30, 2020.

The following schedule represents the changes in claim liability for the current and past fiscal year for the District’s self-insurance fund:

<b>Fiscal Year</b>	<b>Beginning Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimated Liability</b>	<b>Claims Payments</b>	<b>Balance at Fiscal Year-End</b>
2018-19	\$ 1,056,730.98	\$ 12,214,811.01	\$ (12,253,868.48)	\$ 1,017,673.51
2019-20	1,017,673.51	10,421,861.70	(10,760,223.92)	679,311.29

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**H. Changes in Short-Term Debt**

Following is a schedule of changes in short-term debt during the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Short-Term Debt</b>				
Tax Anticipation Note	\$ -	\$ 16,500,000.00	\$ (16,500,000.00)	\$ -

On September 6, 2019, the Board issued a Tax Anticipation Note, Series 2016, in the amount of \$16.5 million. The note carried an interest rate of 2.0% and was repaid on March 31, 2020.

**I. Long-Term Liabilities**

**1. Qualified Zone Academy Bonds Payable**

On November 27, 2006, the District entered into a financing arrangement, characterized as a lease-purchase agreement, with the Charlotte School Board Leasing Corporation, whereby the District secured financing under the Qualified Zone Academy Bonds (QZAB) Program in the amount of \$5,000,000. The QZAB Program provides no interest cost financing to purchase certain goods or services for schools located in eligible District areas (zones). Interest on the debt is “paid” by the United States Government through the issuance of federal income tax credits to the holder of the QZAB debt (the bank). The rate of return to the lender (Bank of America) was established by the United States Government at the time of the sale.

The financing was accomplished through the issuance of a Series 2006-QZAB Note on November 27, 2006. The \$5,000,000 note proceeds were designated for technology upgrades/replacements, computer laptops, and instructional equipment/materials at the following schools: The Academy at Charlotte Tech Center, Charlotte Harbor Center School, Neil Armstrong Elementary School, Port Charlotte Middle School, and Port Charlotte High School. The Leasing Corporation issued the bonds, purchased the equipment, and then leased the equipment to the District under terms of the lease-purchase agreement.

Repayment of the original \$5,000,000 note is due in full on November 27, 2022. Rent paid by the District to the Leasing Corporation corresponds to the annual debt service requirements on the bonds. Rents are paid from “Available Revenues” of the District, including capital outlay millage revenues. The lease term ends on the date the note is paid in full.

In connection with the financing, the Leasing Corporation assigned its rights to the rent collections to a paying agent (US Bank), and the District entered into a sinking fund forward delivery agreement with the paying agent whereby the District will deposit 16 annual rent payments of \$242,708.40, beginning in 2007, into a sinking fund held by the Custodian (US Bank), as security for the bonds. The provider of the forward delivery agreement (Bank of America) provides a guaranteed investment return of 3.25 percent per annum, which together with the required annual rent deposits, will be sufficient to repay the debt at maturity. As of June 30, 2020, the market value of the sinking fund account was \$3,980,564.64.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**2. Qualified School Construction Bond Payable**

In 2010, the District established a master lease-purchase program for the lease-purchase financing of various current and future educational facilities and sites. The general terms of this program were determined pursuant to a Master Lease-Purchase Agreement and Master Trust Agreement between the District and the Leasing Corporation.

On May 28, 2010, the District entered into a financing arrangement with the Leasing Corporation under this program whereby the District secured financing under the Qualified School Construction Bond (QSCB) Program in the amount of \$60,000,000. The QSCB Program was established by Section 1521 of the *American Recovery and Reinvestment Act* (ARRA) and codified in Section 54A and 54F of the Internal Revenue Code. Among other things, the program provides low interest cost financing to school districts to construct certain education facilities. Interest on the debt is paid by the District, and reimbursed in part by the federal government.

