

Report No. 2020-163  
March 2020

**STATE OF FLORIDA AUDITOR GENERAL**

Financial and Federal Single Audit

**MIAMI-DADE COUNTY  
DISTRICT SCHOOL BOARD**

For the Fiscal Year Ended  
June 30, 2019



Sherrill F. Norman, CPA  
Auditor General

## Board Members and Superintendent

During the 2018-19 fiscal year, Mr. Alberto M. Carvalho served as Superintendent of the Miami-Dade County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Dr. Steve Gallon III	1
Dr. Dorothy Bendross-Mindingall	2
Dr. Martin S. Karp, Vice Chair	3
Ms. Perla Tabares Hantman, Chair	4
Ms. Susie V. Castillo	5
Ms. Maria Teresa "Mari Tere" Rojas	6
Ms. Lubby Navarro	7
Dr. Marta Pérez	8
Dr. Lawrence S. Feldman	9

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

The team leader was Elias I. Jaime, CPA, and the audit was supervised by Hector J. Quevedo, CPA.

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

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## SUMMARY

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### SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

### SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States; however, we noted a certain additional matter as summarized below.

#### **Additional Matter**

**Finding AM 2019-001:** District financial reporting procedures need improvement to ensure consistent, proper reporting of discretely presented component units.

### SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Title I, Career and Technical Education, English Language Acquisition, Hurricane Education Recovery, and Head Start programs were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs except for the Hurricane Education Recovery program. The noncompliance and control deficiency finding is summarized below.

**Federal Award Finding No. 2019-001:** The District misreported to the Florida Department of Education the count of displaced students, resulting in questioned costs totaling \$1,282,090 for the Emergency Impact Aid program.

### AUDIT OBJECTIVES AND SCOPE

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

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

- Taken corrective actions for findings included in prior audit reports.

The scope of this audit included an examination of the District's basic financial statements and the accompanying Schedule of Expenditures of Federal Awards, as of and for the fiscal year ended June 30, 2019. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

#### AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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



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

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

## INDEPENDENT AUDITOR'S REPORT

### 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 Miami-Dade County District School Board, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Miami-Dade County District School Board, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Other Federal Programs Fund, Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan, Schedule of District Contributions – Florida Retirement System Pension Plan, Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan, Schedule of District Contributions – Health Insurance Subsidy Pension Plan, Schedule of Changes in the Net Pension Liability and Related Ratios – Supplemental Early Retirement Pension Trust Fund, Schedule of Investment Returns – Supplemental Early Retirement Pension Trust Fund, Schedule of Contributions – Supplemental Early Retirement Pension Trust Fund, and Schedule of Changes in the District's Total OPEB Liability and Related Ratios**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our



inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 18, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
March 18, 2020

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Management's Discussion and Analysis (MD&A) of the School Board of Miami-Dade County, Florida (the District), is intended to provide an overview of the District's financial position and changes in financial position for the fiscal year ended June 30, 2019.

Since the focus of the MD&A is on current year activities, resulting changes, and currently known facts, it should be read in conjunction with the District's financial statements, including the accompanying notes. Additionally, as a required part of the MD&A, comparative information for the current year and the prior year is presented for financial analysis to enhance the understanding of the District's financial performance.

## FINANCIAL HIGHLIGHTS

At June 30, 2019, the General Fund had a total fund balance of \$243.5 million. This fund balance was comprised of \$7.5 million of nonspendable funds, \$18 million of restricted funds, \$111 million of assigned funds, and \$107 million of unassigned funds.

General Fund fund balance decreased by \$(5.7) million, or (2.3)% from the previous year due to an increase in expenditures, offset to some extent by an increase in revenues. The increase in expenditures is primarily due to the District's commitment to increase teacher compensation and enhance the safety of our schools during the 2018-19 fiscal year, in anticipation of the increased property tax collections in the 2019-20 fiscal year resulting from the voter approved Secure Our Future Referendum.

Special Revenue funds ended the year with a fund balance of \$33.1 million, a decrease of \$(9.9) million or (23)% from the previous year due to a decrease in revenues, as in the prior year additional funding related to Hurricane Irma was received from the Department of Agriculture by the food service program.

Debt Service funds ended the year with a fund balance of \$122.8 million, an increase of \$28.9 million or 31% from the previous year primarily due to increases in the collection of taxes and a reduction in debt service payments.

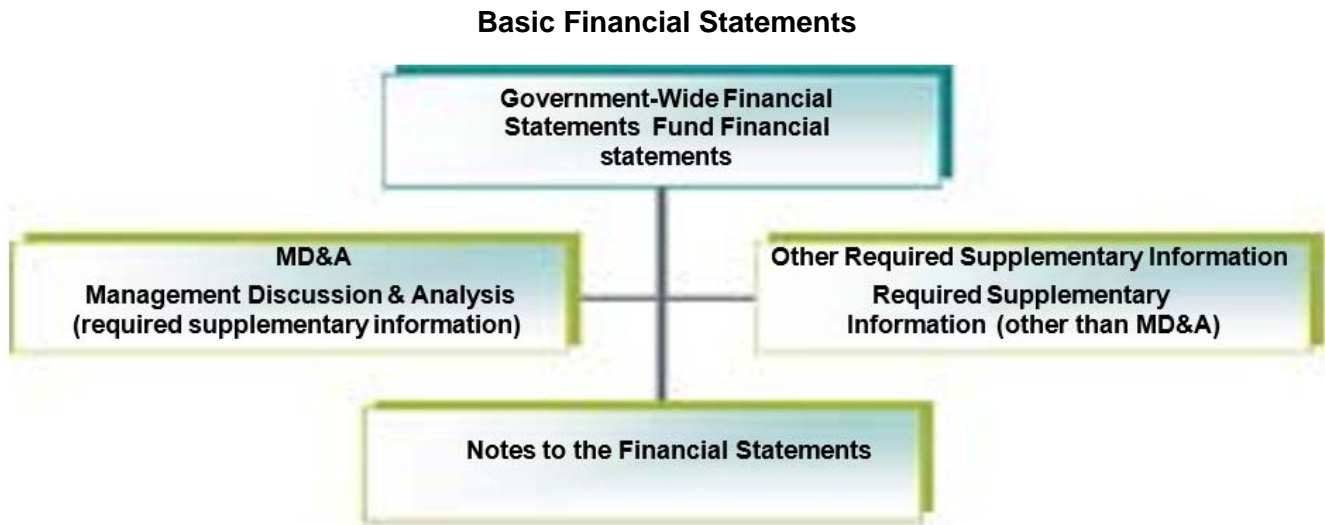
During the 2018-19 fiscal year, the District refunded several outstanding Certificates of Participation (COP) bond series that provided cash flow savings.

Capital Projects funds ended the year with a fund balance of \$520.1 million, a decrease of \$(28.2) million or (5.2)% from the previous year primarily due to the accelerated pace of the General Obligation Bond (GOB) program.

Moody’s Investors Service upgraded its rating of GOB and COP “from Aa3/stable to Aa2/stable” and “A1/stable to Aa3/stable”, respectively, noting the District’s material improvement in its finances over the last five fiscal years, in both its fund balance and liquidity positions. Standard & Poor’s (S&P) rating agency maintained the District’s rating of “AA-/stable” for GOB and “A+/stable” for COP bonds based in part on good financial management practices and policies.

**USING THIS REPORT**

The Annual Financial Report of the District is comprised of different sections. The following graphic is provided to facilitate the understanding of the format and its components:



**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District’s Annual Financial Report consists of a series of financial statements and accompanying notes, with the primary focus being on the District as a whole. The statement of net position and the statement of activities are government-wide financial statements that provide both short-term and long-term information about the District’s overall financial position. The fund financial statements report the District’s operations in more detail by providing information as to how services are financed in the short-term, as well as the remaining available resources for future spending. Additionally, the fund financial statements focus on major funds rather than fund types. The proprietary fund statements offer short-term and long-term financial information about the activities of the District as it relates to the group health insurance program. The remaining statements, the fiduciary funds statements, provide financial information for those activities in which the District acts solely as a trustee or agent for the benefit of others. The accompanying notes and required supplementary information (RSI) provide essential information that is not disclosed on the face of the financial statements. Consequently, the notes and RSI are an integral part of the basic financial statements.

**Government-wide Financial Statements**

**The Statement of Net Position and the Statement of Activities** – Most of the activities of the District are reported in these statements, including instruction, instructional support services, operations and maintenance, school administration, general administration, student transportation, and food service.

Additionally, all State and Federal grants, as well as capital and debt financing activities are reported in these statements.

The statement of net position and the statement of activities present a view of the District's financial operations as a whole, reflect all financial transactions, and provide information helpful in determining whether the District's financial position has improved or deteriorated as a result of current year's activities. Both of these statements are prepared using the accrual basis of accounting similar to that used by most private-sector companies. The statement of net position includes assets plus deferred outflows of resources, and liabilities, less deferred inflows of resources, both short-term and long-term.

The statement of activities reports all of the current year's revenues and expenses regardless of when cash is received or paid. The two government-wide statements report the District's net position and the changes that resulted from the District's operations. The relationship between revenues and expenses indicates the District's operating results. Over time, increases and decreases in the District's net position are an indicator of whether the District's financial position is improving or deteriorating. However, as a governmental entity, the District's activities are not geared towards generating profits as are the activities of commercial entities. Other factors, such as the safety of schools and quality of education, must be considered in order to reasonably assess the District's overall performance, particularly because of the limited resources available.

### **Fund Financial Statements**

The District's fund financial statements provide a detailed short-term view of the District's operations, focusing on its most significant or "major" funds. Certain funds are required by law while others are created by legal agreements, such as bond covenants. The District establishes other funds to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. The District has three kinds of funds – governmental funds, a proprietary fund, and fiduciary funds.

**Governmental Funds** – The accounting for most of the District's basic services is included in the governmental funds. The measurement focus and basis of accounting continue to be reported using the modified accrual basis of accounting, which measures inflows and outflows of current financial resources and the remaining balances at year-end that are available for spending. Furthermore, under this basis of accounting, changes in net spendable assets normally are recognized only to the extent that they are expected to have a near-term impact. Inflows of financial resources are recognized only if they are available to liquidate liabilities of the current period. Similarly, future outflows are typically recognized only if they represent a depletion of current financial resources. The District's major governmental funds are the General Fund, Other Federal Programs Fund, General Obligation School Bonds Fund, and Capital Improvement - Local Optional Millage Levy (LOML) Funds. The differences in the amounts reported between the fund statements and the government-wide financial statements are explained in the reconciliations provided on Pages 26, 30, and 31.

**Proprietary Fund** – The District maintains an internal service fund as its only proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses the internal service fund to report the activities of the group health self-insurance program. Since these services predominantly benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the

government-wide financial statements. The District's proprietary fund activity is reported in the statement of net position, the statement of revenues expenses and changes in net position, and the statement of cash flows – proprietary fund on Pages 32 through 34.

**Fiduciary Funds** – The District is the trustee, or fiduciary, for resources held for the benefit of others, such as the student activities fund and the Pension Trust Fund. The District's fiduciary activities are reported in the statement of fiduciary net position on Page 35 and the statement of changes in fiduciary net position on Page 36. The resources accounted for in these funds are excluded from the government-wide financial statements because these funds are not available to finance the District's operations. Consequently, the District is responsible for ensuring that these resources are used only for their intended purposes.

### **Notes to Financial Statements**

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

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information beginning on Page 96.

<b>GOVERNMENT-WIDE FINANCIAL ANALYSIS</b>
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**Statement of Net Position**

The following table provides a comparative analysis of the District's net position for the fiscal years ended June 30, 2019 and 2018.

**CONDENSED STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
**June 30, 2019 and 2018**  
(\$ in millions)

Categories	2018/19	2017/18	Difference Increase (Decrease)	% Increase (Decrease)
Current and Other Assets	\$ 1,300.4	\$ 1,315.5	\$ (15.1)	(1.1)%
Capital Assets, Net	4,407.9	4,436.8	(28.9)	(0.7)%
<b>Total Assets</b>	<b>5,708.3</b>	<b>5,752.3</b>	<b>(44.0)</b>	<b>(0.8)%</b>
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value				
Hedging Derivatives	-	13.9	(13.9)	(100.0)%
Deferred Loss on Refundings	94.4	91.4	3.0	3.3%
Pensions	718.2	736.8	(18.6)	(2.5)%
OPEB	29.8	6.3	23.5	373.0%
<b>Total Assets and Deferred Outflows of Resources</b>	<b>6,550.7</b>	<b>6,600.7</b>	<b>(50.0)</b>	<b>(0.8)%</b>
Current Liabilities	542.8	514.7	28.1	5.5%
Long-term Liabilities	5,692.8	5,845.7	(152.9)	(2.6)%
<b>Total Liabilities</b>	<b>6,235.6</b>	<b>6,360.4</b>	<b>(124.8)</b>	<b>(2.0)%</b>
Deferred Inflows of Resources				
Pensions	238.0	176.6	61.4	34.8%
OPEB	25.1	6.5	18.6	286.2%
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>6,498.7</b>	<b>6,543.5</b>	<b>(44.8)</b>	<b>(0.7)%</b>
Net Position				
Net Investment in Capital Assets	1,307.0	1,302.5	4.5	0.3%
Restricted	354.8	245.9	108.9	44.3%
Unrestricted (Deficit)	(1,609.8)	(1,491.2)	(118.6)	(8.0)%
<b>Total Net Position</b>	<b>\$ 52.0</b>	<b>\$ 57.2</b>	<b>\$ (5.2)</b>	<b>(9.1)%</b>

The District's total assets plus deferred outflows of resources were \$6.6 billion and total liabilities and deferred inflows of resources were \$6.5 billion at the end of the current fiscal year.

The District's net position totaled \$52 million at June 30, 2019. The largest portion of the District's net position, \$1.3 billion, reflects its investment in capital assets (e.g., land, buildings, furniture, fixtures and equipment), net of depreciation and less any outstanding debt used to construct or acquire those assets. Restricted net position in the amount of \$354.8 million is reported separately to show legal constraints,



from debt covenants and enabling legislation. The \$(1.6) billion unrestricted deficit in net position reflects the shortfall the District would face in the event it would have to liquidate all of its non-capital liabilities, including insurance claims payable, compensated absences, pensions and other postemployment benefits at June 30, 2019. Consequently, these long-term considerations have a significant impact on the resulting net position.

### Statement of Activities

The following table summarizes the changes in the District's net position from its activities for the fiscal years ended June 30, 2019 and 2018.

#### CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES For Fiscal Years Ended June 30, 2019 and 2018 (\$ in millions)

	<u>2018/19</u>	<u>2017/18</u>	<u>Difference Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
<b>Revenues</b>				
Program Revenues:				
Charges for Services	\$ 48.5	\$ 44.5	\$ 4.0	9.0%
Operating Grants and Contributions	998.4	1,030.0	(31.6)	(3.1)%
Capital Grants and Contributions	88.9	56.5	32.4	57.3%
Total Program Revenues	<u>1,135.8</u>	<u>1,131.0</u>	<u>4.8</u>	<u>0.4%</u>
General Revenues:				
Ad Valorem Taxes	2,058.2	2,018.3	39.9	2.0%
Grants and Contributions Not Restricted to Specific Programs	656.9	661.3	(4.4)	(0.7)%
Investment Earnings	45.0	20.7	24.3	117.4%
Miscellaneous	44.5	25.7	18.8	73.2%
Total General Revenues	<u>2,804.6</u>	<u>2,726.0</u>	<u>78.6</u>	<u>2.9%</u>
<b>Total Revenues</b>	<b><u>3,940.4</u></b>	<b><u>3,857.0</u></b>	<b><u>83.4</u></b>	<b><u>2.2%</u></b>
<b>Expenses</b>				
Instructional Services	2,311.3	2,221.2	90.1	4.1%
Instructional Support Services	324.9	301.2	23.7	7.9%
Student Transportation Services	94.9	93.0	1.9	2.0%
Operations and Maintenance of Plant	389.1	378.8	10.3	2.7%
Food Service	164.3	161.0	3.3	2.0%
School Administration	171.0	167.6	3.4	2.0%
General Administration	14.0	13.9	0.1	0.7%
Business/Central Services	70.0	71.1	(1.1)	(1.5)%
Facilities Acquisition and Construction	54.0	68.6	(14.6)	(21.3)%
Administrative Technology Services	2.1	3.4	(1.3)	(38.2)%
Interest on Long-Term Debt	146.2	150.2	(4.0)	(2.7)%
Community Services	32.5	31.0	1.5	4.8%
Unallocated Depreciation/Amortization	171.3	168.4	2.9	1.7%
<b>Total Expenses</b>	<b><u>3,945.6</u></b>	<b><u>3,829.4</u></b>	<b><u>116.2</u></b>	<b><u>3.0%</u></b>
<b>Increase (Decrease) in Net Position</b>	<b><u>(5.2)</u></b>	<b><u>27.6</u></b>	<b><u>(32.8)</u></b>	<b><u>(118.8)%</u></b>
<b>Net Position, Beginning</b>	<b><u>57.2</u></b>	<b><u>186.8</u></b>	<b><u>(129.6)</u></b>	<b><u>(69.4)%</u></b>
<b>Prior Year Restatement</b>	<b><u>-</u></b>	<b><u>(157.2)</u></b>	<b><u>(157.2)</u></b>	<b><u>100.0%</u></b>
<b>Net Position, Ending</b>	<b><u>\$ 52.0</u></b>	<b><u>\$ 57.2</u></b>	<b><u>\$ (5.2)</u></b>	<b><u>(9.1)%</u></b>

The District's net position decreased slightly by \$(5.2) million or (9.1)% from the prior year primarily due to an increase in overall expenses during the fiscal year. Revenues from Operating Grants and Contributions decreased by \$(31.6) million or (3.1)% primarily due to funding in the prior year received from the Department of Agriculture by the food service program related to Hurricane Irma. General Revenues for Ad Valorem Taxes increased by \$39.9 million or 2% due to higher property values resulting in increased property tax collections. Increases in expenses for Instructional Services, Instructional Support Services, and Operations and Maintenance of Plant is partially attributed to salary supplements to teachers, school police, and school security monitors, in anticipation of funding from the voter approved Secure Our Future Referendum, as well as increases in Instructional Services for higher payments to charter schools.

### **Governmental Activities**



The statement of activities reports gross expenses, offsetting program revenues and the resulting net expense (cost) by functions for the current year. The net cost of each of the District's functions represents the expenses that must be subsidized by general revenues, including tax dollars. As reflected in the statement of activities, total expenses for governmental activities excluding unallocated depreciation expense totaled \$3,774.3 million, of which \$1,135.8 million were financed by charges for services and other program revenues. The resulting net costs of \$2,638.5 million, excluding unallocated depreciation expense, were financed primarily by Florida Education Finance Program (FEFP) dollars and property taxes.

The table below presents a comparative analysis of the cost and the net cost of each of the District's functions: School Level Services include Instruction, Student Services (counselors, psychologists, and visiting teachers), Transportation, Custodial and Maintenance (including utilities), School Administration and Community Services; Instructional Support Services include Curriculum Development and Staff Training; Business/Central Services include Accounting, Budget, Payroll, Accounts Payable, Cash and Debt Management, Purchasing, Personnel, Data Processing, Risk Management, and Warehousing; General Administration; and Facilities Acquisition and Construction.



**Net Cost of Governmental Activities**  
**For Fiscal Years Ended June 30, 2019 and 2018**  
**(\$ in millions)**

	<u>2018/19</u>	<u>2017/18</u>	<u>Difference Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
<b>Total Cost of Services</b>				
School Level Services	\$ 3,163.2	\$ 3,052.6	\$ 110.6	3.6%
Instructional Support Services	324.9	301.2	23.7	7.9%
Business/Central Services	218.2	224.7	(6.5)	(2.9)%
General Administration	14.0	13.9	0.1	0.7%
Facilities Acquisition and Construction	54.0	68.6	(14.6)	(21.3)%
<b>Total Cost of Services*</b>	<b><u>\$ 3,774.3</u></b>	<b><u>\$ 3,661.0</u></b>	<b><u>\$ 113.3</u></b>	<b>3.1%</b>
<b>Net Cost of Services</b>				
School Level Services	\$ 2,075.4	\$ 1,960.1	\$ 115.3	5.9%
Instructional Support Services	324.9	301.2	23.7	7.9%
Business/Central Services	216.7	222.7	(6.0)	(2.7)%
General Administration	14.0	13.9	0.1	0.7%
Facilities Acquisition and Construction	7.5	32.1	(24.6)	(76.6)%
<b>Net Cost of Services*</b>	<b><u>\$ 2,638.5</u></b>	<b><u>\$ 2,530.0</u></b>	<b><u>\$ 108.5</u></b>	<b>4.3%</b>

\* Excluding unallocated depreciation expense.

<b>FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS</b>
---

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial information is presented separately in the Balance Sheet, and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the District's major funds: General Fund, Other Federal Programs Fund, General Obligation School Bonds Fund, and Capital Improvement – Local Optional Millage Levy (LOML) Funds. Financial information for the nonmajor governmental funds is aggregated and presented in a single column.

### GENERAL FUND

The General Fund is the primary operating fund for the District. Presented below is an overall analysis of the General Fund as compared to the prior year.

**CHANGES IN GENERAL FUND ACTIVITY**  
**For Fiscal Years 2018/19 AND 2017/18**  
(\$ in thousands)

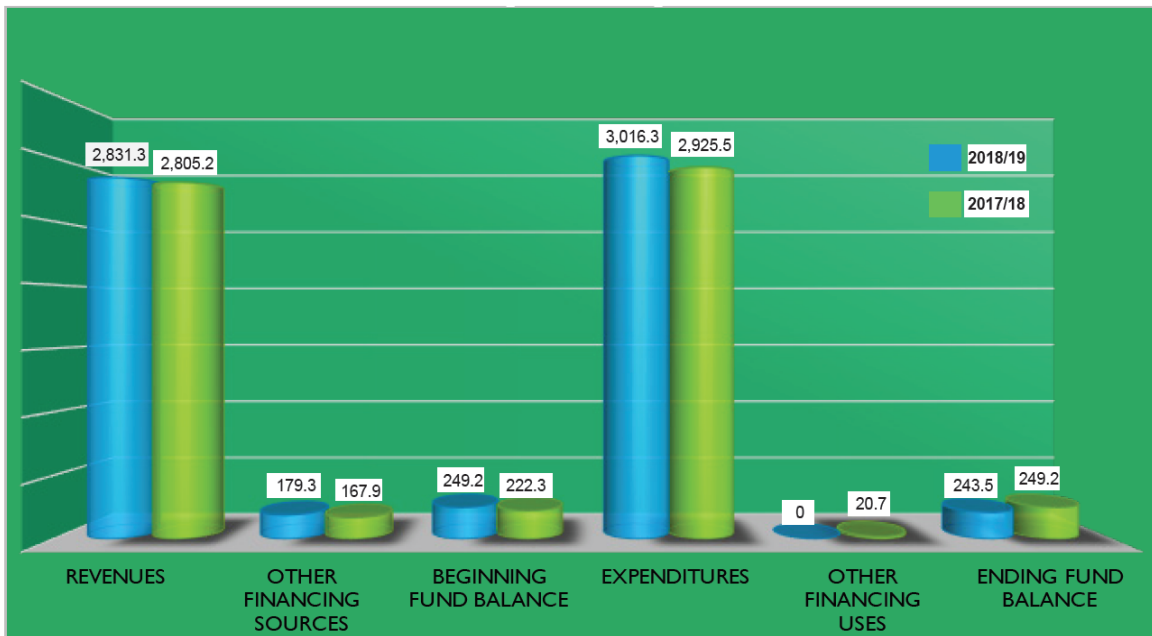
Categories	2018/19	2017/18	Difference	%
			Increase (Decrease)	Increase (Decrease)
Revenues	\$ 2,831,342	\$ 2,805,192	\$ 26,150	0.9%
Other Financing Sources	179,265	167,896	11,369	6.8%
Beginning Fund Balance	249,164	222,269	26,895	12.1%
<b>Total</b>	<b>\$ 3,259,771</b>	<b>\$ 3,195,357</b>	<b>\$ 64,414</b>	<b>2.0%</b>
Expenditures	\$ 3,016,314	\$ 2,925,519	\$ 90,795	3.1%
Other Financing Uses	-	20,674	(20,674)	(100.0)%
Ending Fund Balance	243,457	249,164	(5,707)	(2.3)%
<b>Total</b>	<b>\$ 3,259,771</b>	<b>\$ 3,195,357</b>	<b>\$ 64,414</b>	<b>2.0%</b>

The General Fund is the chief operating fund of the District. Overall Revenues increased by \$26.1 million or 0.9% from the previous year. The increase is primarily due to an increase in the property tax collections and interest income.

Expenditures increased by \$90.8 million or 3.1% from the previous year. The increase is primarily attributed to increased payments to charter schools, salary supplements to teachers, school police, and school security monitors, in anticipation of funding from the voter approved Secure Our Future Referendum, and other operational costs.

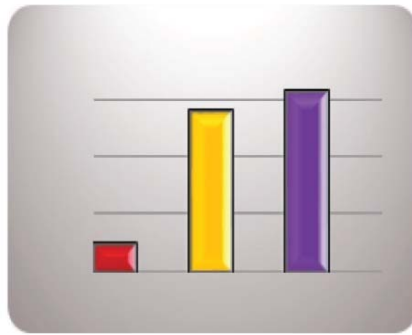
Ending Fund Balance decreased by \$(5.7) million or (2.3)% primarily due to an increase in expenditures, offset to some extent by an increase in revenues.

**CHANGES IN GENERAL FUND ACTIVITY**  
**For Fiscal Years 2018/19 and 2017/18**  
(\$ in millions)



## Revenues by Source

**Revenues** - Overall revenues increased by \$26.1 million or 0.9% as follows:



■ Federal ■ State ■ Local

### REVENUES BY SOURCE For Fiscal Years 2018/19 and 2017/18 (\$ in thousands)

Source	2018/19	2017/18	Difference Increase (Decrease)	% Increase (Decrease)
Federal	\$ 18,724	\$ 23,613	\$ (4,889)	(20.7)%
State	1,186,834	1,189,472	(2,638)	(0.2)%
Local	1,625,784	1,592,107	33,677	2.1%
<b>Total</b>	<b>\$ 2,831,342</b>	<b>\$ 2,805,192</b>	<b>\$ 26,150</b>	<b>0.9%</b>

Federal sources decreased by \$(4.9) million or (20.7)% from the prior year. This decrease is primarily due to a decrease in Medicaid reimbursement, offset by funding for the Restart Program and Emergency Impact Aid for Displaced Students.

State sources decreased by \$(2.6) million or (0.2)% from the prior year. This decrease is primarily due to a decrease in FEFP funding, offset by the new mental health allocation of \$7.8 million.

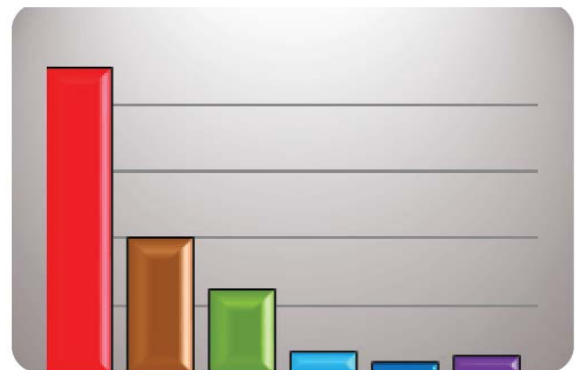
Local sources increased by \$33.7 million or 2.1% from the prior year. This increase is primarily due to an increase in the collection of taxes as well as an increase in investment income and E-rate funding.

## Expenditures by Function

**Expenditures** – Overall expenditures increased by \$90.8 million or 3.1% as follows:

### EXPENDITURES BY FUNCTION For Fiscal Years 2018/19 and 2017/18 (\$ in thousands)

Functions	2018/19	2017/18	Difference Increase (Decrease)	% Increase (Decrease)
School Level Services	\$2,713,931	\$2,639,131	\$ 74,800	2.8%
Instructional Support Services	207,688	196,056	11,632	5.9%
Business Services/ Central Adm.	74,498	73,770	728	1.0%
School Board	8,176	7,712	464	6.0%
General Administration	5,294	5,878	(584)	(9.9)%
Facilities and Other Capital Outlay	6,727	2,972	3,755	126.3%
<b>Total</b>	<b>\$3,016,314</b>	<b>\$2,925,519</b>	<b>\$ 90,795</b>	<b>3.1%</b>



■ School Level Services ■ School Board  
 ■ Instructional Support Services ■ General Administration  
 ■ Business Svcs./ Central Adm. ■ Facilities & Other Capital Outlay

Salaries and fringe benefits represent the most significant expenditures of the District specifically as it relates to school level expenditures. During the 2018-19 fiscal year, the administration continued to implement cost reduction strategies to meet the financial challenges of limited funding and increased

costs. The increase in Facilities and Other Capital Outlay expenditures resulted from various district-wide communication system upgrades and Hurricane Irma restoration costs.

### **OTHER FEDERAL PROGRAMS**

While the primary sources of revenue for this fund are Federal grants, some State and local grants are included. Grants included in this fund, both entitlement and competitive, have restrictions on how the grant proceeds may be used. These restrictions are established by the grantor agencies or organizations. As a result, in compliance with generally accepted accounting principles, revenues in this fund are recognized only to the extent that eligible expenditures have been incurred. Therefore, no fund balance is recognized.

### **GENERAL OBLIGATION BONDS**

On November 6, 2012, Miami-Dade County voters approved a referendum authorizing the issuance of \$1.2 billion of General Obligation Bonds (GOBs) for the modernization and construction of public school facilities, including educational technology upgrades. Thus far, five separate bond series have been issued pursuant to this referendum. As of June 30, 2019, \$270.8 million bonds remain to be issued. The 2018-19 fiscal year was another banner year for the GOB program, with over 500 projects at various stages of development, from design to close out. The 2018-19 fiscal year ended with a total fund balance of \$293.5 million.

### **CAPITAL IMPROVEMENT - LOCAL OPTIONAL MILLAGE LEVY (LOML)**

Capital Improvement – Local Optional Millage Levy (LOML) funds constitute the primary source of revenue in the Capital Budget. The Florida Legislature decreased the maximum allowable millage to be used for capital purposes from 1.75 mills to 1.50 mills in the 2009-10 fiscal year with the flexibility of shifting 0.25 mills back from the operating budget. Total fund balance of \$138.2 million represents an increase of 53% from the previous year. This can be attributed to an increase in the collection of taxes and the relief provided by the Florida Legislature funding the charter school capital outlay allocation from State funds during the 2018-19 fiscal year rather than from District capital millage revenue sharing as occurred in the prior fiscal year. Of the total fund balance, \$122.1 million is restricted for capital projects, and \$16.1 million is nonspendable.



## BUDGETARY HIGHLIGHTS

Most District operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute State funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature. The purpose is to substantially equalize educational funding among the 67 school districts in Florida, irrespective of differences in wealth among the districts.

Each school district retains its local property taxes, which are reported as local revenues. However, the required local effort portion is deducted from the district revenue generated by the State FEFP formulas. The resulting net revenue is reported as State revenue.

Total General Fund revenues and other financing sources during the 2018-19 fiscal year were \$37.6 million less than the original adopted budget as follows:

- Federal funds were \$9.9 million lower than anticipated primarily due to pending payments from FEMA related to expenditures incurred as a result of Hurricane Irma of \$11.9 million as well as a decrease in Medicaid reimbursements of \$6.2 million. These decreases were partially offset by revenue received from two new Federal grants, Displaced Students and Restart program, as well as increases in Impact Aid, R.O.T.C., and Other Federal through State sources.
- State funds were \$24.7 million less than the original adopted budget primarily due to the elimination of McKay Scholarships of \$42.3 million, as well as decreases in base FEFP funding due to changes in enrollment of \$7.3 million, Class Size Reduction of \$2 million, Supplemental Academic Instruction of \$1.4 million, ESE Guarantee of \$1.5 million, and a decrease of \$1.3 million related to the Voluntary Pre-K program. These decreases were offset by the receipt of Best & Brightest Scholarship funds for \$22.1 million, an increase in the Declining Enrollment

Supplement of \$4.7 million, Schools of Hope grants funds for \$1.7 million, Students Attired for Education Grant for \$1.8 million, and miscellaneous increases of \$0.8 million.

- Local revenues were \$8.7 million higher than the original adopted budget. The increase in local revenues is primarily due to increased interest and investment revenue of \$15.5 million, increased tax redemptions of \$4.8 million and increases in other accounts of \$12.5 million. The increases were offset by reductions in net property taxes of \$22.4 million.
- Other Financing Sources decreased \$11.7 million due to the decrease in transfers from other funds of \$13.4 million and increases in other non-revenue sources of \$1.7 million.

The most significant variance between the budget as originally adopted and the final amended budget is reflected in Instructional Services expenditures. This variance is primarily due to the fact that most of the District's budget is originally placed in Instructional Services as teacher salaries and fringes. During the 2018-19 fiscal year, the District experienced a higher than budgeted vacancy rate across a multitude of positions. The rest of the variance in Instructional Services relates to the fact that once the school year commences, the true needs of each respective school are determined based on actual FTE and other established allocation processes. Therefore, funds originally budgeted under Instructional Services are spent under other functions which explains the negative variances seen in the rest of the other expenditure functions.

The variance between final amended budget and actual expenditures relates to amounts that were encumbered as of June 30, 2019.

Ending fund balance as of June 30, 2019, was \$243.5 million comprised of nonspendable fund balances totaling \$7.5 million, representing inventories and prepaid items, restricted fund balance totaling \$18 million in State categorical programs, assigned fund balance of \$111 million, which included rebudgets and outstanding purchase orders and purchase requisitions, and unassigned fund balance totaling \$107 million. This differs from the ending fund balance used for budgetary purposes since amounts encumbered are included as appropriations.

The District will continue to review the budget, focusing on maintaining essential educational services as it anticipates continuing revenue shortfalls and cost increases.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### **Capital Assets**

At June 30, 2019, the District had \$4.4 billion invested in different categories of capital assets, net of accumulated depreciation, as shown in the table below.

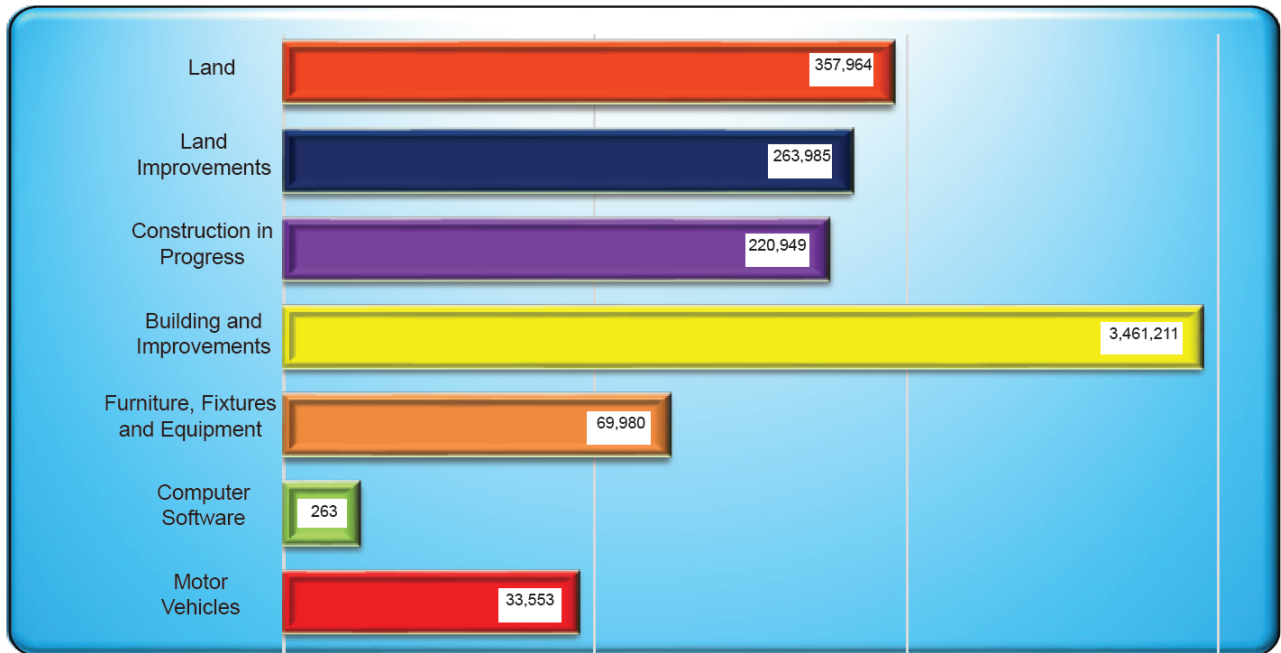


**CAPITAL ASSET ACTIVITY**  
**At June 30, 2019 and 2018**  
(\$ in thousands)

<b>Categories</b>	<b>2018/19</b>	<b>2017/18</b>	<b>Difference Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
Land	\$ 357,964	\$ 356,084	\$ 1,880	0.5%
Land Improvements	263,985	262,364	1,621	0.6%
Construction in Progress	220,949	200,316	20,633	10.3%
Building and Improvements	3,461,211	3,508,095	(46,884)	(1.3)%
Furniture, Fixtures, and Equipment	69,980	70,225	(245)	(0.3)%
Computer Software	263	479	(216)	(45.1)%
Motor Vehicles	33,553	39,270	(5,717)	(14.6)%
<b>Total</b>	<b>\$ 4,407,905</b>	<b>\$ 4,436,833</b>	<b>\$ (28,928)</b>	<b>(0.7)%</b>

Detailed information reflecting the District’s capital asset balances and activity for the fiscal year ended June 30, 2019, is provided in Note 4 to the Financial Statements.