The financing was accomplished through the issuance of a School Board of Charlotte County, Florida Master Lease Program – Master Lease Certificates, Series 2010A – QSCB in the principal amount of \$60 million. The certificate proceeds were received from the lender (Bank of America) and designated for the replacement construction of two schools, Meadow Park Elementary School and Lemon Bay High School. Under terms of Lease Schedule 2010A to the Master Lease-Purchase Agreement, and other related agreements, the District provided a ground lease to the Leasing Corporation, then would construct, acquire, install, and lease-purchase the projects from the Leasing Corporation.

Repayment of the original \$60 million certificate proceeds is due in full on May 1, 2027. Interest payments are due semi-annually based on a 5.70% annual interest rate, and a federal interest subsidy reimbursement is available, initially projected at an annual rate of 5.29%. (The subsidy was reduced for 2020, pursuant to the requirements of the *Balanced Budget and Emergency Deficit Control Act of 1985*, as amended. Interest payments in 2020 were \$3,420,000 and interest subsidies were \$2,981,973). Rent paid by the District to the Leasing Corporation corresponds to the annual debt service requirements on the bonds. Rents are paid from “Available Revenues” of the District, including capital outlay millage revenues. The lease term ends on the date the certificates are paid in full.

In connection with the financing and pursuant to a Series 2010A Supplemental Master Trust Agreement, the Leasing Corporation assigned its rights to the rent collections to a Trustee (Regions Bank), requiring the District to deposit the 17 annual “basic” rent payments of \$3,529,412 (corresponding to the principal portion of the bond), beginning in 2011, into a sinking fund held by the Trustee, as security for the bond. These amounts will be sufficient to pay the \$60 million principal balance at maturity. Investment income earned in the Sinking Fund can be used to reduce future annual rent payments. At June 30, 2020, the market value of the sinking fund account was \$35,380,661.22.

**3. Bonds Payables**

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



**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

Fiscal Year Ending June 30,	Total	Principal	Interest
<b>State School Bonds</b>			
2021	\$ 438,027.00	\$ -	\$ 438,027.00
2022	438,027.00	-	438,027.00
2023	5,438,027.00	5,000,000.00	438,027.00
2024	438,027.00	-	438,027.00
2025	438,027.00	-	438,027.00
Thereafter	<u>60,876,054.00</u>	<u>60,000,000.00</u>	<u>876,054.00</u>
<b>Total</b>	<u>\$ 68,066,189.00</u>	<u>\$ 65,000,000.00</u>	<u>\$ 3,066,189.00</u>

During the fiscal year, the District repaid the Series 2014, State School Bond. The District does not have any State School Bonds outstanding.

#### 4. Changes in Long-Term Liabilities

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

Description	Beginning Balance (Restated)	Additions	Deletions	Ending Balance	Due in One Year
<b>Governmental Activities</b>					
Qualified Zone Academy Bonds	\$ 5,000,000.00	\$ -	\$ -	\$ 5,000,000.00	\$ -
Qualified School Construction Bond	60,000,000.00	-	-	60,000,000.00	-
State Bonds Payable	76,936.03	-	(76,936.03)	-	-
Estimated Insurance Claims Payable	1,017,673.51	10,421,861.70	(10,760,223.92)	679,311.29	679,311.29
Compensated Absences Payable	11,101,504.63	531,492.48	(1,547,163.40)	10,085,833.71	1,678,882.31
Other Postemployment					
Benefits Payable	3,702,419.00	-	(1,082,878.00)	2,619,541.00	213,392.00
Net Pension Liability	79,801,806.00	5,324,154.00	-	85,125,960.00	477,764.00
<b>Total Governmental Activities</b>	<u>\$ 160,700,339.17</u>	<u>\$ 16,277,508.18</u>	<u>\$ (13,467,201.35)</u>	<u>\$ 163,510,646.00</u>	<u>\$ 3,049,349.60</u>

For the governmental activities, compensated absences and other postemployment benefits are generally liquidated with resources of the General Fund. Estimated insurance claims payable are generally liquidated with resources of the General Fund. Due to the nature of the liability, none of the postemployment benefits obligations are considered due in one year.