**CAPITAL ASSET ACTIVITY**  
**At June 30, 2019**  
(\$ in thousands)



**Debt Administration**

The following table represents the changes in the District’s outstanding long-term liabilities at fiscal year-end.

**CHANGES IN LONG-TERM LIABILITIES**  
**At June 30, 2019 and 2018**  
(\$ in thousands)

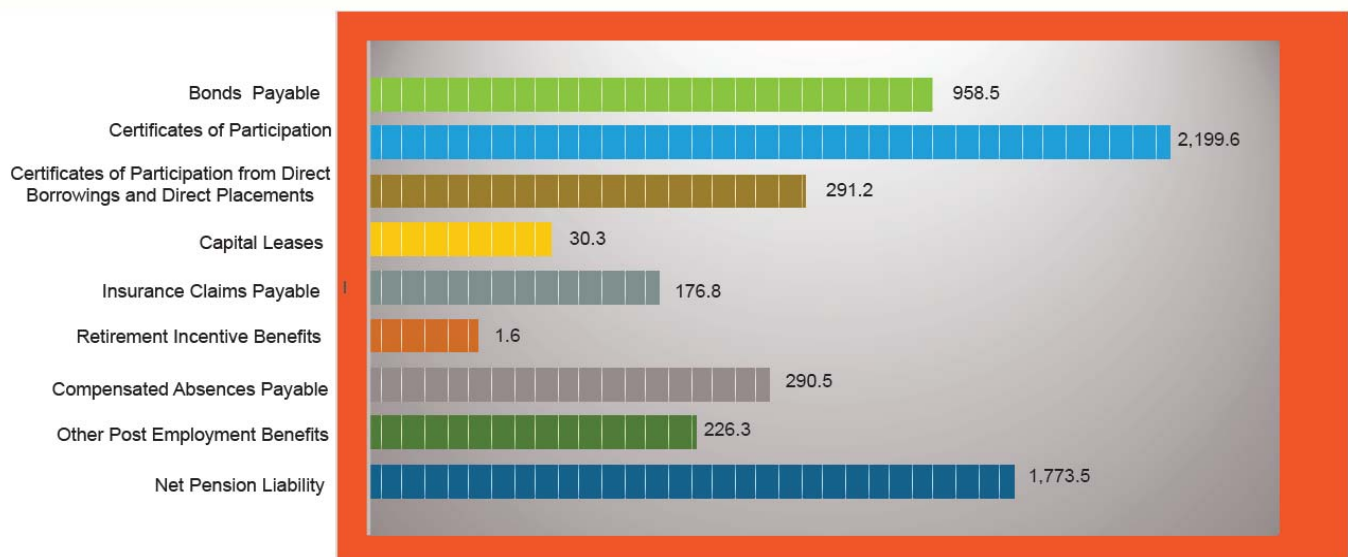
<u>Categories</u>	<u>2018/19</u>	<u>2017/18</u>	<u>Difference Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Bonds Payable	\$ 958,461	\$ 980,501	\$ (22,040)	(2.2)%
Certificates of Participation Payable, Net	2,199,555	2,435,837 *	(236,282)	(9.7)%
Certificates of Participation Payable from Direct Borrowings and Direct Placements	291,154	159,434 *	131,720	82.6%
Derivative Instrument Liability	-	13,926	(13,926)	(100.0)%
Capital Leases	30,265	44,316	(14,051)	(31.7)%
Insurance Claims Payable	176,827	169,362	7,465	4.4%
Retirement Incentive Benefits	1,621	1,576	45	2.9%
Compensated Absences Payable	290,502	284,507	5,995	2.1%
Other Postemployment Benefits Liability	226,325	211,851	14,474	6.8%
Net Pension Liability	1,773,469	1,783,082	(9,613)	(0.5)%
<b>Total</b>	<b><u>\$ 5,948,179</u></b>	<b><u>\$ 6,084,392</u></b>	<b><u>\$ (136,213)</u></b>	<b><u>(2.2)%</u></b>

\* Reflects disclosures to comply with GASB Statement No. 88.

Overall liabilities decreased by \$(136.2) million or (2.2)% from the prior year. The most significant decreases are reflected in Bonds Payable \$(22) million and Certificates of Participation \$(236.3) million. These decreases are primarily due to repayment of debt.

Detailed information relating to changes in long-term liabilities for the fiscal year ended June 30, 2019, is provided in Note 14 to the Financial Statements.

**LONG-TERM LIABILITIES**  
**At June 30, 2019**  
(\$ in millions)





## ECONOMIC FACTORS

The State of Florida, by constitution, does not have a State personal income tax and, therefore, the State operates primarily using sales, gasoline, and corporate income taxes. Despite a slow economic recovery and continued funding challenges, the District, through prudent fiscal management, maintains a healthy financial position to provide the quality education deserved by every child.

## CONTACTING MANAGEMENT

The District's financial statements are designed to present citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Additional information can be requested at:

The School Board of Miami-Dade County  
School Board Administration Building  
Office of the Controller  
1450 N.E. 2<sup>nd</sup> Avenue  
Room 664  
Miami, Florida 33132  
or visit our web site at:

<http://www.dadeschools.net>



# **BASIC FINANCIAL STATEMENTS**

**Miami-Dade County District School Board  
Statement of Net Position  
June 30, 2019  
(amounts expressed in thousands)**

	<b>Primary Government</b>	<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Units</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 203,927	\$ 166,168
Investments	645,757	-
Cash and Investments with Fiscal Agents	209	-
Total Cash, Cash Equivalents, and Investments (Note 3)	849,893	166,168
Taxes Receivable, Net (Note 16)	14,118	-
Accounts and Interest Receivable	4,199	3,822
Due From Other Governments or Agencies (Note 6)	106,121	46,170
Inventories	16,248	-
Prepaid and Other Current Assets	17,533	47,173
Total Current Assets	1,008,112	263,333
Noncurrent Assets:		
Cash and Investments (Note 3)	292,265	-
Capital Assets: (Note 4)		
Nondepreciable Capital Assets	842,898	40,350
Depreciable Capital Assets	6,631,149	294,252
Less Accumulated Depreciation	(3,066,142)	(136,298)
Total Capital Assets, Net	4,407,905	198,304
Total Noncurrent Assets	4,700,170	198,304
<b>TOTAL ASSETS</b>	<b>5,708,282</b>	<b>461,637</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Refunding of Debt, Net	94,386	-
Pensions (Note 17)	718,252	773
Other Postemployment Benefits (Note 17)	29,842	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>842,480</b>	<b>773</b>

**Miami-Dade County District School Board**  
**Statement of Net Position (Continued)**  
**June 30, 2019**  
(amounts expressed in thousands)

	<b>Primary Governmental Governmental Activities</b>	<b>Component Units</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts and Contracts Payable and Accrued Expenses	\$ 54,121	\$ 16,942
Accrued Payroll Payable	164,315	18,404
Due to Other Governments or Agencies (Note 6)	5,939	6,634
Unearned Revenue	4,351	518
Accrued Interest Payable	39,820	-
Retainage Payable on Contracts	18,922	-
Current Portion of Long-Term Liabilities (Note 14)	255,356	4,996
Total Current Liabilities	542,824	47,494
Noncurrent Liabilities:		
Noncurrent Portion of Long-Term Liabilities (Note 14)	3,693,029	176,402
Net Pension Liability	1,773,469	-
Total Other Postemployment Benefits Liability	226,325	-
Total Noncurrent Liabilities	5,692,823	176,402
<b>TOTAL LIABILITIES</b>	<b>6,235,647</b>	<b>223,896</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions (Note 17)	237,968	226
Other Postemployment Benefits (Note 17)	25,125	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>263,093</b>	<b>226</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,307,004	89,701
Restricted for:		
State Required Carryover Programs	17,999	-
Debt Service	83,158	-
Capital Projects	220,022	-
Food Service	32,750	-
Other Purposes	931	4,127
Unrestricted (Deficit)	(1,609,842)	144,460
<b>TOTAL NET POSITION</b>	<b>\$ 52,022</b>	<b>\$ 238,288</b>

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

**Miami-Dade County District School Board  
Statement of Activities  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Primary Government</b>			
<b>Governmental Activities:</b>			
Instructional Services	\$ 2,311,324	\$ 10,803	\$ 854,415
Instructional Support Services	324,932	-	-
Student Transportation Services	94,939	845	-
Operation and Maintenance of Plant	389,129	-	-
School Administration	170,967	-	-
General Administration	14,020	-	-
Business/Central Services	70,023	-	-
Administrative Technology Services	2,124	-	-
Food Services	164,259	15,436	144,027
Community Services	32,496	21,395	-
Facilities Acquisition and Construction	53,940	-	-
Interest on Long-Term Debt	146,189	-	-
Unallocated Depreciation/Amortization* (Note 4)	171,260	-	-
<b>Total Governmental Activities</b>	<u>\$ 3,945,602</u>	<u>\$ 48,479</u>	<u>\$ 998,442</u>
<b>Component Units</b>	<u>\$ 556,777</u>	<u>\$ 13,303</u>	<u>\$ 44,779</u>

General Revenues:

Taxes: (Note 16)

- Property Taxes, Levied for Operational Purposes
- Property Taxes, Levied for Debt Service
- Property Taxes, Levied for Capital Projects
- Grants and Contributions Not Restricted to Specific Programs
- Investment Earnings
- Other

**Total General Revenues**

**Change in Net Position**

Net Position - Beginning

**Net Position - Ending**

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

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

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

<b>Capital Grants and Contributions</b>	<b>Primary Government Governmental Activities</b>	<b>Component Units</b>
\$ -	\$ (1,446,106)	\$ -
-	(324,932)	-
-	(94,094)	-
40,749	(348,380)	-
-	(170,967)	-
-	(14,020)	-
-	(70,023)	-
-	(2,124)	-
-	(4,796)	-
-	(11,101)	-
46,525	(7,415)	-
1,612	(144,577)	-
-	(171,260)	-
<b>\$ 88,886</b>	<b>(2,809,795)</b>	<b>-</b>
<b>\$ 37,347</b>	<b>-</b>	<b>(461,348)</b>
	1,529,167	-
	70,059	-
	458,991	-
	656,874	459,117
	45,012	1,448
	44,461	23,035
	2,804,564	483,600
	(5,231)	22,252
	57,253	216,036
	<b>\$ 52,022</b>	<b>\$ 238,288</b>

**Miami-Dade County District School Board  
Balance Sheet – Governmental Funds  
June 30, 2019  
(amounts expressed in thousands)**

	General Fund	Other Federal Programs Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 91,191	\$ 114
Equity in Pooled Cash and Investments	287,907	184
Cash and Investments with Fiscal Agents (Note 12)	-	-
Total Cash, Cash Equivalents, and Investments (Note 3)	379,098	298
Taxes Receivable, Net (Note 16)	11,053	-
Accounts and Interest Receivable	1,905	-
Due from Other Governments or Agencies (Note 6)	34,447	40,586
Due from Other Funds (Note 5)	32,565	-
Inventories	13,116	-
Prepaid and Other Assets	1,455	-
<b>TOTAL ASSETS</b>	<b>\$ 473,639</b>	<b>\$ 40,884</b>
<b>LIABILITIES</b>		
Accounts and Contracts Payable and Accrued Expenditures	\$ 34,232	\$ 3,703
Accrued Payroll and Compensated Absences (Notes 8 and 14)	172,417	2,769
Due to Other Funds (Note 5)	12,500	32,560
Due to Other Governments or Agencies (Note 6)	4,090	1,768
Unearned Revenue	450	50
Estimated Liability for Claims (Notes 13 and 18)	1,971	-
Retainage Payable on Contracts	170	34
Total Liabilities	225,830	40,884
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue	4,352	-
Total Deferred Inflows of Resources	4,352	-
<b>FUND BALANCES</b>		
Nonspendable	7,508	-
Restricted	17,999	-
Assigned	110,933	-
Unassigned	107,017	-
Total Fund Balances	243,457	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 473,639</b>	<b>\$ 40,884</b>

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

<b>General Obligation School Bonds Fund</b>	<b>Capital Improvement LOML Funds</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 81,954	\$ 32,365	\$ 32,150	\$ 237,774
234,073	92,718	174,612	789,494
-	-	209	209
<u>316,027</u>	<u>125,083</u>	<u>206,971</u>	<u>1,027,477</u>
-	2,556	509	14,118
1,334	449	302	3,990
-	-	31,088	106,121
-	-	12,500	45,065
-	-	3,132	16,248
-	16,078	-	17,533
<u>\$ 317,361</u>	<u>\$ 144,166</u>	<u>\$ 254,502</u>	<u>\$ 1,230,552</u>
\$ 9,901	\$ 3,273	\$ 2,715	\$ 53,824
-	-	900	176,086
-	-	5	45,065
-	-	81	5,939
-	-	3,797	4,297
-	-	-	1,971
<u>13,932</u>	<u>2,277</u>	<u>2,509</u>	<u>18,922</u>
<u>23,833</u>	<u>5,550</u>	<u>10,007</u>	<u>306,104</u>
-	446	203	5,001
-	446	203	5,001
-	16,078	3,132	26,718
293,528	122,092	241,115	674,734
-	-	45	110,978
-	-	-	107,017
<u>293,528</u>	<u>138,170</u>	<u>244,292</u>	<u>919,447</u>
<u>\$ 317,361</u>	<u>\$ 144,166</u>	<u>\$ 254,502</u>	<u>\$ 1,230,552</u>

**Miami-Dade County District School Board  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2019  
(amounts expressed in thousands)**

**Total Fund Balances - Governmental Funds** \$ 919,447

Amounts reported for governmental activities in the statement of net position are different as a result of:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

Capital assets	\$ 7,474,047	
Accumulated depreciation	(3,066,142)	4,407,905

Property taxes receivable not collected within 60 days of fiscal year-end are not available soon enough to pay for the current period's expenditures, and, therefore, are not recorded as revenue in the governmental funds. 5,001

An internal service fund is used by the District to charge the costs of health premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

Assets	\$ 114,890	
Liabilities	(34,322)	
Net Position		80,568

Current liabilities which are accrued as a liability in the government-wide statements but are not recognized in the governmental funds until due:

Benefits payable	\$ (1,649)	
Interest payable	(39,820)	(41,469)

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 the following:

Bonds payable	\$ (958,461)	
Capital leases	(30,265)	
Compensated absences	(277,280)	
Retirement incentive benefits	(1,423)	
Certificates of participation	(2,490,709)	
Net pension liability	(1,773,469)	
Total other postemployment benefits liability	(226,325)	
Claims payable	(140,885)	(5,898,817)

Deferred charges on bond refundings are not expensed in the government-wide statements, but are reported as deferred outflows of resources and amortized over the life of the debt. 94,386

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

Deferred Outflows Related to Pensions	\$ 718,252	
Deferred Outflows Related to OPEB	29,842	
Deferred Inflows Related to Pensions	(237,968)	
Deferred Inflows Related to OPEB	(25,125)	485,001

**Total Net Position - Governmental Activities** **\$ 52,022**

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



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**Miami-Dade County District School Board**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances – Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**  
(amounts expressed in thousands)

	General Fund	Other Federal Programs Fund
<b>Revenues</b>		
Local Sources:		
Ad Valorem Taxes (Note 16)	\$ 1,530,155	\$ -
Food Service Sales	-	-
Interest Income	29,680	-
Net Increase in Fair Value of Investments	42	-
Local Grants and Other	65,907	3,502
Total Local Sources	1,625,784	3,502
State Sources: (Note 15)		
Florida Education Finance Program	650,067	-
Public Education Capital Outlay	-	-
Food Services	-	-
State Grants and Other	536,767	-
Total State Sources	1,186,834	-
Federal Sources:		
Federal Grants and Other	18,724	299,174
Food Services	-	-
Total Federal Sources	18,724	299,174
Total Revenues	2,831,342	302,676
<b>Expenditures:</b>		
Current:		
Instructional Services:		
Basic Programs	1,621,975	112,483
Exceptional Child Programs	356,026	36,093
Adult and Vocational-Technical Programs	76,019	13,263
Total Instructional Services	2,054,020	161,839
Instructional Support Services	202,424	109,489
Student Transportation Services	75,087	13,357
Operation and Maintenance of Plant	377,905	429
School Administration	164,822	33
General Administration	82,192	7,237
Food Services	-	-
Community Services	30,699	73
Capital Outlay	23,540	10,219
Debt Service (Notes 9, 10, 11, and 12):		
Principal Retirement	751	-
Interest and Fiscal Charges	4,874	-
Total Expenditures	3,016,314	302,676
Excess (Deficiency) of Revenues Over (Under) Expenditures	(184,972)	-
Other Financing Sources (Uses)		
Transfers In (Note 5)	177,556	-
Transfers Out (Note 5)	-	-
Issuance of Debt for Refunding (Notes 10 and 11)	-	-
Premium on Issuance of Debt for Refunding	-	-
Payments to Refunded Bond Escrow Agent	-	-
Proceeds from Sale of Capital Assets	312	-
Proceeds from Leases	1,397	-
Total Other Financing Sources (Uses)	179,265	-
<b>Net Change in Fund Balances</b>	(5,707)	-
Fund Balances, Beginning	249,164	-
<b>Fund Balances, Ending</b>	\$ 243,457	\$ -

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

<b>General Obligation School Bonds Fund</b>	<b>Capital Improvement LOML Funds</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 458,768	\$ 70,026	\$ 2,058,949
-	-	15,436	15,436
5,711	1,099	1,773	38,263
124	21	6,559	6,746
-	-	35,710	101,617
<u>5,835</u>	<u>459,888</u>	<u>129,504</u>	<u>2,221,011</u>
-	-	-	650,067
-	-	6,245	6,245
-	-	2,054	2,054
-	-	62,049	598,816
-	-	<u>70,348</u>	<u>1,257,182</u>
-	-	16,556	334,454
-	-	<u>132,224</u>	<u>132,224</u>
-	-	<u>148,780</u>	<u>466,678</u>
<u>5,835</u>	<u>459,888</u>	<u>348,632</u>	<u>3,948,373</u>
-	-	-	1,734,458
-	-	-	392,119
-	-	-	89,282
-	-	-	<u>2,215,859</u>
-	-	-	311,913
-	-	-	88,444
-	-	33	378,367
-	-	-	164,855
-	-	-	89,429
-	-	164,226	164,226
-	-	106	30,878
111,734	51,381	33,152	230,026
-	-	138,364	139,115
-	14	148,425	153,313
<u>111,734</u>	<u>51,395</u>	<u>484,306</u>	<u>3,966,425</u>
<u>(105,899)</u>	<u>408,493</u>	<u>(135,674)</u>	<u>(18,052)</u>
-	-	234,822	412,378
(189)	(360,649)	(51,540)	(412,378)
-	-	142,682	142,682
-	-	124	124
-	-	(141,350)	(141,350)
-	-	-	312
-	-	-	1,397
<u>(189)</u>	<u>(360,649)</u>	<u>184,738</u>	<u>3,165</u>
(106,088)	47,844	49,064	(14,887)
<u>399,616</u>	<u>90,326</u>	<u>195,228</u>	<u>934,334</u>
<u>\$ 293,528</u>	<u>\$ 138,170</u>	<u>\$ 244,292</u>	<u>\$ 919,447</u>

**Miami-Dade 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, 2019**  
(amounts expressed in thousands)

**Total Net Change in Fund Balances - Governmental Funds** \$ (14,887)

Amounts reported for governmental activities in the statement of activities are different as a result of:

Property taxes not collected within 60 days of fiscal year-end are not considered available and, therefore, are not recorded as revenues in the fund level statements. However, for the government-wide statement's property tax revenues are recorded when there is an enforceable lien. Additionally, the governmental funds reflect revenues that correspond to the prior year.

Prior year revenues recorded this year at the fund level	\$ (5,734)	
Revenues not recorded this year in the fund level statements are recorded as revenue in the government-wide statements	5,001	(733)

An internal service fund is used by the District to charge the costs of health premiums to individual funds. The decrease in net position of the internal service fund is reported with governmental activities. (17,708)

The changes in net pension liability and related deferred inflows and outflows are not reported in the fund statements and the net effect is to decrease net position. (70,294)

The changes in total other postemployment benefits liability and related deferred inflows and outflows are not reported in the fund statements and the net effect is to decrease net position. (9,531)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, recoveries, and donations) is to increase net position. 2,069

Capital outlay disbursements to purchase or build capital assets are reported as expenditures in the governmental funds. In the statement of net position, these costs are capitalized and depreciated over their estimated useful lives. In the statement of activities, the depreciation is reflected as an expense for the period.

Capital outlay expenditures for the fiscal year	\$ 162,524	
Depreciation expense for the fiscal year	(193,520)	(30,996)

Proceeds from issuance of debt instruments are recorded as other financing sources in the governmental funds; however, in the government-wide statements they are recorded as additions to long-term liabilities. Proceeds from debt instruments were as follows:

Proceeds from refunding of State Board of Education Capital Outlay Bonds	\$ (787)	
Premium on refunding of State Board of Education Capital Outlay Bonds	(124)	
Proceeds from refunding of Certificates of Participation	(141,895)	
Proceeds from Leases	(1,397)	(144,203)

The governmental funds only include those liabilities that will be paid with current financial resources. Expenses recorded in the statement of activities exceed the amount recorded in the governmental funds due to the different measurement focus used.

Decrease in compensated absences liability	\$ 530	
Increase in accrued salaries and benefits	(172)	
Increase in claims payable	(6,898)	(6,540)

(continued)

**Miami-Dade County District School Board  
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities (continued)  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

Repayment of debt principal is reflected as an expenditure in the governmental funds; however, in the statement of net position it is reflected as a reduction of liabilities and does not affect the statement of activities.

Repayment of debt principal for Certificates of Participation	\$	96,295	
Repayment of debt principal for Qualified Zone Academy Bonds		9,744	
Repayment of debt principal for General Obligation Bonds		16,450	
Repayment of debt principal for Capital Leases		15,447	
Repayment of debt principal for State Board of Education Bonds		1,179	139,115

Repayment to refund debt is reflected as miscellaneous expense and other financing use in the governmental funds, however, in the statement of net position it is reflected as a reduction of liabilities and does not affect the statement of activities.

141,883

Interest on long-term debt differs from the amount reported in the governmental funds. In the governmental funds, interest on long-term debt is recorded as an expenditure when due and payable. In the statement of activities, interest is recorded as it accrues. In addition, premiums are amortized over the life of the debt and are recorded as a decrease to interest expense on the statement of activities. Gains (losses) incurred as a result of advance refundings are also amortized over the life of the debt and are recorded as an decrease (increase) to interest expense on the statement of activities.

Accrued interest payable	\$	(39,820)	
Amortization of premium on State Board of Education Capital Outlay Bonds (SBEs)		312	
Amortization of premium on Certificates of Participation (COPs)		14,643	
Amortization of premium General Obligation School Bonds (GOBs)		4,102	
Amortization of gain related to Advance Refunding of COPs		129	
Amortization of loss related to Advance Refunding of SBEs		(118)	
Amortization of loss related to Advance Refunding of COPs		(12,210)	
Prior year accrued interest paid during current fiscal year		39,556	6,594

**Total Change in Net Position - Governmental Activities**

**\$ (5,231)**

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

**Miami-Dade County District School Board**  
**Statement of Net Position – Proprietary Fund**  
**June 30, 2019**  
(amounts expressed in thousands)

	<b>Health Insurance Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 24,275
Investments	90,406
Accounts and Interest Receivable	209
<b>TOTAL ASSETS</b>	<b>114,890</b>
<b>LIABILITIES</b>	
Accounts Payable	297
Unearned Revenue	54
Estimated Unpaid Health Claims	33,971
<b>TOTAL LIABILITIES</b>	<b>34,322</b>
<b>NET POSITION</b>	
Unrestricted	80,568
<b>TOTAL NET POSITION</b>	<b>\$ 80,568</b>

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

**Miami-Dade County District School Board  
Statement of Revenues, Expenses, and Changes in Fund  
Net Position – Proprietary Fund  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

	<b>Health Insurance Fund</b>
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 346,675
Other Operating Revenues	7,276
<b>Total Operating Revenues</b>	<b>353,951</b>
<b>OPERATING EXPENSES</b>	
Salaries	183
Employee Benefits	63
Purchased Services	452
Claims	362,690
Administrative Fees and Other	8,706
<b>Total Operating Expenses</b>	<b>372,094</b>
<b>Operating Loss</b>	<b>(18,143)</b>
<b>NONOPERATING REVENUES</b>	
Interest Revenue	435
<b>Change in Net Position</b>	<b>(17,708)</b>
Net Position - Beginning	98,276
<b>Net Position - Ending</b>	<b>\$ 80,568</b>

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

**Miami-Dade County District School Board  
Statement of Cash Flows – Proprietary Fund  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

	<u>Health Insurance Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers and Interfund Services Provided	\$ 346,665
Payments for Claims	(361,788)
Payments to Suppliers for Goods and Services	(9,127)
Payments to Employees	(246)
Other Receipts	7,603
	<u>7,603</u>
<b>Net Cash Used by Operating Activities</b>	<u>(16,893)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Receipts from Interest	450
Purchase of Investments	(56,982)
	<u>(56,982)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(56,532)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(73,425)
Cash and Cash Equivalents, Beginning of Year	<u>97,700</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 24,275</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>	
Operating Loss	\$ (18,143)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Decrease in Accounts Receivable	322
Decrease in Prepaid Items	10
Increase in Accounts Payable	31
Decrease in Unearned Revenues	(5)
Increase in Estimated Unpaid Health Claims	892
	<u>1,250</u>
<b>Total Adjustments</b>	<u>1,250</u>
<b>Net Cash Used by Operating Activities</b>	<u><u>\$ (16,893)</u></u>
<b>Supplemental Disclosure of Noncash Investing Activities:</b>	
Net Change in fair value of Investments	<u>\$ 11</u>

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



**Miami-Dade County District School Board**  
**Statement of Fiduciary Net Position – Fiduciary Funds**  
**June 30, 2019**  
(amounts expressed in thousands)

	<u>Pension Trust Fund</u>	<u>Agency Fund Schools' Internal Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 185	\$ 6,340
Investments:		
Bonds	-	11,503
Commercial Paper	-	5,922
Fixed Income Mutual Funds	9,090	-
Equity Mutual Funds	14,353	-
Money Market Mutual Funds	478	-
	<u>24,106</u>	<u>23,765</u>
Total Cash, Cash Equivalents, and Investments		
Accounts Receivable	-	82
Interest Receivable	-	92
	<u>24,106</u>	<u>\$ 23,939</u>
<b>LIABILITIES</b>		
Accounts Payable	-	\$ 38
Due to Other Governments or Agencies	-	4,428
Due to Student Organizations	-	19,473
	<u>-</u>	<u>\$ 23,939</u>
<b>NET POSITION</b>		
Restricted for Pensions	<u>24,106</u>	
<b>TOTAL NET POSITION</b>	<u>\$ 24,106</u>	

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

**Miami-Dade County District School Board**  
**Statement of Changes in Fiduciary Net Position – Fiduciary Fund**  
**For the Fiscal Year Ended June 30, 2019**  
(amounts expressed in thousands)

	<b>Pension Trust Fund</b>
<b>ADDITIONS:</b>	
Employer Contributions (Note 17)	\$ 2,028
Interest on Investments	462
Net Increase in the Fair Value of Investments	1,041
Less Investment Expenses	(7)
Total Additions	3,524
<b>DEDUCTIONS:</b>	
Retirement Benefit Payments	3,951
Trustee Services	63
Total Deductions	4,014
Change in Net Position	(490)
<b>Net Position Restricted for Pensions at Beginning of Year</b>	<b>24,596</b>
<b>Net Position Restricted for Pensions at End of Year</b>	<b>\$ 24,106</b>

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

# **NOTES TO FINANCIAL STATEMENTS**

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

### **A. Reporting Entity**

The School Board of Miami-Dade County, Florida (the “School Board,” “Board,” or the “District”) is composed of nine members elected from single-member districts within the legal boundary of Miami-Dade County, Florida (the “County”). The appointed Superintendent of Schools is the executive officer of the Board. The School Board is part of the State system of public education under the general direction of the State Board of Education and is financially dependent on State support. However, the Board is considered a primary government for financial reporting purposes because it is directly responsible for the operation and control of District schools within the framework of applicable State law and State Board of Education rules, and it is not considered to be an agency or component unit of the State of Florida.

The general operating authority of the School Board and the Superintendent is contained in Chapters 1000 through 1013, Florida Statutes. Pursuant to Section 1010.01, Florida Statutes, the Superintendent of Schools is responsible for keeping records and accounts of all financial transactions in the manner prescribed by the State Board of Education.

The accompanying financial statements include those of the District (the primary government) and those of its component units. Component units are legally separate organizations which should be included in the District’s financial statements because of the nature and significance of their relationship with the primary government.

The Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment to GASB Statements No. 14 and 34*. The Statement modifies the existing criteria for reporting component units. The Statement provides guidance on the inclusion of a legally separate entity to be included as a component unit under the misleading to exclude criterion and the financial accountability concept, which requires that in addition to meeting the fiscal dependency criterion, a financial benefit or burden relationship be present in order for a potential component unit to be included in the financial reporting entity.

The Florida Department of Education (FDOE) concluded, based on FDOE’s interpretation of GASB Statement No. 61, that school districts should report charter schools as discretely presented component units. This conclusion is based, in part, on FDOE’s interpretation that exclusion of the charter schools from financial reporting would cause school district financial statements to be misleading as, pursuant to the Article IX, Section 4 of the State Constitution, charter schools are public schools and each school district has constitutional responsibility for all public schools within the school district. As a result, we have included charter school audited financial information for State reporting purposes. In addition, the District included the Miami-Dade County School Board Foundation, Inc. and the Foundation for New Education Initiatives, Inc. as component units.

### **Blended Component Unit**

The Miami-Dade County School Board Foundation, Inc., a Florida not-for-profit corporation, was created solely to facilitate financing for the acquisition and construction of District school facilities and related costs. The members of the School Board serve as the Board of the Foundation; therefore, the School Board is considered financially accountable for the Foundation. The financial activities of the Foundation have been blended (reported as if it were part of the District) with those of the District.

### **Discretely Presented Component Units**

The component units' columns in the government-wide financial statements include the financial data of the District's component units that are required to be presented separately. These component units consist of multiple charter schools and the Foundation for New Education Initiatives, Inc. The charter schools and the Foundation for New Education Initiatives, Inc. are reported, in the aggregate, in separate columns in the governmental activities financial statements to emphasize that they are legally separate from the District.

Charter schools are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The District's charter schools operate under charters approved by the District and are recognized as public schools within the District. As such, charter schools are funded on the same basis as the District. Additionally, Section 1002.33, Florida Statutes, states that the School Board shall monitor revenues and expenditures of the charter schools. Charter schools are funded from public funds based on membership and can also be eligible for grants in accordance with State and Federal guidelines, including food service and capital outlay. Additionally, all students enrolled in charter schools are included in the District's total enrollment. Charter schools can accept private donations and incur debt in the operation of the school for which the charter school is responsible.

A total of 134 charter schools were approved to operate during the 2018-19 fiscal year. All of the charter schools are included as component units of the District or another legal entity. For financial reporting purposes, 126 of the charter schools are included in the financial statements of the District as discretely presented component units. The remaining 8 charter schools are not included as they are part of another legal entity. Based on the Florida Department of Education's interpretation of GASB Statement No. 14, as amended in GASB 61, it would be misleading to exclude them from the District's financial statements. None of the individual component units are considered to be major; therefore, they are reported in the aggregate in the District's financial statements. The audited financial statements of the individual component units can be obtained by contacting the following schools:

<b>School</b>	<b>School Address</b>	<b>Telephone Number</b>
AcadeMir Charter School Middle (6082)	10601 SW 48 Street Miami, FL 33165	305-537-6398
AcadeMir Charter School Preparatory (1015)	19185 SW 127 Avenue Miami, FL 33177	305-964-7458

<b>School</b>	<b>School Address</b>	<b>Telephone Number</b>
AcadeMir Charter School West (0410)	14880 SW 26 <sup>th</sup> Street Miami, FL 33185	305-485-9911
AcadeMir Preparatory Academy (2002)	5800 SW 135 <sup>th</sup> Ave Miami, FL 33183	305-485-9911
Academy of International Education Charter School (5044)	1080 LaBaron Drive Miami Springs, FL 33166	305-883-3900
Advantage Academy of Math & Science at Waterstone (3027)	855 Waterstone Way Homestead, FL 33033	305-248-6206
Alpha Charter of Excellence (ACE) (5410)	1217 SW 4th St. Miami, FL 33135	305-643-2132
Archimedean Academy (0510)	12425 SW 72nd Street Miami, FL 33183	305-279-6572
Archimedean Middle Conservatory (6006)	12425 SW 72nd Street Miami, FL 33183	305-279-6572
Archimedean Upper Conservatory (7265)	12425 SW 72nd Street Miami, FL 33183	305-279-6572
Arts Academy of Excellence (7043)	780 Fisherman Street Opa-Locka, FL 33054	786-534-4528
Beacon College Preparatory Elementary (4002)	13400 NW 28th Ave Miami, FL 33054	786-353-6109
Beacon College Preparatory Middle School (6034)	13400 NW 28th Ave Miami, FL 33054	786-353-6109
Ben Gamla Charter School (5022)	11155 SW 112th Ave Miami, FL 33176	305-596-6266
BridgePrep Academy Interamerican (5020)	621 Beacom Boulevard Miami, FL 33135	305-643-4833
BridgePrep Academy Greater Miami (2013)	137 NE 19 <sup>th</sup> Street Miami, FL 33132	786-477-4372
BridgePrep Academy of Village Green (3034)	4707 SW 127 <sup>th</sup> Ave Miami, FL 33175	786-477-4380
BridgePrep Academy Charter School (2003)	10700 SW 56 <sup>th</sup> Street Miami, FL 33165	305-271-3109
BridgePrep Academy of North Miami Beach (4050)	18801 NE 22 <sup>nd</sup> Avenue Miami, FL 33162	786-300-4980
C.G. Bethel High School (7062) <sup>(a)</sup>	16150 NE 17 <sup>th</sup> Avenue North Miami Beach, FL 33162	786-629-7053
Chambers High School (7065) <sup>(b)</sup>	698 N Homestead Blvd Homestead, FL 33030	305-909-6307
Charter High School of the Americas (7080)	970-998 W Flagler Street Miami, FL 33130	305-325-1001
Coral Reef Montessori Academy Charter School (0070)	10853 SW 216 <sup>th</sup> Street Cutler Bay, FL 33170	305-255-0064