#### J. Fund Balance Reporting

In addition to committed and assigned fund balance categories discussed in the Fund Balance Policies note disclosure, fund balances may be classified as follows:

- **Non-Spendable Fund Balance.** Non-spendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
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- *Restricted Fund Balance.* Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws, or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance.
- *Unassigned Fund Balance.* The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

**K. Interfund Receivables and Payables**

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General	\$ 2,968,176.67	\$ -
Capital Improvements	35,485.23	-
Special Revenue:		
Special Revenue Fund - Other Federal	-	2,792,823.89
Non-Major Funds	-	35,485.23
Fiduciary Fund	-	175,352.78
<b>Total</b>	<u>\$ 3,003,661.90</u>	<u>\$ 3,003,661.90</u>

Interfund receivables and payables are temporary loans of cash between funds for a period of less than 13 months. The temporary loans will be repaid in the next fiscal year.

**L. Revenues**

**1. Schedule of State Revenue Sources**

The following is a schedule of the District's State revenue for the 2019-2020 fiscal year:

<u>Sources</u>	<u>Amount</u>
Florida Education Finance Program	\$ 15,965,038.00
Categorical Education Programs:	
Class Size Reduction	16,713,677.00
School Recognition Funds	650,621.00
Voluntary Prekindergarten Program	561,339.20
State License Tax	92,946.70
Workforce Development Program	2,223,991.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	666,084.13
Sales Tax Distribution	148,833.32
Food Service Supplement	114,918.00
Miscellaneous	1,797,112.19
<b>Total</b>	<u>\$ 38,934,560.54</u>

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**2. Property Taxes**

The following is a summary of millages and taxes levied on the 2019 tax roll for the 2019-2020 fiscal year:

<u>General Fund</u>	<u>Millages</u>	<u>Taxes Levied</u>
Non-Voted School Tax:		
Required Local Effort	3.892	\$ 73,215,534.00
Basic Discretionary Local Effort	0.748	14,071,228.00
Voted School Tax:		
Additional Voted Operations Millage	1.000	18,811,802.00
<u>Capital Projects Funds</u>		
Non-Voted Tax:		
Local Capital Improvements	1.500	28,217,704.00
<b>Total</b>	<u>7.140</u>	<u>\$ 134,316,268.00</u>

**M. Interfund Transfers**

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers (Out)</u>
Major Funds:		
General	\$ 5,703,220.33	\$ -
Debt Service:		
Federal Economic Stimulus Fund	3,254,247.65	-
Capital Projects:		
Capital Improvement Fund	-	9,200,176.38
Non-Major Governmental	242,708.40	-
<b>Total</b>	<u>\$ 9,200,176.38</u>	<u>\$ 9,200,176.38</u>

Interfund transfers represent permanent transfers of money between funds. Funds are transferred to the General Fund from the Local Capital Improvement Fund (LCIF) to finance District maintenance projects, equipment purchases, and property insurance. The transfer to the debt service fund is to fund required annual sinking fund payments.

**Note III - CONSORTIUMS**

The District is a member of both the Small School District Council Consortium and the Greater Florida Consortium of School Boards. These consortiums are organized to provide educational information, interpretation, and consultation assistance to the affected Districts.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note IV - NON-FEDERAL SHARE FOR HEAD START PROGRAMS**

For the Head Start and Early Head Start grants, the District is required to provide 20 percent of the total amount expended using non-federal funds and donated goods and services. Local funds expended were for facilities, equipment, and district support staff, such as therapists, psychologists, and teachers. Donated goods and services were provided by the community and were used for the benefit of the program. During this fiscal year, for grant number 04CH4774/02 with a period ending October 31, 2019, the required amount of non-federal share is \$187,781.88. For grant number 04CH4774/03 the required amount of non-federal share during the period November 1, 2019 through June 30, 2020, is \$399,993.68.

**Note V - COVID-19**

In January of 2020, the first case of the novel coronavirus (now referred to as COVID-19) was identified in the United States. On March 9, 2020, Florida Governor Ron Desantis declared a state of emergency as a result of COVID-19. Due to the potential impact of the virus, Charlotte County School Board, among others, closed its schools to students for the remainder of the school year and various programs were canceled. Classes were moved to virtual learning. As a result, expenditures declined due to the school closures and revenues from various programs (including summer lunch program) also declined.

Since the end of the fiscal year, schools have re-opened with various precautions in place and the District continues to provide virtual learning. It is expected that there will be further financial impact for the fiscal year ending June 30, 2021; however, the impact is unquantifiable at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental:				
Federal Direct	\$ 175,000.00	\$ 175,000.00	\$ 157,606.58	\$ (17,393.42)
Federal Through State and Local	1,080,000.00	1,577,483.00	799,146.40	(778,336.60)
State	40,899,916.00	41,544,916.00	37,057,564.13	(4,487,351.87)
Local:				
Property Taxes	106,098,564.00	106,098,564.00	106,491,364.86	392,800.86
Miscellaneous	4,222,104.00	4,461,469.00	4,546,685.67	85,216.67
<b>Total Revenues</b>	<b>152,475,584.00</b>	<b>153,857,432.00</b>	<b>149,052,367.64</b>	<b>(4,805,064.36)</b>
<b>Expenditures</b>				
Current - Education:				
Instruction	94,664,906.00	96,208,059.00	87,555,212.48	8,652,846.52
Student Support Services	10,634,284.00	11,353,923.00	10,202,668.47	1,151,254.53
Instructional Media Services	1,709,118.00	1,709,020.00	1,664,693.09	44,326.91
Instruction and Curriculum				
Development Services	4,128,392.00	4,226,960.00	4,027,753.95	199,206.05
Instructional Staff Training Services	2,051,195.00	2,086,478.00	1,801,277.19	285,200.81
Instruction Related Technology	956,268.00	1,449,825.00	1,448,429.24	1,395.76
School Board	793,831.00	793,631.00	666,190.44	127,440.56
General Administration	395,646.00	399,089.00	363,597.93	35,491.07
School Administration	10,127,029.00	10,149,229.00	9,990,859.70	158,369.30
Fiscal Services	908,266.00	908,266.00	890,428.84	17,837.16
Central Services	2,374,600.00	2,483,380.00	2,437,963.48	45,416.52
Student Transportation Services	6,899,298.00	6,899,108.00	6,355,175.28	543,932.72
Operation of Plant	12,875,289.00	12,912,377.00	12,069,127.66	843,249.34
Maintenance of Plant	4,623,874.00	4,613,994.00	4,166,970.68	447,023.32
Administrative Technology Services	1,692,966.00	1,484,966.00	1,446,918.71	38,047.29
Community Services	196,325.00	196,325.00	183,546.63	12,778.37
Debt Service:				
Interest and Fiscal Charges	245,000.00	245,000.00	173,651.86	71,348.14
<b>(Total Expenditures)</b>	<b>155,276,287.00</b>	<b>158,119,630.00</b>	<b>145,444,465.63</b>	<b>12,675,164.37</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,800,703.00)</b>	<b>(4,262,198.00)</b>	<b>3,607,902.01</b>	<b>7,870,100.01</b>
<b>Other Financing Sources</b>				
Transfers In	5,745,000.00	5,745,000.00	5,703,220.33	(41,779.67)
Insurance Loss Recoveries	-	-	45,848.88	45,848.88
<b>Total Other Financing Sources</b>	<b>5,745,000.00</b>	<b>5,745,000.00</b>	<b>5,749,069.21</b>	<b>4,069.21</b>
<b>Net Change in Fund Balances</b>	<b>2,944,297.00</b>	<b>1,482,802.00</b>	<b>9,356,971.22</b>	<b>7,874,169.22</b>
<b>Fund Balances, Beginning of Year</b>	<b>18,856,210.00</b>	<b>18,856,210.00</b>	<b>18,856,210.03</b>	<b>0.03</b>
<b>Fund Balances, End of Year</b>	<b>\$ 21,800,507.00</b>	<b>\$ 20,339,012.00</b>	<b>\$ 28,213,181.25</b>	<b>\$ 7,874,169.25</b>