<b>School</b>	<b>School Address</b>	<b>Telephone Number</b>
Doctors Charter School of Miami Shores (6040)	11301 NW Fifth Ave Miami Shores, FL 33168	305-754-2381
Doral Academy (3030)	2450 NW 97 <sup>th</sup> Ave Doral, FL 33172	305-597-9999
Doral Academy Charter Middle School (6030)	2601 NW 112 <sup>th</sup> Ave Doral, FL 33172	305-591-0020
Doral Academy High School (7020)	11100 NW 27 <sup>th</sup> Street Doral, FL 33172	305-597-9950
Doral Academy of Technology (3029)	2601 NW 112 <sup>th</sup> Ave Doral, FL 33172	305-591-0020
Doral Academy of Math and Science (3026)	6700 NW 104 Avenue Doral, FL 33172	786-270-2088
Doral Performing Arts & Entertainment Academy (7009)	11100 NW 27 <sup>th</sup> Street Doral, FL 33172	305-597-9950
Downtown Doral Charter Elementary School (3002)	8390 NW 53 <sup>rd</sup> Street Doral, FL 33166	305-569-2223
Downtown Doral Charter Upper School (7044)	8390 NW 53 <sup>rd</sup> Street Doral, FL 33166	305-569-2223
Downtown Miami Charter School (3600)	305 NW Third Ave Miami, FL 33128	305-579-2112
Everglades Preparatory Academy (5006)	2251 Mowry Drive Homestead, FL 33033	786-601-1969
Everglades Preparatory Academy High School (7060)	2251 Mowry Drive Homestead, FL 33033	786-601-1969
Excelsior Charter Academy (5032)	3490 NW 191 <sup>st</sup> Street Miami Gardens, FL 33056	786-565-9188
Excelsior Language Academy of Hialeah (5029)	369 E Tenth Street Hialeah, FL 33010	305-887-9004
Green Springs High School Charter (7067) <sup>(c)</sup>	3555 NW 7 <sup>th</sup> Street Miami, FL 33125	305-720-2996
Highly Inquisitive & Versatile Education (HIVE) Preparatory School (1014) <sup>(d)</sup>	5855 NW 171 <sup>st</sup> Street Miami, FL 33015	305-231-4888
iMater Academy (5384)	600 W 20 <sup>th</sup> Street Hialeah, FL 33010	305-884-6320
iMater Academy Middle School (6014)	651 W 20 <sup>th</sup> Street Hialeah, FL 33010	305-805-5722
iMater Preparatory Academy High School (7090)	651 W 20 <sup>th</sup> Street Hialeah, FL 33010	305-669-2906
Integrated Science & Asian Culture Academy (ISAAC) (2004)	5876 SW 68 <sup>th</sup> Street South Miami, FL 33143	305-740-0509

<b>School</b>	<b>School Address</b>	<b>Telephone Number</b>
International Studies Charter High School (7007)	2480 SW 8 <sup>th</sup> Street Miami, FL 33135	305-643-2955
International Studies Charter Middle School (6045)	2480 SW 8 <sup>th</sup> Street Miami, FL 33135	305-643-2955
International Studies Virtual Academy (6017)	2480 SW 8 <sup>th</sup> Street Miami, FL 33135	305-643-2955
Just Arts and Management (JAM) Charter Middle (6083)	2450 NW 97 Ave Doral, FL 33172	305-597-9999
Keys Gate Charter High School (7050)	2325 SE 28 <sup>th</sup> Ave Homestead, FL 33035	786-272-9600
Keys Gate Charter School (3610)	2000 & 2355 SE 28 <sup>th</sup> Ave Homestead, FL 33035	305-230-1616
KIPP Miami Sunrise Academy (2008)	6745 NW 23 <sup>rd</sup> Ave Miami, FL 33147	305-694-4163
Latin Builder's Association Construction and Business Management Academy (7066)	13835 NW 97 Ave Hialeah Gardens, FL 33018	305-827-3022
Lincoln-Marti Charter Schools (Hialeah Campus) (5007)	3500 W 84 <sup>th</sup> Street Hialeah, FL 33018	305-827-8080
Lincoln-Marti Charter Schools (International Campus) (5043)	103 East Lucy Street Florida City, FL 33034	305-242-3330
Lincoln-Marti Charter Schools (Little Havana Campus) (5025)	970-984 West Flagler Street Miami, FL 33130	305-325-1001
Mater Academy (0100)	7700 NW 98 <sup>th</sup> Street Hialeah Gardens, FL 33016	305-698-9900
Mater Academy at Mount Sinai (5054)	4300 Alton Road Miami Beach, FL 33140	305-604-1453
Mater Academy Bay (4010)	22025 SW 87 Ave Miami, FL 33190	305-969-5990
Mater Academy Bay Middle (6032)	22025 SW 87 Ave Miami, FL 33190	305-969-5990
Mater Academy Charter High School (7160)	7901 NW 103 <sup>rd</sup> Street Hialeah Gardens, FL 33016	305-828-1886
Mater Academy Charter Middle School (6012)	7901 NW 103 <sup>rd</sup> Street Hialeah Gardens, FL 33016	305-828-1886
Mater Academy East Charter High (7037)	998 SW First Street Miami, FL 33130	305-324-6963
Mater Academy East Charter School (3100)	450 SW Fourth Street Miami, FL 33130	305-324-4667
Mater Academy East Charter Middle School (6009)	998 SW First Street Miami, FL 3330	305-324-6963
Mater Academy Lakes High School (7018)	17300 NW 87 <sup>th</sup> Ave Hialeah, FL 33015	305-512-3917

<b>School</b>	<b>School Address</b>	<b>Telephone Number</b>
Mater Academy Lakes Middle School (6033)	17300 NW 87 <sup>th</sup> Ave Hialeah, FL 33015	305-512-3917
Mater Academy Miami Beach (5047)	8625 Byron Ave Miami, FL 33127	305-864-2889
Mater Academy of International Studies (1017)	795 NW 32 <sup>nd</sup> Street Miami Beach, FL 33141	305-634-0445
Mater Brickell Preparatory Academy (5046)	2805 SW 32 <sup>nd</sup> Ave Miami, FL 33133	305-442-4992
Mater Gardens Academy (0312)	9010 NW 178 <sup>th</sup> Lane Hialeah, FL 33018	305-512-9775
Mater Gardens Academy Middle (6042)	9010 NW 178 <sup>th</sup> Lane Hialeah, FL 33018	305-512-9775
Mater Grove Academy (5045)	2805 SW 32 <sup>nd</sup> Ave Miami, FL 33133	305-442-4992
Mater International Academy (3000)	3405 NW 27 <sup>th</sup> Ave Miami, FL 33142	305-638-8016
Mater International Preparatory (6047) <sup>(e)</sup>	795 NW 32 <sup>nd</sup> Street Miami, FL 33127	305-634-0445
Mater Performing Arts & Entertainment Academy (7014)	7901 NW 103 <sup>rd</sup> Street Hialeah Gardens, FL 33016	305-828-1886
Mater Virtual Academy Charter Middle High School (6997)	17300 NW 87 Street Hialeah, FL 33015	305-512-3917
Miami Arts Charter School (7059)	3900 Biscayne Blvd. Miami, FL 33137	305-763-6257
Miami Children's Museum Charter School (4000)	980 McArthur Causeway Miami, FL 33132	305-329-3758
Miami Community Charter High School (7058)	18720 SW 352 Street Florida City, FL 33034	305-245-2552
Miami Community Charter Middle School (6048)	18720 SW 352 Street Florida City, FL 33034	305-245-2552
Miami Community Charter School (0102)	101 S. Redland Road Florida City, FL 33034	305-245-2552
North Gardens High School (7068)	4692F NW 183 <sup>rd</sup> Street Miami Gardens, FL 33055	786-528-6308
North Park High School (7069) <sup>(d)</sup>	3400 NW 135 <sup>th</sup> Street Opa-Locka, FL 33054	305-720-2995
Palm Glades Preparatory Academy (3032)	22655 SW 112 <sup>th</sup> Ave Miami, FL 33170	786-272-2269
Palm Glades Preparatory High School (7032)	22655 SW 112 Ave Miami, FL 33170	786-272-2269
Phoenix Academy of Excellence North (6057)	13301 NW 24 <sup>th</sup> Ave Miami, FL 33167	786-865-1346



<b>School</b>	<b>School Address</b>	<b>Telephone Number</b>
Pinecrest Academy (North Campus) (5048)	10207 West Flagler Street Miami, FL 33174	305-553-9762
Pinecrest Academy (South Campus) (0342)	15130 SW 80 <sup>th</sup> Street Miami, FL 33193	305-386-0800
Pinecrest Academy Charter Middle School (6022)	14901 SW 42 <sup>nd</sup> Street Miami, FL 33185	305-559-8583
Pinecrest Cove Academy (5049)	4101 SW 107 <sup>th</sup> Ave Miami, FL 33165	305-480-2097
Pinecrest Glades Academy (2031)	15250 SW 8 <sup>th</sup> Street Miami, FL 33194	305-229-6949
Pinecrest Glades Preparatory Academy Middle High School (7027)	15250 SW 8 <sup>th</sup> Street Miami, FL 33194	305-229-6949
Pinecrest North Preparatory (Fountainbleau Campus) (5004)	8925 Fountainbleau Blvd Miami, FL 33172	305-553-9762
Pinecrest Preparatory Academy (0600)	14301 SW 42 <sup>nd</sup> Street Miami, FL 33175	305-207-1027
Pinecrest Preparatory Academy Charter High School (7053)	14901 SW 42 <sup>nd</sup> Street Miami, FL 33185	305-559-8583
Renaissance Elementary Charter School (0400)	10651 NW 19 <sup>th</sup> Street Doral, FL 33122	305-591-2225
Renaissance Middle Charter School (6028)	8360 NW 33 <sup>rd</sup> Street Doral, FL 33122	305-728-4622
Somerset Academy (0520)	18491 SW 134 <sup>th</sup> Ave Miami, FL 33177	305-969-6074
Somerset Academy (Silver Palms) (0332)	23255 SW 115 <sup>th</sup> Ave Homestead, FL 33032	305-257-3737
Somerset Academy at Silver Palms-Princeton (4012)	23255 SW 115 <sup>th</sup> Ave Homestead, FL 33032	305-257-3737
Somerset Academy Bay (5062)	9500 SW 97 <sup>th</sup> Ave Miami, FL 33176	305-669-2906
Somerset Academy Bay Middle School (6128)	9500 SW 97 <sup>th</sup> Ave Miami, FL 33176	305-669-2906
Somerset Academy Charter Elementary School (South Homestead) (0339)	300 SE First Drive Homestead, FL 33030	305-254-6108
Somerset Academy Charter High School (7042)	23255 SW 115 <sup>th</sup> Ave Homestead, FL 33032	305-257-3737
Somerset Academy Charter High School (South Homestead) (7034)	300 SE First Drive Homestead, FL 33030	305-245-6108
Somerset Academy Charter Middle School (6004)	18491 SW 134 <sup>th</sup> Ave Miami, FL 33177	305-969-6074
Somerset Academy Kendall (4037)	9790 SW 107 <sup>th</sup> Court Miami, FL 33176	786-860-5975
Somerset Academy Charter Middle School (South Homestead) (6013)	300 SE First Drive Homestead, FL 33030	305-245-6108

<b>School</b>	<b>School Address</b>	<b>Telephone Number</b>
Somerset Academy Elementary School (South Miami Campus) (2007)	5876 SW 68 <sup>th</sup> Street South Miami, FL 33143	305-740-0509
Somerset Academy Middle Charter School (South Miami Campus) (6053)	5876 SW 68 Street South Miami, FL 33143	305-740-0509
Somerset Arts Academy (2012)	1700 Krome Ave Homestead, FL 33030	305-246-4949
Somerset Grace Academy (5008)	624 Anastasia Ave Coral Gables, FL 33134	305-442-8626
Somerset Oaks Academy (3033)	1700 Krome Ave Homestead, FL 33030	305-246-4949
Somerset Palms Academy (5015)	120001 SW 72nd Street Miami, FL 33183	786-574-5287
Somerset Preparatory Academy Sunset (5002)	11155 SW 112 <sup>th</sup> Ave Miami, FL 33176	305-242-5696
Somerset Virtual Academy Middle High (6016)	11100 NW 27 <sup>th</sup> Street Doral, FL 33172	305-591-0020
South Florida Autism Charter School (1070)	13835 NW 97 <sup>th</sup> Ave Hialeah, FL 33018	305-823-2700
Sports Leadership and Management (SLAM) Academy (7016)	604 NW 12 <sup>th</sup> Ave Miami, FL 33136	305-326-0003
Sports Leadership and Management (SLAM) Charter Middle School (6015)	604 NW 12 <sup>th</sup> Ave Miami, FL 33136	305-326-0003
Sports Leadership and Management (SLAM) Middle School North Campus (6024)	16551 NE 16 <sup>th</sup> Ave North Miami Beach, FL 33162	305-333-5702
Stellar Leadership Academy (7015)	7900 NW 27 <sup>th</sup> Ave, F-20 Miami, FL 33147	305-693-2273
Summerville Advantage Academy (0072)	11575 SW 243 <sup>rd</sup> Street Homestead, FL 33032	305-253-2123
The Charter School at Waterstone (1010)	855 Waterstone Way Homestead, FL 33033	305-248-6206
The Seed School of Miami (6018)	15800 NW 42 <sup>nd</sup> Ave Miami Gardens, FL 33054	305-480-6316
Theodore R. & Thelma A. Gibson Charter School (2060)	1698 NW 4th Ave Miami, FL 33136	305-438-0895
True North Classical Academy (1000)	9393 SW 72 <sup>nd</sup> Street Miami, FL 33173	305-985-2360
True North Classical Academy South (1002)	7900 SW 85 <sup>th</sup> Street Miami, FL 33173	305-405-7373
(a) Formerly known as Mavericks High of North Miami Dade County.		
(b) Formerly known as Mavericks High of South Miami Dade County.		
(c) Also known as Florida High School for Accelerated Learning (Miami Campus).		
(d) Also known as Advance Learning.		
(e) Formerly known as Mater Academy Middle School of International Studies.		

On January 16, 2008, the Board authorized the establishment of the Foundation for New Education Initiatives, Inc., a Florida not-for-profit(c)(3) Direct Support Organization (DSO). The DSO was formed to support academic achievement by receiving, holding, investing, and administering property and making expenditures for the benefit of public education programs in the District. The DSO is organized and operated exclusively in accordance with School Board Policy 9215, DSOs, and Section 1001.453, Florida Statutes. The Foundation for New Education Initiatives, Inc. is included in the financial statements of the District as a discretely presented component unit. The audited financial statements of the Foundation for New Education Initiatives, Inc. can be obtained at the District's administrative offices at 1450 N.E. Second Avenue, Suite 931, Miami, Florida 33132.

## **B. Basis of Presentation**

The District's accounting policies conform with accounting principles generally accepted in the United States applicable to State and local governmental units. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

**Government-wide Financial Statements.** The statement of net position and the statement of activities present information about the financial activities of the District as a whole, and its component units, excluding fiduciary activities. The District eliminates from the statement of net position and the statement of activities interfund receivables and payables and transfers between funds. Interfund services provided and used are not eliminated in the process of consolidation. Eliminations have been made from the statements to remove the "doubling-up" effect of interfund activity.

The statement of activities reports expenses identified by specific functions, offset by program revenues, resulting in a measurement of "net (expense) revenue" for each of the District's functions. Program revenues that are used to offset these expenses include charges for services, such as food service and tuition fees; operating grants, such as the National School Lunch Program, Federal grants, and other State allocations; and capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues, property taxes, and other miscellaneous sources.

**Fund Financial Statements.** The fund financial statements provide information about the District's funds, including proprietary and fiduciary funds. Separate statements for governmental, proprietary, and fiduciary funds are presented. The emphasis of the fund financial statements is on the major funds which are presented in a separate column with all nonmajor funds aggregated in a single column.

The District reports the following major governmental funds:

General Fund is the District's primary operating fund and accounts for all financial resources of the District, except those required to be accounted for in another fund.

Other Federal Programs Fund accounts for and reports grant funds received from Federal, State, and local sources.

General Obligation School Bonds (GOB) Fund accounts for and report on resources from the issuance of GOBs approved by the Miami-Dade County voters on November 6, 2012, for the modernization, construction, expansion, or otherwise improvement of school buildings, including technology upgrades.

Capital Improvement – Local Optional Millage Levy (LOML) Funds account for and report on funds levied by the School District, as authorized by Section 1011.71, Florida Statutes, mainly for capital outlay purposes.

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

Internal Service Fund accounts for and reports on the activities of the District’s group health self-insurance program.

Agency Fund – Schools’ Internal Fund accounts for resources of the schools’ Internal Fund which is used to administer monies collected at the schools in connection with school, student athletics, class, and club activities.

Pension Trust Fund accounts for resources used to finance the District’s Supplemental Early Retirement Plan.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported in accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, as amended by GASB Statement No. 36, Recipient Reporting for Certain Shared Nonexchange Revenues, which include, taxes, grants, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, when they become measurable and available. “Measurable” means the amount of the transaction can be determined; “available” means collectible within the current period or soon thereafter to be used to pay liabilities of the current period.

Property taxes, when levied for, and intergovernmental revenues when eligibility requirements have been met, are the significant revenue sources considered susceptible to accrual. The School Board considers property taxes, when levied for, as available if they are collected within 60 days after fiscal year-end. A one-year availability period is used for revenue recognition for all

other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized as expenditures when due/paid, and (2) expenditures related to liabilities reported as general long-term obligations are recognized when due, such as compensated absences, other postemployment benefits, pensions, claims payables, bonds, loans, and leases.