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE—OTHER FEDERAL PROGRAMS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Special Revenue - Other Federal Programs Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental:				
Federal Direct	\$ 2,345,926.00	\$ 2,366,220.57	\$ 2,351,102.23	\$ (15,118.34)
Federal Through State and Local	10,613,782.00	11,308,675.80	9,026,529.34	(2,282,146.46)
<b>Total Revenues</b>	<b>12,959,708.00</b>	<b>13,674,896.37</b>	<b>11,377,631.57</b>	<b>(2,297,264.80)</b>
<b>Expenditures</b>				
Current - Education:				
Instruction	6,365,833.00	7,570,175.16	6,032,640.10	1,537,535.06
Student Support Services	1,170,884.00	854,682.19	850,810.80	3,871.39
Instructional Media Services	-	-	-	-
Instruction and Curriculum				
Development Services	1,637,606.00	1,796,109.81	1,795,925.39	184.42
Instructional Staff Training Services	2,440,058.00	2,503,767.85	1,946,426.99	557,340.86
Board	1,042.00	-	-	-
General Administration	590,415.00	569,188.92	467,908.56	101,280.36
School Administration	107,184.00	167,093.79	166,585.60	508.19
Facilities Acquisition and Construction	42,882.00	18,936.00	-	18,936.00
Fiscal Services	2,529.00	-	-	-
Food Services	-	12,650.00	12,542.12	107.88
Central Services	5,668.00	-	-	-
Student Transportation Services	40,007.00	16,450.09	4,439.01	12,011.08
Operation of Plant	410,453.00	99,721.00	99,412.00	309.00
Maintenance of Plant	143,451.00	66,121.40	941.00	65,180.40
Administrative Technology Services	1,696.00	0.16	-	0.16
<b>(Total Expenditures)</b>	<b>12,959,708.00</b>	<b>13,674,896.37</b>	<b>11,377,631.57</b>	<b>2,297,264.80</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 168,149.00	\$ 188,955.00	\$ 202,219.00
Interest on the Total OPEB Plan Liability	134,686.00	133,884.00	112,984.00
Difference Between Expected and Actual Experiences	(64,833.00)	(18,706.00)	-
Changes of Assumptions	(1,020,955.00)	(347,109.00)	(199,300.00)
Benefit Payments	(299,925.00)	-	(75,204.00)
<b>Net Change in Total OPEB Plan Liability</b>	<u>(1,082,878.00)</u>	<u>(42,976.00)</u>	<u>40,699.00</u>
<b>Total OPEB Plan Liability, Beginning</b>	<u>3,702,419.00</u>	<u>3,745,395.00</u>	<u>3,704,696.00</u>
<b>Total OPEB Plan Liability, Ending</b>	<u><u>\$ 2,619,541.00</u></u>	<u><u>\$ 3,702,419.00</u></u>	<u><u>\$ 3,745,395.00</u></u>
<b>Covered-Employee Payroll</b>	\$ 62,999,244.00	\$ 80,894,560.00	\$ 81,639,624.00
<b>Total OPEB Liability as Percentage of Covered-Employee Payroll</b>	4.16%	4.58%	4.59%

\* The District Implimented GASB Statement No.75 for the fiscal year ended June 30, 2018.  
As a result, this schedule will present 10 years as information is available.



**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS  
LAST 10 FISCAL YEARS**

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Year Ended June 30,	District's Proportion of the FRS Net Pension Plan	District's Proportion Share of the FRS Net Pension Plan Liability	District's Covered- Employee Payroll (FYE June 30)	District's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered-Employee Payroll	FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.193020325%	\$ 33,227,389.00	\$ 61,900,940.00	53.68%	88.54%
2014	0.205279740%	12,525,083.00	65,195,464.00	19.21%	96.09%
2015	0.206555340%	26,614,836.00	66,386,422.00	40.09%	92.00%
2016	0.189108069%	47,749,936.00	63,848,757.00	74.79%	84.88%
2017	0.176681365%	52,261,162.00	85,825,992.00	60.89%	83.89%
2018	0.173204545%	52,170,107.00	85,281,045.00	61.17%	84.26%
2019	0.165418288%	56,967,755.00	96,031,764.00	59.32%	82.61%

**HEALTH INSURANCE SUBSIDY PENSION PLAN**

Year Ended June 30,	District's Proportion of the HIS Net Pension Plan	District's Proportion Share of the HIS Net Pension Liability	District's Covered- Employee Payroll (FYE June 30)	District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered-Employee Payroll	HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.285622663%	\$ 24,867,208.00	\$ 83,239,500.00	29.87%	1.78%
2014	0.291585519%	27,263,957.00	86,635,181.00	31.47%	0.99%
2015	0.289535232%	29,528,039.00	87,860,115.00	33.61%	0.50%
2016	0.287123520%	33,463,057.00	85,825,992.00	38.99%	0.97%
2017	0.269234423%	28,787,787.00	85,825,992.00	33.54%	1.64%
2018	0.261067708%	27,631,699.00	85,281,045.00	32.40%	2.15%
2019	0.251659743%	28,158,205.00	96,031,764.00	29.32%	2.63%

Additional information will be provided annually until ten years' data is presented.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS  
LAST 10 FISCAL YEARS**

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

<b>Year Ended September 30,</b>	<b>Contractually Required Contribution</b>	<b>FRS Contribution in Relation to the Contractually Required Contribution</b>	<b>FRS Contribution Deficiency (Excess)</b>	<b>District's Covered- Employee Payroll (FYE June 30)</b>	<b>FRS Contributions as a Percentage of Covered-Employee Payroll</b>
2014	\$ 4,496,497.00	\$ (4,496,497.00)	\$ -	\$ 65,195,464.00	6.90%
2015	5,023,809.00	(5,023,809.00)	-	66,386,422.00	7.57%
2016	4,611,702.00	(4,611,702.00)	-	66,522,127.00	6.93%
2017	4,599,451.00	(4,599,451.00)	-	63,848,757.00	7.20%
2018	4,936,190.00	(4,936,190.00)	-	85,281,045.00	5.79%
2019	5,129,161.00	(5,129,161.00)	-	84,195,314.00	6.09%
2020	5,912,284.00	(5,912,284.00)	-	96,031,764.00	6.16%

**HEALTH INSURANCE SUBSIDY PENSION PLAN**

<b>Year Ended September 30,</b>	<b>Contractually Required Contribution</b>	<b>HIS Contribution in Relation to the Contractually Required Contribution</b>	<b>HIS Contribution Deficiency (Excess)</b>	<b>District's Covered- Employee Payroll (FYE June 30)</b>	<b>HIS Contributions as a Percentage of Covered-Employee Payroll</b>
2014	\$ 998,874.00	\$ (998,874.00)	\$ -	\$ 86,635,181.00	1.15%
2015	1,106,784.00	(1,106,784.00)	-	87,860,115.00	1.26%
2016	1,471,691.00	(1,471,691.00)	-	88,705,630.00	1.66%
2017	1,424,866.00	(1,424,866.00)	-	85,825,992.00	1.66%
2018	1,415,777.00	(1,415,777.00)	-	85,281,045.00	1.66%
2019	1,397,442.00	(1,397,442.00)	-	84,195,314.00	1.66%
2020	1,592,894.00	(1,592,894.00)	-	96,031,764.00	1.66%

Additional information will be provided annually until ten years' data is presented.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**Note 1 - BUDGETARY BASIS OF ACCOUNTING**

The Charlotte County District School Board (the Board) follows procedures established by state statutes and State Board of Education rules in establishing budget balances for governmental funds, as described below:

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis of accounting as is used for financial reporting in 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.