The proprietary fund is accounted for in accordance with GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. During the 2009-10 fiscal year, the District established an internal service fund to account for the group health self-insurance program. The internal service fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from non-operating items. The principal operating revenues of the District's internal service fund for self-insurance are charges to the District's other funds for health insurance. The principal operating expenses include claims, administrative expenses, and fees. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The pension trust fund is reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the funds are included on the statement of fiduciary net position. The statement of changes in fiduciary net position presents additions and deductions in fund equity (total net position).

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

The Foundation for New Education Initiatives, Inc. uses the economic resources measurement focus and accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred, and follows FASB standards of accounting and financial reporting for not-for-profit organizations.

#### **D. New Pronouncements – Adopted and Unadopted**

The GASB issued Statement No. 84, Fiduciary Activities, in January 2017. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

The GASB issued Statement No. 87, Leases, in June 2017. The requirements of this Statement are effective for periods beginning after December 15, 2019. The adoption of GASB 87 will have a material impact on the District's financial position and results of operations.

The GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, in March 2018. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District adopted GASB Statement No. 88 in the current fiscal year financial statements. The adoption of GASB Statement No. 88 is reflected in Notes 11 and 14.

The GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, in June 2018. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2019.

The GASB issued Statement No. 90, Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61, in August 2018. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

The GASB issued Statement No. 91, Conduit Debt Obligations, in May 2019. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Except as otherwise indicated, the impact on the District's financial position or results of operations has not yet been determined for the unadopted standards.

## **E. Cash, Cash Equivalents, and Investments**

The District maintains an accounting system in which substantially all general School Board cash, investments, and accrued interest are recorded and maintained in a separate group of accounts. Investment income is allocated based on the proportionate balances of each fund's equity in pooled cash and investments. The cash and investment pool is available for all funds, except the State Board of Education Bonds, certificates of participation, and other debt related funds requiring separate accounts.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. Cash and cash equivalents are considered to be cash on hand, demand deposits, non-marketable time deposits with maturities of three months or less when purchased, and money market/saving accounts.

Investments are categorized according to the fair value hierarchy established by GASB Statement No. 72. Investments include United States (U.S.) agency and Treasury obligations, commercial paper, and money market mutual funds. Guaranteed investment contracts are recorded at the amount specified by the contracts at each year-end. Pension Trust Fund investments are recorded at fair value based on quoted market prices and include money market funds and fixed income/equity mutual funds.

## **F. Inventories**

Inventories consist of expendable supplies held for consumption in the course of the District's operations. Inventories are stated at cost, principally on a weighted average cost basis. Commodities from the U.S. Department of Agriculture are stated at their fair value as determined

at the time of donation by the Florida Department of Agriculture and Consumer Services. Commodities inventory is accounted for using the “purchases” method that expenses inventory when acquired, and inventories on hand at fiscal year-end are reported as an asset and nonspendable fund balance, net of amounts in accounts payable. Non-commodity inventory is accounted for under the consumption method and, as such, is recorded as an expenditure when used. Since inventories of commodities also involve purpose restrictions, they are presented as restricted in the government-wide statement of net position.

## **G. Due from Other Governments or Agencies**

Amounts due to the District by other governments or agencies relate to grants or programs for which the services have been provided to students of the District.

## **H. Prepaid and Other Assets**

Other assets consist mainly of prepaid expenses which are payments for goods or services that have not been consumed or used at year-end. The expenditure will be recorded when the asset is used. Accordingly, prepaid expenses are equally offset by a nonspendable fund balance classification.

## **I. Net Position**

Net position reports all financial and capital resources of the District, as well as assets/deferred outflows of resources and liabilities/deferred inflows of resources. Net position is displayed in three components:

- Net Investment in Capital Assets – reports capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt and the related deferred inflows/outflows that are attributable to the acquisition, construction, or improvement of capital assets.
- Restricted Net Position – reports amounts that are restricted to specific purposes either by: (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position (Deficit) – this amount represents the accumulated results of all past years’ operations not included in the above two components. The deficit in net position is due to its non-capital long-term liabilities, such as insurance claims payable, compensated absences, pensions, and other postemployment benefits.

When both restricted and unrestricted resources are available for a specific purpose, it is the District’s policy to use restricted assets first, until exhausted, before using unrestricted resources.

## **J. Capital Assets**

Capital assets, which include land, land improvements, construction in progress, buildings and improvements, furniture, fixtures, and equipment, computer software, and motor vehicles are reported in the statement of net position in the government-wide statements. The District’s capitalization thresholds are \$1,000 or greater for furniture, fixtures, and equipment and \$50,000 for building improvements, additions, and other capital outlays that significantly extend the useful life of an asset. Other costs incurred for repairs and maintenance are expensed as incurred.

Assets are recorded at historical cost. Assets purchased under capital leases are recorded at cost, which approximates fair value at acquisition date and does not exceed the present value of future minimum lease payments. Donated assets are recorded at the acquisition value at the time of receipt.

Certain costs incurred in connection with the development of internal use software are capitalized and amortized in accordance with GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, and are reflected in the government-wide financial statements.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	20 - 50 years
Furniture, Fixtures, and Equipment	5 - 20 years
Motor Vehicles	7 - 18 years
Computer Software	5 years

When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government-wide statements. Proceeds received from the sale or disposal of capital assets are recorded as other financing sources in the governmental funds.

## **K. Long-Term Obligations**

The government-wide financial statements report long-term liabilities or obligations that are expected to be paid in the future. Long-term liabilities reported include bonds payable, certificates of participation payable, derivative instrument liabilities, capital leases payable, self-insurance estimated claims payable, retirement incentive benefits, compensated absences, other postemployment benefits, and net pension liability. Bond premiums are amortized over the life of the debt using the effective-interest method.

In the fund financial statements, debt premiums and discounts are recognized in the period the related debt is issued. Proceeds, premiums, and discounts are reported as other financing sources and uses. Principal payments and issuance costs are reported as debt service expenditures.

## **L. Compensated Absences**

Compensated absences are obligations to employees for accumulated vacation and sick leave. The District's employee vacation and sick leave policies provide for the granting of a specific number of days of vacation based on years of service governed by applicable labor contracts and one day of sick leave with pay per each month of employment. These policies also provide for paying most employees unused vacation up to 60 days upon termination, and up to 100% of unused sick leave after thirteen years of service; 50% after ten years; 45% after six years; 40% after three years and 35% during the first three years of qualified service upon retirement, death or resignation. Vacation accrual is limited to 60 days for twelve-month active employees.



## **M. Risk Management**

The District is self-insured for portions of its general and automobile liability insurance and workers' compensation. Claim activity (expenditures for general and automobile liability and workers' compensation) is recorded in the general fund as payments become due each period. The estimated liability for self-insured risks represents an estimate of the amount to be paid on claims reported and on claims incurred but not reported (see Note 13). For the governmental funds, in the fund financial statements, the liability for self-insured risks is considered long-term and, therefore, is not a fund liability (except for any amounts due and payable at year-end) and represents a reconciling item between the governmental fund level and government-wide presentations.

The District provides medical and health coverage benefits for its employees and eligible dependents. The District has a self-insured plan, with individual as well as aggregate stop loss coverage, to protect the District against catastrophic claims in a calendar year. The District accounts for self-insured health insurance activity in an internal service fund established for this purpose. In the proprietary fund financial statements, the liability for self-insured health risks is recorded under the accrual basis of accounting.

## **N. State and Federal Revenue Sources**

Revenues from State sources for current operations are primarily from the Florida Education Finance Program (FEFP), administered by the Florida Department of Education (FDOE), under the provisions of Section 1011.62, Florida Statutes. The District files reports on full-time equivalent (FTE) student membership with the FDOE. The FDOE accumulates information from these reports and calculates the allocation of FEFP funds to the District. Such revenues are recognized as revenues consistent with our policy in Note 1C. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its reviews, as well as to prevent Statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as adjustments of revenue in the year the adjustment is made by the FDOE.

The District receives revenue from the State and Federal agencies to administer certain educational programs. Revenues earmarked for these programs are expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following fiscal year to be expended for the same educational programs. Revenue is recognized when all eligibility requirements have been met.

The State allocates gross receipt taxes, generally known as Public Education Capital Outlay (PECO) money, to the District on an annual basis for capital and other projects. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE.

## **O. Property Taxes – Revenue Recognition**

In the government-wide financial statements, property tax revenue is recognized in the fiscal year when levied for. The receivable is recorded net of an estimated uncollectible amount, which is based on past collection experience. In the fund financial statements, property tax revenue is recognized in the fiscal year when levied for and if available. Taxes collected by the Miami-Dade County Tax Collector and received by the District within 60 days subsequent to the fiscal year-end are considered to be available and recognized as revenue.

## **P. Unearned Revenues**

The unearned revenues primarily relate to the Doral ground lease amortized on a straight-line basis over the life of the lease agreement and other lease payments received in advance.

## **Q. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets/deferred outflows, liabilities/deferred inflows, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement section, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses) until that time. The District currently reports the net deferred loss on refunding of debt and deferred outflows related to pensions and OPEB in this category.

In addition to liabilities, the statement of net position and the governmental funds balance sheet report a separate section for deferred inflows of resources. This separate financial statement section, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District currently reports deferred inflows related to pensions and OPEB in the government-wide statements and unavailable revenue primarily related to taxes in the governmental funds.

## **S. Fund Balances**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes accounting and financial reporting standards for governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the uses of those resources.

GASB Statement No. 54 requires the fund balance to be properly reported within one of the fund balance categories listed below:

**Nonspendable** – Fund balance amounts that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to be maintained intact. Examples of this classification are prepaid items, inventories, and the principal of an endowment fund.

#### **Spendable Fund Balance**

- **Restricted** – Fund balance amounts on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation.
- **Committed** – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action (Board Resolution) of the highest level of decision-making authority (the School Board). The amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same formal action (Board Resolution) it employed to commit the amounts.
- **Assigned** – Fund balance amounts intended to be used for specific purposes but are neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by actions of the School Board or Superintendent as stated in School Board Policy 6220.01 –Fund Balance Reserve.
- **Unassigned** – Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

## **T. Pensions**

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

## **U. Postemployment Benefits Other Than Pensions (OPEB)**

The District applies GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, for the measurement, recognition, and display of OPEB expenditures or expenses, liabilities and assets as discussed in Note 17.

## **2. BUDGETS COMPLIANCE AND ACCOUNTABILITY**

### **A. Legal Compliance**

The annual budget is submitted to the Florida Commissioner of Education by major functional levels such as instructional, instructional support, general administration, maintenance of plant, etc. Expenditures may not exceed appropriations without prior approval of the School Board in the General Fund and special revenue funds at the function level. Budgetary control is exercised at the fund level for all other funds.

Section 1013.61, Florida Statutes, requires that the capital outlay budget designate the proposed capital outlay expenditures by project for the year from all fund sources. Accordingly, annual budgets for the capital projects funds are adopted on a combined basis only.

Budgeted amounts may be amended by resolution of the Board at any Board meeting prior to the due date for the Annual Financial Report (State Report). General Fund budgetary disclosure reflects the final budget including all amendments approved at the School Board meeting of September 4, 2019, for the fiscal year ended June 30, 2019.

Appropriations lapse at fiscal year-end, except for unexpended appropriations of State educational grants, outstanding purchase orders, contracts, and certain available balances. These balances are reflected at year-end either as restricted or assigned fund balance and are reappropriated in the new fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted or assigned fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

### **B. Comparison of Budget to Actual Results**

The budgets for each of the governmental funds are accounted for on the modified accrual basis of accounting.

## **3. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

### **Deposits and Investments**

The District's surplus funds are invested directly by the District's Office of Treasury Management. The District's State Board of Education (SBE) bond proceeds are held and administered by the SBE with any related investments made by the State Board of Administration. As authorized under State Statutes, the School Board has adopted Board Policy 6144 – Investments as its formal investment policy for all surplus funds, including the Supplemental Early Retirement Funds that are part of Board Policy 6535 - Supplemental Early Retirement Plan. Board Policy 6144 – Investments policies permit

the following investments and are structured to place the highest priority on the safety of principal and liquidity of funds:

- Savings, Money Markets and Time Deposits – District and State approved designated depository
- U.S. Government direct obligations
- Revolving Repurchase Agreements or similar investment vehicles for the investment of funds awaiting clearance with financial institutions
- Commercial Paper rated A1/P1/F1 or better
- Bankers Acceptances
- State Board of Administration (SBA) Local Government Investment Pool (LGIP)
- Obligations of the Federal Farm Credit Bank
- Obligations of the Federal Home Loan Bank
- Obligations of the Federal Home Loan Mortgage Corporation
- Obligations of the Federal National Mortgage Association
- Obligations guaranteed by the Government National Mortgage Association
- Securities of any investment company of investment trust registered under the Investment Company Act of 1940, 15 U.S.C.
- Taxable Government Bonds rated investment grade
- Equity/Fixed Income Securities including index and actively managed mutual funds
- Guaranteed Investment Contracts (GIC) as allowed by bond/lease purchase covenants
- Municipal Bonds

The District follows GASB Statement No. 72, *Fair Value Measurement and Application*, and categorizes its investments according to the fair value hierarchy established by this Statement. The hierarchy is based on the valuation input used to measure the fair value of the asset with Level 1 assets being those where quoted prices in an active market for identical assets can be readily obtained and Level 2 assets valued using a matrix pricing technique of quoted prices for similar assets or liabilities in active markets.

As of June 30, 2019, the School Board investments were all categorized as follows (in thousands):

<b>Investment Type</b>	<b>Amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Weighted Average Maturity (Years)</b>
<b>Debt Securities</b>				
Commercial Paper	\$ 167,004	\$ -	\$ 167,004	0.13
State Board of Education - Bond Proceeds*	209	-	209	
U.S. Government Agency	223,496	-	223,496	0.13
U.S. Treasury Strips	77,746	-	77,746	7.92
Total Debt Securities	468,455	-	468,455	
<b>Mutual Funds Securities</b>				
Equity Securities	14,693	14,693	-	
Fixed Income Mutual Funds	9,228	9,228	-	
Total Mutual Funds Securities	23,921	23,921	-	
Total Investments	492,376	\$ 23,921	\$ 468,455	
<b>Balance not measured at fair value</b>				
Guaranteed Investment Contract (GIC)	1,933			3.46
Money Market Mutual Funds	427,146			
Cash and Cash Equivalents	268,574			
<b>Total Cash, Cash Equivalents, and Investments</b>	<b>\$1,190,029</b>			

\* Bond proceeds held and administered by the SBE, and weighted average maturity information is 6 month maturity.

At June 30, 2019, \$316.2 million in cash and investments relate to unspent debt proceeds pertaining to various financings including general obligation bonds, certificates of participation, and master equipment lease which are restricted assets whose use is limited to projects primarily related to the acquisition and construction of school facilities and equipment as authorized by Board resolutions and debt covenants.

The total cash, cash equivalents, and investments of \$1,190 million at June 30, 2019, was comprised of \$1,027.4 million in Governmental Funds, \$114.7 million in the Proprietary Fund – Health Insurance Fund, \$24.1 million in Fiduciary Funds – Pension Trust Fund, and \$23.8 million in Fiduciary Funds – Agency Fund (Schools’ Internal Fund).

The School Board currently has one GIC associated with its Qualified Zone Academy Bonds (QZABs). This contract totals approximately \$1.9 million with an internal rate of return of 3.53% and a maturity date of December 2022.

**Interest Rate Risk:** The District manages its exposure to declines in fair values by substantially limiting the weighted average maturity on all investments to 1 year or less. U.S. Government agency securities are all callable bonds that are assumed to be called on the next call date and, as such, the weighted average maturity reflects the call date as the maturity date for these securities. As of June 30, 2019, the weighted average maturity for all callable U.S. Government agency securities is 48 days.

**Credit Risk:** In accordance with Board Policy 6144, the District manages its exposure to credit risk by limiting investments to the highest rated government backed securities such as Government

agencies and Treasury notes. The policy also requires commercial paper to be rated A-1 or better and money market mutual funds to be rated AAAM.

<u>Investment Type</u>	<u>Rating*</u>	<u>Amounts (in thousands)</u>	<u>Percentage of Investments</u>
Commercial Paper	A-1+	\$ 113,697	12.34%
Commercial Paper	A-1	53,307	5.79%
Federal Home Loan Bank	AA+	44,529	4.83%
Federal Home Loan Mortgage Corporation	AA+	178,967	19.42%
Money Market Mutual Funds	AAAm	427,146	46.36%
U.S. Treasury Note Strips	AAA	77,746	8.44%
Mutual Funds - Pension Trust Fund	Not Rated	23,921	2.60%
Guaranteed Investment Contract	Not Rated	1,933	0.21%
State Board of Education - Bond Proceeds	Not Rated	209	0.02%

\*Standards & Poor's ratings as of June 30, 2019.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. In accordance with Board Policy 6144, the District permits investments of up to 10% of the total portfolio in commercial paper with a single issuer and 60% in total, 60% in Federal Farm Credit Bank, 60% in Federal Home Loan Bank, 60% in Federal Home Loan Mortgage Corporation, and unlimited U.S. Treasury notes as well as U.S. Government obligations and money market mutual funds. The above listed concentration percentages are based on the total investments. Commercial paper investments include concentrations of 2.11% in Toyota Motor Credit Corporation, 5.92% in Toyota Credit Canada, 1.69% in MetLife, Inc., and 4.56% in JP Morgan Securities, LLC. All the commercial paper, at the time of purchase, met the District's 10% threshold per issuer.

**Custodial Credit Risk:** Custodial credit risk is the risk of losses due to the failure of a counterparty that is in possession of investment or collateral securities. All securities in accordance with the District's investment policy under Board Policy 6144, with the exception of Cash and Cash Equivalents, SBA LGIP and U.S. Government money market mutual funds, are held by a third party custodian in an account separate and apart from the assets of the custodian and are designated as assets of the District.

### **Cash/Deposits**

The District's cash deposits include money market savings accounts, demand deposits, and petty cash. All District bank balances are fully insured or collateralized as required by Chapter 280, Florida Statutes, through the Qualified Public Depositor Program, as well as \$160 million in FDIC insurance. At June 30, 2019, the deposits' bank balances were \$298,183 (in thousands).