**Note 2 - SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75 to pay related benefits. The June 30, 2020, total other postemployment benefits (OPEB) liability decreased from \$3,702,419 to \$2,619,541 as a result of changes to benefits and assumptions as discussed below:

*Changes in Assumptions:*

- The discount rate was changed from 3.62 percent of June 30, 2018 valuation date, to 3.13 percent for the June 30, 2019 valuation date.
- The medical claims costs and premiums were updated based on recent claim data provided for this valuation. This change had a very significant decreasing impact on the results of this valuation.
- The healthcare cost trend assumption was revised to reflect a lower long-term inflation assumption and changed from 2.5 percent to 2.25 percent. This change had a decreasing impact on the results of this valuation.
- The assumed load to model the expected cost of the excise tax was lowered from 0.42 percent beginning in 2022 to 0.25 percent beginning in 2023. The change has a modest decreasing impact on the results of this valuation.

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

- Demographic assumptions were updated to be based on a statewide experience study conducted by the Florida Retirement System covering the period 2013 through 2018 and adopted for its July 1, 2019, valuation. The following rates were changed:
  - Rates of Salary Increase
  - Rates of Retirement
  - Rates of Withdrawal
  - Rates of Mortality
  - Rates of Disability

These demographic changes decreased total OPEB liability.

*Change in Benefit Terms:*

- There were no benefit changes during the year.

**Note 3 - SCHEDULES OF NET PENSION LIABILITY AND SCHEDULES OF CONTRIBUTIONS**

*Changes of Benefit Terms:*

- No significant changes of benefit terms.

*Changes of Assumptions:*

- **FRS:** The long-term expected rate of return decreased from 7.0 to 6.9 percent, and the active member mortality assumption was updated.
- **HIS:** The municipal rate used to determine total pension liability was decreased from 3.87% to 3.50%.

**ADDITIONAL ELEMENTS OF REPORTS PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,  
ISSUED BY THE COMPTROLLER GENERAL OF THE  
UNITED STATES; THE PROVISIONS OF OFFICE OF MANAGEMENT  
AND BUDGET (OMB) UNIFORM GUIDANCE; AND  
*RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA***

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Number	Amount of Expenditures (1)
<b>Clustered</b>			
<b>Child Nutrition Cluster:</b>			
United States Department of Agriculture:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	19002	\$ 1,402,918.88
National School Lunch Program	10.555 (3)	19001, 19003	5,365,878.03
Summer Food Service Program for Children	10.559	18006, 18007, 19006, 19007	814,998.51
<b>Total Child Nutrition Cluster</b>			<u>7,583,795.42</u>
<b>Student Financial Assistance Cluster:</b>			
United States Department of Education:			
Federal Supplemental Education Opportunity Grants*	84.007	N/A	6,079.00
Federal Pell Grant Program*	84.063	N/A	840,813.50
<b>Total Student Financial Assistance Cluster</b>			<u>846,892.50</u>
<b>Special Education Cluster:</b>			
United States Department of Education:			
Special Education - Grants to States:			
Florida Department of Education	84.027	263	4,002,822.99
Sarasota County District School Board	84.027	None	111,054.93
<b>Total Special Education - Grants to States</b>			<u>4,113,877.92</u>
Special Education - Preschool Grants:			
Florida Department of Education	84.173	267	35,964.55
<b>Total Special Education Cluster</b>			<u>4,149,842.47</u>
<b>Not Clustered</b>			
<b>United States Department of Education:</b>			
Florida Department of Education:			
Adult Education - Basic Grants to States	84.002	191, 193	171,062.92
Title I Grants to Local Educational Agencies*	84.010	212, 222, 223, 226, 228	3,665,843.03
Career and Technical Education - Basic Grants to States	84.048	151, 161	177,346.96
Education for Homeless Children and Youth	84.196	127	45,937.16
English Language Acquisition Grants	84.365	102	63,382.56
Title IV Student Support and Academic Enrichment	84.424	241	283,542.45
Supporting Effective Instruction Grant	84.367	224	539,793.66
Hurricane Education Recovery Assistance for Homeless Children and Youth	84.938B	107	7,333.06
<b>Total United States Department of Education</b>			<u>4,954,241.80</u>
<b>United States Department of Health and Human Services</b>			
Head Start	93.600 (4)	N/A	2,351,102.23
<b>United States Department of Defense</b>			
Navy Junior Reserve Officers Training Corps	12.UNK	N/A	127,685.58
<b>Total Expenditures of Federal Awards</b>			<u>\$ 20,013,560.00</u>