#### 4. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2019, are as follows (in thousands):

	<u>Balance July 1, 2018</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2019</u>
<b>Nondepreciable</b>				
<b>Capital Assets:</b>				
Land	\$ 356,084	\$ 1,880	\$ -	\$ 357,964
Land Improvements	262,364	1,621	-	263,985
Construction in Progress	200,316	144,574	123,941	220,949
<b>Total Nondepreciable</b>				
<b>Capital Assets</b>	<u>818,764</u>	<u>148,075</u>	<u>123,941</u>	<u>842,898</u>
<b>Depreciable</b>				
<b>Capital Assets:</b>				
Buildings and Improvements	5,998,739	121,710	9,226	6,111,223
Furniture, Fixtures, and Equipment	309,505	19,475	12,628	316,352
Computer Software	84,354	-	-	84,354
Motor Vehicles	123,632	1,332	5,744	119,220
<b>Total Depreciable</b>				
<b>Capital Assets</b>	<u>6,516,230</u>	<u>142,517</u>	<u>27,598</u>	<u>6,631,149</u>
<b>Less Accumulated Depreciation/Amortization for:</b>				
Buildings and Improvements	2,490,644	168,594	9,226	2,650,012
Furniture, Fixtures, and Equipment	239,280	18,266	11,174	246,372
Computer Software	83,875	216	-	84,091
Motor Vehicles	84,362	6,444	5,139	85,667
<b>Total Accumulated Depreciation/Amortization</b>	<u>2,898,161</u>	<u>193,520</u>	<u>25,539</u>	<u>3,066,142</u>
<b>Net Capital Assets</b>	<u>\$ 4,436,833</u>	<u>\$ 97,072</u>	<u>\$ 126,000</u>	<u>\$ 4,407,905</u>

For fiscal year ended June 30, 2019, depreciation/amortization by function is as follows (in thousands):

<u>Function</u>	<u>Amount</u>
Instructional Services	\$ 1,808
Instructional Support Services	982
Student Transportation Services	4,889
Operation and Maintenance of Plant	1,314
School Administration	138
General Administration	12
Business/Central Services	305
Food Services	1,481
Community Services	27
Facilities Acquisition and Construction	11,304
Unallocated	171,260
<b>Total Depreciation/Amortization</b>	<u>\$ 193,520</u>



Construction in progress as of June 30, 2019, is comprised of the following (in thousands):

<u>Location</u>	<u>Incurred to Date</u>
Elementary Schools	\$ 119,819
Middle Schools	33,913
Senior High Schools	61,965
Special Schools	3,995
Administration/Other	1,257
<b>Total</b>	<b>\$ 220,949</b>

As part of its capital outlay program, the District has entered into various construction contracts. At June 30, 2019, the District had construction commitments of approximately \$123.1 million.

## 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables consisted of the following balances as of June 30, 2019 (in thousands):

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<b>Major Funds:</b>		
General	\$ 32,565	\$ 12,500
Other Federal Programs	-	32,560
<b>Nonmajor Funds</b>	<u>12,500</u>	<u>5</u>
<b>Total Governmental Funds</b>	<b>\$ 45,065</b>	<b>\$ 45,065</b>

Interfund receivables and payables are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

A summary of transfers for the fiscal year ended June 30, 2019, is as follows (in thousands):

	<u>Transfers to</u>		
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Transfers from:</b>			
<b>Major Funds:</b>			
General Obligation School Bonds	\$ 189	\$ -	\$ 189
Capital Improvement LOML	130,355	230,294	360,649
<b>Nonmajor Funds</b>	<u>47,012</u>	<u>4,528</u>	<u>51,540</u>
<b>Total Governmental Funds</b>	<b>\$ 177,556</b>	<b>\$ 234,822</b>	<b>\$ 412,378</b>

Transfers to the General Fund relate primarily to funding for the maintenance, renovation, and/or repair of school facilities from the Capital Improvement LOML Funds (\$130,355), pursuant to Section 1011.71, Florida Statutes. Transfers to nonmajor funds relate primarily to amounts transferred to make debt service payments (\$234,822).

## 6. DUE FROM/TO OTHER GOVERNMENTS OR AGENCIES

Due from other governments or agencies at June 30, 2019, are as follows (in thousands):

	General Fund	Other Federal Programs Fund	Nonmajor Governmental Funds	Total
<b>Federal:</b>				
Medicaid Federal	\$ 3,507	\$ -	\$ -	\$ 3,507
Food Service				
Reimbursement	-	-	18,215	18,215
Early Head Start/ Head Start	-	3,951	-	3,951
Restart	2,250	-	-	2,250
Miscellaneous Federal	373	1,014	-	1,387
<b>State:</b>				
Title I	-	18,000	-	18,000
IDEA	-	11,939	-	11,939
Title II	-	2,452	-	2,452
Department of Education				
Security Grant	-	-	7,528	7,528
Schools of Hope	1,765	-	-	1,765
Voluntary Prekindergarten Programs	3,298	-	-	3,298
Miscellaneous State	1,005	2,619	264	3,888
<b>Local:</b>				
Clearwire Educational Broadband Service	16,428	-	-	16,428
Miscellaneous Local	5,821	611	87	6,519
Miami-Dade County	-	-	4,994	4,994
<b>Total</b>	<b>\$ 34,447</b>	<b>\$ 40,586</b>	<b>\$ 31,088</b>	<b>\$ 106,121</b>

Due to other governments or agencies at June 30, 2019, are as follows (in thousands):

	General Fund	Other Federal Programs Fund	Nonmajor Governmental Funds	Total
<b>Federal:</b>				
Miscellaneous Federal	\$ -	\$ 32	\$ -	\$ 32
<b>State:</b>				
Miscellaneous State	111	-	-	111
<b>Local:</b>				
Charter Schools	3,979	-	-	3,979
Miscellaneous Local	-	1,736	81	1,817
<b>Total</b>	<b>\$ 4,090</b>	<b>\$ 1,768</b>	<b>\$ 81</b>	<b>\$ 5,939</b>

## 7. SHORT-TERM DEBT

Short-term debt activity for the fiscal year ended June 30, 2019, is as follows (in thousands):

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Tax Anticipation Note (TAN), Series 2018, issued on August 14, 2018, effective yield of 1,576%, with a maturity date of June 15, 2019.	\$ -	\$ 335,000	\$ 335,000	\$ -

Proceeds from the TAN were used as a working capital reserve in the General Fund as permitted under State and Federal tax laws.

## 8. COMPENSATED ABSENCES

The District's employee vacation and sick leave policies provide for the granting of a specific number of days of vacation based on years of service governed by applicable labor contracts and one day of sick leave with pay per each month of employment. Active employees, excluding administrators, may request payment of 80% of their unused sick leave which has accumulated during the fiscal year, provided they have not used more than three sick/personal days during that time and have a remaining balance, after payment, of 21 days. These policies also provide for paying most employees unused vacation up to 60 days upon termination, and up to 100% of unused sick leave after 13 years of service; 50% after 10 years; 45% after 6 years; 40% after 3 years; and 35% during the first 3 years of qualified service upon retirement, death, or resignation. Vacation accrual is limited to 60 days for 12-month active employees.

The School Board approved the adoption of the Miami-Dade County Public Schools Terminal Leave Retirement Program (TLRP) at its May 14, 2003, Board meeting. The TLRP Program consists of a tax-favored retirement plan, which allows the Board to direct accrued annual (vacation) leave or terminal sick leave (accrued sick days) for employees who are separating from service as a result of retirement, or entering into or continuing Deferred Retirement Option Program (DROP), to a tax-sheltered annuity program, or other qualified plan, in lieu of a taxable cash payment to the employee, upon separation from service.

The program is mandatory as a result of Board action which became effective on May 15, 2003, for all personnel (except AFSCME employees) who will have their annual (vacation) leave and terminal sick leave automatically contributed to either the Board's Tax Sheltered Annuity 403(b) or 401(a) Programs. Contributions into this program will not be subject to either Federal Income Tax (estimated 27%) or Social Security Tax (FICA) of 7.65%. Any amount of accrued terminal leave in excess of the amounts authorized by the Internal Revenue Service will be paid out to the retiring employee and will be subject to applicable taxes.

The current portion (the amount expected to be liquidated with current available resources) of the accumulated vested vacation and anticipated sick leave payments is recorded in the General Fund and is included in accrued payroll and compensated absences. The liabilities recorded include provisions for the employer's portion of pension contributions, FICA, and other fringe benefits due on

the vested vacation and sick leave balances as applicable. At June 30, 2019, the accrued liability for compensated absences in the General Fund was \$13.2 million.

GASB Statement No. 16, Accounting for Compensated Absences, requires governmental agencies to record as a liability the vested and future rights to sick and/or vacation leave. Accordingly, the probability of partially vested employees becoming fully vested and actual past termination payment experience was considered in the determination of this liability.

The statement of net position reflects both the current and long-term portions of compensated absences including retirement incentive benefits. At June 30, 2019, the current and long-term portions were \$21,271 and \$270,852, respectively (in thousands).

## 9. CAPITAL LEASES

The District has entered into various capital lease agreements for the acquisition of certain property, vehicles, and equipment which are stated at acquisition cost and reported as capital assets. At June 30, 2019, the cost of leased equipment recorded as capital assets was \$182.4 million, with accumulated depreciation of \$154.2 million, for a net book value of \$28.2 million. Additionally, there were no unspent proceeds relating to master equipment lease agreement at June 30, 2019.

The following is a summary of the future minimum lease payments, under capital leases together with the present value of the minimum lease payments as of June 30, 2019 (in thousands):

<u>Fiscal Year</u>	<u>Other Leases</u>	<u>Master Equipment</u>	<u>Lease Total</u>
2020	\$ 1,056	\$ 11,883	\$ 12,939
2021	920	8,475	9,395
2022	853	5,581	6,434
2023	601	1,884	2,485
2024	185	-	185
	<u>3,615</u>	<u>27,823</u>	<u>31,438</u>
Less Amount Representing Interest*	<u>442</u>	<u>731</u>	<u>1,173</u>
<b>Present Value of Minimum Lease Payments</b>	<b><u>\$ 3,173</u></b>	<b><u>\$ 27,092</u></b>	<b><u>\$ 30,265</u></b>

\*The amount representing interest was calculated using imputed rates ranging from 1.3% to 6%.

## 10. LONG-TERM BONDS PAYABLE

### State Board of Education Capital Outlay Bonds

Capital Outlay Bonds are issued by the State Board of Education (SBE) on behalf of the District and are generally referred to as "SBE Bonds." The bonds mature serially and are secured by a portion of the District's State revenues derived from the sale of automobile license plates. Principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements are administered by the SBE and the State Board of Administration. At June 30, 2019, amounts withheld and in the custody of the State totaled \$209 thousand and are included as cash and investments with fiscal agent in the statement of net position.

## General Obligation Bonds

On March 8, 1988, pursuant to Sections 1010.40 through 1010.54, Florida Statutes, voter residents of the County approved a referendum authorizing the School Board to issue General Obligation School Bonds in an aggregate amount not exceeding \$980 million, to be issued as required. The proceeds from the bonds were used to pay for the construction of new educational facilities and improving existing educational facilities. As of June 30, 2018, no bonds remain to be issued. Principal and interest on the bonds are paid from ad valorem school district taxes on all taxable real and personal property, excluding homestead exemption as required by Florida law, without limitation as to rate or amount.

On November 6, 2012, pursuant to Sections 1010.40 through 1010.54, Florida Statutes, voter residents of the County approved a referendum authorizing the School Board to issue additional General Obligation School Bonds in an aggregate amount not to exceed \$1.2 billion. The proceeds from the bonds are to be used to pay for modernizing, constructing, enlarging, or otherwise improving school buildings, including educational technology upgrades.

As of June 30, 2019, five separate bond series have been issued pursuant to this referendum. The General Obligation Bond Series 2013 and 2014A were sold on July 10, 2013. The General Obligation Bond Series 2013, for \$190 million, was issued on July 24, 2013, and the General Obligation Bond Series 2014A, for \$96.5 million, negotiated on a forward settle basis, was issued on February 11, 2014. The General Obligation Bond Series 2015, for \$192.7 million, was sold on July 21, 2015, and issued on August 12, 2015. The General Obligation Bond Series 2016, for \$200 million, was sold on August 2, 2016, and issued on August 18, 2016. The General Obligation Bond Series 2017, for \$250 million, was sold on April 18, 2017, and issued on May 2, 2017. As of June 30, 2019, \$270.8 million bonds remain to be issued.

Principal and interest on these and any future bond issues will be paid from ad valorem school district taxes on all taxable real and personal property, excluding homestead exemption as required by Florida law, without limitation as to rate or amount.

A summary of bonds payable as of June 30, 2019, is as follows (in thousands):

	<u>Authorized</u>	<u>Issued</u>	<u>Outstanding</u>
SBE Capital Outlay Bonds – Series 2010A Refunding, due in varying annual payments through January 1, 2022, with interest rates ranging from 4% to 5%. Interest is payable semi-annually on January and July 1. Bonds are callable on January 1, through December 31, 2020, at par. A portion of the proceeds was used to refund SBE Capital Outlay Bonds Series 2001A and 2002A to achieve debt service savings.	\$ 1,440	\$ 1,440	\$ 520
SBE Capital Outlay Bonds – Series 2010A New Portion, due in varying annual payments through January 1, 2030, with interest rates ranging from 3% to 5%. Interest is payable semi-annually on January and July 1. Bonds are callable on January 1, through December 31, 2020, at par.	\$ 640	\$ 640	\$ 410

	<u>Authorized</u>	<u>Issued</u>	<u>Outstanding</u>
SBE Capital Outlay Bonds – Series 2011A Refunding, due in varying annual payments through January 1, 2023, with interest rates ranging from 3% to 5%. Interest is payable semi-annually on January and July 1. Bonds are callable on January 1, through December 31, 2021, at par. A portion of the proceeds was used to refund SBE Capital Outlay Bonds Series 2003A to achieve debt service savings.	\$ 725	\$ 725	\$ 375
SBE Capital Outlay Bonds – Series 2014A Refunding, due in varying annual payments through July 1, 2024, with interest rates ranging from 2% to 5%. Interest is payable semi-annually on January and July 1. Bonds are callable on January 1, through December 31, 2024, at par. A portion of the proceeds was used to refund SBE Capital Outlay Bonds Series 2004A to achieve debt service savings.	\$ 2,963	\$ 2,963	\$ 1,757
SBE Capital Outlay Bonds – Series 2014B Refunding, due in varying annual payments through January 1, 2020, with interest rates ranging from 2% to 5%. Interest is payable semi-annually on January and July 1. A portion of the proceeds was used to refund SBE Capital Outlay Bonds Series 2005A and 2005B to achieve debt service savings.	\$ 12,527	\$ 12,527	\$ 37
SBE Capital Outlay Bonds – Series 2017A Refunding, due in varying annual payments through July 1, 2028, with interest rates ranging from 3% to 5%. Interest is payable semi-annually on January and July 1. A portion of the proceeds was used to refund SBE Capital Outlay Bonds Series 2008A to achieve debt service savings.	\$ 5,201	\$ 5,201	\$ 4,853
SBE Capital Outlay Bonds – Series 2019A Refunding, due in varying annual payments through January 1, 2029, with interest rates of 5%. Interest is payable semi-annually on January and July 1. A portion of the proceeds was used to refund SBE Capital Outlay Bonds Series 2009A to achieve debt service savings.	\$ 787	\$ 787	\$ 787
General Obligation School Bonds, Series 2013, consisting of serial and term bonds, due in varying payments through March 15, 2043. Interest rates ranging from 4% to 5% is payable March 15 and September 15. True interest cost is 4.54%. Bonds maturing on March 15, 2024, and thereafter are callable.	First in a series not to exceed \$1,200,000	\$ 190,005	\$ 173,135
General Obligation School Bonds, Series 2014A, consisting of serial and term bonds, due in varying payments through March 15, 2044. Interest, at a rate of 5%, is payable March 15 and September 15. True interest cost is 4.68%. Bonds maturing on March 15, 2025, and thereafter are callable.	Second in a series not to exceed \$1,200,000	\$ 96,475	\$ 89,805
General Obligation School Bonds, Series 2015, consisting of serial and term bonds, due in varying payments through March 15, 2045. Interest rates ranging from 3.5% to 5% is payable March 15 and September 15. True interest cost is 3.8973%. Bonds maturing in March 2026 and thereafter, with the exception of the bond maturing on March 15, 2030, are callable.	Third in a series not to exceed \$1,200,000	\$ 192,720	\$ 180,215
General Obligation School Bonds, Series 2016, consisting of serial and term bonds, due in varying payments through March 15, 2046. Interest, at a rate of 5%, is payable March 15 and September 15. True interest cost is 3.4066%. Bonds maturing on March 2027, and thereafter are callable.	Fourth in a series not to exceed \$1,200,000	\$ 200,000	\$ 191,405

	<u>Authorized</u>	<u>Issued</u>	<u>Outstanding</u>
General Obligation School Bonds, Series 2017, consisting of serial and term bonds, due in varying payments through March 15, 2047. Interest rates ranging from 3.25% to 5% is payable March 15 and September 15. True interest cost is 3.5808%. Bonds maturing in March 2028 and thereafter, with the exception of bonds maturing on March 15, 2033, and March 15, 2035, are callable.	Fifth in a series not to exceed \$1,200,000	\$ 250,000	\$ 241,950
<b>Total Long-Term Bonds Payable</b>			<b>\$ 885,249</b>

On January 17, 2019, the Florida Department of Education issued State Board of Education (SBE) Capital Outlay Refunding Bonds, Series 2019A, to refund the State of Florida, Full Faith and Credit, SBE Capital Outlay Bonds, Series 2009A, maturing in the years 2020 through 2029.

The District's portion of the refunding bonds, totaling \$787 (in thousands), is to refund the \$890 (in thousands) principal amount of the District's callable portion of Series 2009A, that matures on or after January 1, 2019. The District's pro rata share of net proceeds is to provide for future debt service payments. As of June 30, 2019, the SBE Capital Outlay Bond Series 2009A, in the amount of \$465 (in thousands), has been defeased. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5 (in thousands). This difference reported in the accompanying financial statements as a deferred inflow of resources is being credited to operations through the year 2029. The District completed the refunding to reduce its total debt service payments over the next 10 years by \$103 (in thousands).