\*Denotes major federal award program

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Notes:**

- (1) **Basis of Presentation:** The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Charlotte County District School Board (the District) 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 allowed or are limited as to reimbursement.
- (3) **Non-Cash Assistance:** National School Lunch Program - Of the total reported above, \$468,997.90 represents the amount of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (4) **Head Start:** Expenditures include \$751,127.52 for grant number/program year 04CH4774/05 and \$1,599,974.71 for grant number/program year 04CH4774/06.
- (5) **Indirect Cost Rate Election:** The District has not elected to use the de minimus cost rate allowed under the Uniform Guidance.

**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**

Charlotte County District School Board and  
Superintendent  
Port Charlotte, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Charlotte County District School Board (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 29, 2021. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of school internal funds were not audited in accordance with *Government Auditing Standards*.

**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 entity'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.

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Charlotte County District School Board and  
Superintendent  
Port Charlotte, Florida

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

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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 non-compliance 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.



January 29, 2021  
Sarasota, Florida

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

Charlotte County District School Board and  
Superintendent  
Port Charlotte, Florida

### **Report on Compliance for Each Major Federal Program**

We have audited the Charlotte County District School Board's (the District) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on 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 year ended June 30, 2020.

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Charlotte County District School Board and  
Superintendent  
Port Charlotte, Florida

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

**Report on Internal Control over Compliance**

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

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



January 29, 2021  
Sarasota, Florida

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

**Financial Statements**

Type of Auditor’s Report Issued:	Unmodified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Non-compliance material to financial statements noted?	No

**Federal Awards**

Internal Control over Major Programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of Auditor’s Report Issued on Compliance for Major Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance 2 CFR Section 200.516(a)?	No
Identification of Major Programs:	
U.S. Department of Education, Student Financial Assistance Cluster:	
Federal Supplemental Education Opportunity Grants	84.007
Federal Pell Grant Program	84.063
U.S. Department of Education, Passed Through Florida Department of Education, Title I Grants to Local Educational Agencies	84.010
Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$750,000
Auditee Qualified as Low-Risk Auditee?	Yes

**CHARLOTTE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**SECTION II—FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**OTHER MATTERS**

A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings.

A Corrective Action Plan is not required because there are no current year findings related to federal awards.

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE  
WITH FLORIDA STATUTE SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

Charlotte County District School Board and  
Superintendent  
Port Charlotte, Florida

We have examined the Charlotte County District School Board’s (the District) compliance with Section 218.415, Florida Statutes, during the fiscal year ended June 30, 2020. Management is responsible for the District’s compliance with those requirements. Our responsibility is to express an opinion on the District’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District’s compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements during the fiscal year ended June 30, 2020.

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



January 29, 2021  
Sarasota, Florida

**CERTIFIED PUBLIC ACCOUNTANTS**

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## MANAGEMENT LETTER

Charlotte County District School Board and  
Superintendent  
Port Charlotte, Florida

### Report on the Financial Statements

We have audited the financial statements of the Charlotte County District School Board (the District) as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated January 29, 2021. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the discretely presented component units, as described in our report on the District's financial statements. This report does not include matters related to these separate audits.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes. Disclosures in those reports and schedule, which are dated January 29, 2021, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.804(1)(f)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

### Financial Condition and Management

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

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Pursuant to Sections 10.804(1)(f)5.a. and 10.805(7), *Rules of the Auditor General*, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representatives made by management and the review of financial information provided by same.

Section 10.804(1)(f)3., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### Transparency

Section 10.804(1)(f)6., *Rules of the Auditor General*, requires that we communicate the results of our determination as to whether the District maintains on its Web site the information specified in Section 1011.035, Florida Statutes, (Section 1011.035, Florida Statutes, provides that district school boards shall prominently post on their Web site a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public). In connection with our audit, we determined that the District maintained on its Web site the information specified in Section 1011.035, Florida Statutes.

### Additional Matters

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

### Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, District School Board members, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.



January 29, 2021  
Sarasota, Florida