Several of the SBE long-term bonds are callable prior to maturity during the years 2020 through 2024. The General Obligation Bond and SBE debt service requirements to maturity, assuming none of the SBE bonds are called prior to their scheduled maturity date, are as follows (in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2020	\$ 18,333	\$ 41,191	\$ 59,524
2021	19,275	40,277	59,552
2022	20,242	39,313	59,555
2023	21,137	38,303	59,440
2024	22,132	37,249	59,381
2025-2029	125,865	168,702	294,567
2030-2034	155,385	135,833	291,218
2035-2039	194,490	97,147	291,637
2040-2044	190,650	43,208	233,858
2045-2047	117,740	10,858	128,598
<b>Total</b>	<b>\$ 885,249</b>	<b>\$ 652,081</b>	<b>\$ 1,537,330</b>

## **11. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS – CERTIFICATES OF PARTICIPATION, QUALIFIED ZONE ACADEMY BONDS, QUALIFIED SCHOOL CONSTRUCTION BONDS AND BUILD AMERICA BONDS**

On August 1, 1994, the District entered into a Lease Purchase Agreement, with the Dade County School Board Foundation, Inc., (the “Foundation”) a Florida not-for-profit corporation and blended component unit of the District, to finance the acquisition and construction of new schools and appurtenant equipment and other property (the “Facilities”) to be operated by the District. The members of the School Board serve as the Board of Directors of the Foundation. The Foundation was formed by the School Board solely for the purpose of acting as the lessor of the Facilities, with the District as lessee. The School Board, as lessor, entered into Ground Leases with the Foundation for the Facilities’ sites and all improvements. In conjunction therewith, certificates of participation, (the “Certificates”) were issued to third parties, evidencing undivided proportionate interests in basic lease payments to be made by the District, as lessee, pursuant to the Lease Purchase Agreement. Fee title to the Facilities and the Facilities sites is in the name of the District. The District is responsible for operation, maintenance, use, occupancy, upkeep and insurance of the Facilities.

The Foundation leases the Facilities to the District under the Lease Purchase Agreement, which are automatically renewable annually through May 1, 2037, unless terminated, in accordance with the provisions of the Lease Purchase Agreements, as a result of default or the failure of the School Board to appropriate funds to make lease payments in its final official budget. The remedies on default or upon an event of non-appropriation include the surrender of the Facilities by the District and its re-letting for the remaining Ground Lease term, or the voluntary sale of the Facilities by the School Board, in either case with the proceeds to be applied against the School Board’s obligations under the Lease Purchase Agreements.

The Certificates are not separate legal obligations of the School Board, but represent undivided interests in lease payments to be made from appropriated funds budgeted annually by the School Board for such purpose from current or other funds authorized by law and regulations of the Florida Department of Education, including the local optional millage levy. However, neither the School Board, the District, the State of Florida, nor any political subdivision thereof, are obligated to pay, except from appropriated funds, any sums due under the Lease Purchase Agreement from any source of taxation. The full faith and credit of the School Board and the District is not pledged for payment of such sums due under the Lease Purchase Agreement and such sums do not constitute an indebtedness of the School Board or the District within the meaning of any constitutional or statutory provision or limitation. The District plans to make the Series 2006C, 2006D, 2012B-1, 2012B-2, and 2014B lease payments from the impact fees collected on new residential construction by Miami-Dade County and remitted to the School Board, and from Local Optional Millage Levy.

Basic lease payments are deposited with the Trustee semi-annually. For accounting purposes, due to the consolidation of the Foundation within the financial statements, basic lease payments are reflected as debt service expenditures when payable to Certificate holders. A trust fund was established with the Trustee to facilitate payments in accordance with the Lease Purchase Agreements and the Trust Agreements. Various accounts are maintained by the Trustee in accordance with the Trust Indenture. All funds held in the various accounts are invested by the



Trustee, as directed by the School Board. Interest earned on funds in the Acquisition Account is transferred to the Lease Payment Account.

Under the American Recovery and Reinvestment Act of 2009, Qualified School Construction Bonds (QSCBs) and Build America Bonds (BABs) were established to provide for taxable obligations to be issued by the School District with a Federal subsidy for interest. The Series 2009B and 2010A were issued under the QSCB program, and Series 2010B was issued under the BAB program. The Series 2009B provides Federal tax credits in lieu of interest payments to the Certificate holder, which is similar to the Series 2003, 2006, and 2015 Qualified Zone Academy Bonds (QZAB) program. The Series 2010A and 2010B, along with the Series 2010 QZAB, were issued as direct pay bonds whereby the interest subsidy is paid directly to the School District by the U.S. Treasury.

The Internal Revenue Services (IRS) announced on March 4, 2013, that payments to issuers of these bonds were subject to a reduction of 8.7% of the amount budgeted for such payments. This sequester reduction rate has been modified annually, and all refund payments processed on or after October 1, 2015 and on or before September 30, 2016, will be reduced by the fiscal year 2019 sequestration rate of 6.2%. Accordingly, unless Congress acts to again change the sequester percentage or otherwise changes the application of the cuts, the District anticipates its aggregate expected QSCB Issuer Subsidy, BAB Issuer Subsidy and QZAB Issuer Subsidy of \$7,258 (in thousands) to be reduced by 6.2% which equates to a reduction of approximately \$450 (in thousands), for the 2018-19 fiscal year, resulting in a corresponding increase in interest costs for the District that must be paid from other revenue sources.

A summary of Certificates, QZABs, QSCBs, and BABs payable as of June 30, 2019, is as follows (in thousands):

<u>Debt Series</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate(s)</u>	<u>Issued</u>	<u>Outstanding</u>
<b>2006 Qualified Zone Academy Bonds</b> – Interest is paid by U.S. Government through issuance of Federal income tax credits.	12/15/06	12/15/22	N/A	\$ 2,599	\$ 2,599
<b>2010 Qualified Zone Academy Bonds</b> – 5.10% tax credit paid by U.S. Government to the District.	11/10/10	11/01/29	True Interest Cost 0.15% 5.25% (without 5.10% U.S. Subsidy)	24,480	24,480
<b>2015 Qualified Zone Academy Bonds</b> – Interest is paid by U.S. Government through issuance of Federal income tax credits.	10/06/15	09/15/34	True Interest Cost 1.105% 0% to 1.37%	25,000	25,000
<b>2001B Series</b> – Auction Rate Certificates converted to variable rate mode based on LIBOR plus 0.75% under a private placement with predetermined reset terms.	06/19/01	05/01/31	Variable Interest 3.19% @ June 30, 2019	54,650	33,075
<b>2006C Series</b> – Serial and Term Certificates.	05/10/06	10/01/21	True Interest Cost 4.41% 3.875% to 5%	53,665	13,990
<b>2006D Series</b> – Serial Certificates. Partially refunded 2001C Series.	12/21/06	10/01/21	True Interest Cost 4.098% 3.625% to 5%	10,570	9,110
<b>2007C Series</b> – Auction Rate Certificates converted to variable rate mode based on LIBOR plus 0.75% under a private placement with predetermined reset terms.	05/24/07	05/01/37	Variable Interest 3.19% @ June 30, 2019	90,825	90,825

<u>Debt Series</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate(s)</u>	<u>Issued</u>	<u>Outstanding</u>
<b>2009B Series – Qualified School Construction Bonds.</b> Interest is paid by U.S. Government through issuance of Federal income tax credits (sold at a discount price of 73.673% resulting in a true interest cost of 1.859%).	12/15/09	12/15/26	N/A	104,000	104,000
<b>2010A Series – Qualified School Construction Bonds.</b> 5.54% tax credit paid by U.S. Government to the District.	06/24/10	06/15/27	True Interest Cost 0.852% 6.24% to 6.49% (without 5.54% U.S. Subsidy)	96,290	96,290
<b>2010B Series – Build America Bonds.</b> 35% tax credit paid by U.S. Government to the District.	06/24/10	06/15/32	True Interest Cost 4.523% 6.84% to 6.94% (without 35% U.S. Subsidy)	27,990	27,990
<b>2011A Series –</b> Include fixed rate certificates refunding Series 2003B. Term bonds fully refunded by the 2014A Series.	03/29/11	05/01/31	True Interest Cost 4.449% 2.5% to 5%	139,055	19,915
<b>2011B Series –</b> Include fixed rate and term rate certificates partially refunding Series 2007A, 2007B, and 2009A. Term bonds fully refunded by the 2016A Series.	03/29/11	05/01/32	True Interest Cost 5.154% 5% to 5.75%	137,660	67,660
<b>2012A Series –</b> Include fixed rate and term rate certificates partially refunding Series 2003D (\$148,850). Term Bonds fully refunded by the 2016B Series.	07/05/12	08/01/29	True Interest Cost 3.606% 2% to 5%	149,365	68,430
<b>2012B-1 Series –</b> Serial Certificates. Partially refunded 2004A (\$15,575).	07/05/12	10/01/20	True Interest Cost 2.814% 5%	13,765	13,765
<b>2012B-2 Series –</b> Serial Certificates. Partially refunded 2005A (\$16,725).	07/05/12	04/01/20	True Interest Cost 2.379% 4%	15,655	2,955
<b>2013A Series –</b> Serial Certificate. Partially refunded 2006A (\$15,335), 2006B (\$12,470), 2007A (\$9,525), 2007B (\$2,075), and 2008B (\$30,320).	05/01/13	05/01/32	True Interest Cost 4.199% 5%	68,230	68,230
<b>2013B Series –</b> Serial Certificates. Fully refunded 2003D (\$2,110) and partially refunded 2009A (\$6,395).	05/01/13	02/01/30	True Interest Cost 4.097% 5%	8,160	8,160
<b>2014A Series –</b> Term Rate Certificates fully refunding the 2011A Term Rate Certificates. The bonds have a mandatory 10-year soft put on 5/1/2024 at 100%. If cannot be remarketed, interest shall accrue at 11% per year.	03/11/14	05/01/31	True Interest Cost 4.056% 5%	70,980	70,980
<b>2014C Series –</b> Serial Certificates.	06/30/14	05/1/24	True Interest Cost 2.210%	4,085	2,185
<b>2014D Series –</b> Serial Certificates. Partially refunding 2006A (\$146,565) and 2006B (\$151,230).	11/20/14	11/01/31	True Interest Cost 3.053% 4% to 5%	276,995	250,865
<b>2015A Series –</b> Serial Certificates. Partially refunding 2007A (\$249,470) and 2007B (\$76,740).	01/21/15	05/01/32	True Interest Cost 3.166% 5%	306,820	276,620
<b>2015B Series –</b> Serial and Term Certificates partially refunding 2008B (\$230,370).	07/30/15	05/01/28	True Interest Cost 3.162% 1% to 5%	239,630	234,950
<b>2015C Series –</b> Serial Certificates partially refunding 2008B (\$34,265).	07/31/15	05/01/25	True Interest Cost 3.095% 5%	33,565	33,565

<u>Debt Series</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate(s)</u>	<u>Issued</u>	<u>Outstanding</u>
<b>2015D Series</b> – Serial Certificates partially refunding 2008B (\$110,715) and 2009A (\$241,560).	12/16/15	02/01/34	True Interest Cost 3.456% 3.5% to 5%	345,890	345,890
<b>2016A Series</b> – Serial Certificates fully refunding 2011B Term Rate Certificates (\$70,000).	02/03/16	05/01/32	True Interest Cost 4.265% 5%	66,425	66,425
<b>2016B Series</b> – Serial Certificates fully refunding 2012A Term Rate Certificates (\$58,780).	02/03/16	08/01/27	True Interest Cost 3.351% 5%	55,995	55,995
<b>2016C Series</b> – Serial Certificates partially refunding 2008B (\$90,695) and 2009A (\$8,575).	04/07/16	02/01/33	True Interest Cost 3.329% 3.25% to 5%	100,495	79,385
<b>2018A Series</b> – Serial Certificates fully refunding on a forward refunding basis the 2008A Serial Certificates (\$130,950).	05/03/18	08/01/26	True Interest Cost 2.84% 2.84%	119,995	119,995
<b>2019A Series</b> – Serial Certificates fully refunding 2002A and 2002B variable rate certificates and associated swaps (\$78,495) with a net present value savings of \$430.	03/29/19	08/01/27	True Interest Cost 1.91% 1.91%	87,265	87,265
<b>2019B Series</b> – Serial Certificates fully refunding 2008C variable rate certificates and associated swap (\$47,280) with a net present value dissavings of (\$190).	03/29/19	07/15/27	True Interest Cost 2% 2%	54,630	54,630
				<u>\$ 2,784,729</u>	<u>\$ 2,355,224</u>

At June 30, 2019, there are no defeased certificates outstanding.

The District implemented GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The implementation of this Statement resulted in separate note disclosures for direct borrowings and direct placements of debt.

The schedule below details debt service requirements for obligations under lease purchase agreements (Certificates of Participation and QZABs) to maturity, assuming the obligations will be remarketed based on the specified soft put dates disclosed below. Additionally, the schedule also discloses principal and interest payments due from the District's direct borrowings and direct placements as follows (in thousands):

Year Ending June 30	Bonds		Participation Payable from Direct Borrowings and Direct Placements		Total Debt Service Requirements*
	Principal	Interest***	Principal	Interest	
2020	\$ 111,188	\$ 93,621	\$ 27,539	\$ 6,695	\$ 239,043
2021	120,623	89,261	28,744	6,539	245,167
2022	111,653	85,337	31,669	5,867	234,526
2023	114,498	82,144	30,064	5,178	231,884
2024**	118,019	78,230	30,819	4,470	231,538
2025 - 2029	776,649	350,703	131,481	12,001	1,270,834
2030 - 2034	653,095	84,360	10,838	11,534	759,827
2035 - 2037	58,345	5,800	-	-	64,145
<b>Total</b>	<b>\$ 2,064,070</b>	<b>\$ 869,456</b>	<b>\$ 291,154</b>	<b>\$ 52,284</b>	<b>\$ 3,276,964</b>

\* The schedule above reflects required annual payments to the sinking funds for the retirement of the debt, and are not considered reduction of principal until the year of maturity. The total outstanding balance for the QZABs as of year-end is \$52,079 (in thousands).

\*\* Series 2014A has a 10 year soft put on May 1, 2024, of \$71 million. If the District is unable to remarket the debt, the interest rate on the COP will increase to 11%.

\*\*\* The District's variable rate debt at June 30, 2019 was \$123,900 (in thousands). The interest rate for such outstanding debt at June 30, 2019 was 3.19%.

On March 29, 2019, the District issued Certificates of Participation (COPs) Series 2019A and 2019B via direct placement, in the amount of \$87,265 (in thousands) and \$54,630 (in thousands), respectively.

The Series 2019A had a true interest cost of 1.91% and fully refunded Certificates of Participation Series 2002A and 2002B and the associated swaps with an average coupon rate of 1.91% and an economic savings of \$430 (in thousands). This transaction included a swap termination fee of \$8.1 million. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$8.1 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2027 using the effective-interest method. The District completed the refunding to terminate the associated interest rate swaps and eliminate interest rate basis risk and this resulted in an economic savings (difference between the present values of the old and new debt service payments) of \$430 (in thousands).

The Series 2019B had a true interest cost of 2% and fully refunded Certificates of Participation Series 2008C and the associated swaps with an average coupon rate of 2% and an economic dissavings of \$(190) (in thousands). This transaction included a swap termination fee of \$7 million. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$7 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2027 using the effective-interest method. The District completed the refunding to terminate the associated interest rate swaps and eliminate interest rate basis risk and this resulted in an economic dissaving (difference between the present values of the old and new debt service payments) of \$(190) (in thousands).

As of June 30, 2019, COPs Series 2002A, 2002B, and 2008C pay-fixed interest rate forward swap agreements are terminated.

## 12. DEBT SERVICE

The amount available for debt service consists of resources from the debt service funds legally required to be used for debt service until the related debt is extinguished (in thousands).

<u>Categories</u>	<u>Fund Balance</u>
Restricted for Payment of State Board of Education and Capital Outlay Bonds	\$ 209
Restricted for Payment of District Bond Funds	38,267
Restricted for Certificates of Participation	16,785
Restricted for ARRA Economic Stimulus Debt Service	<u>67,514</u>
<b>Total Available in Debt Service Funds</b>	<b><u>\$ 122,775</u></b>

All certificates of participation lease payments and all other amounts required to be paid by the School Board under the various series under the Master Lease and all other leases are made from legally available funds appropriated for such purpose by the School Board. The substantive portion for these payments is provided by the Local Optional Millage Levy on ad valorem property. Separate lease payment accounts are established for each series of Certificates issued under the Trust Agreement. Lease payments are due under the Master Lease on an all-or-none basis and are payable on a parity basis solely from legally available funds appropriated by the School Board for such purpose. Such payments are normally transferred to the Trustee 15 days before lease payments are due.

## 13. ESTIMATED LIABILITY FOR CLAIMS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; administrative errors and omissions; injuries to employees, students and guests; as well as natural disasters. The District is self-insured for portions of its general and automobile liability insurance, workers' compensation, and health insurance. Losses involving automobile and general liability claims are limited (generally) by provisions of Section 768.28, Florida Statutes. Claims brought against the District are handled by a contracted third-party administrator. The District purchases commercial insurance for other risks including property and other miscellaneous risks as follows:

Type	Risk Retention/ Deductible	Coverage After Retention/Deductible
Workers' Compensation	\$1,500,000	Statutory/\$3,000,000
General, Fleet Liability, and Errors and Omissions	\$200,000/\$300,000	\$500,000 per occurrence, \$3,250,000 annual aggregate
Property*	\$100,000,000 per occurrence for hurricanes; \$1,000,000 per incident for all other perils	\$250,000,000 per occurrence/annual aggregate for all perils including windstorms, earthquakes, and floods
	\$100,000 for each act of terrorism	\$50,000,000 annual aggregate
Individual Stop Loss (ISL) for Self-Insured Medical Program	\$1,000,000	100%

\* The Board did not renew the parametric storm policy due to significant increase in premium. All other coverages remain in effect.

Accordingly, liabilities for certain retained risks are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The District's estimated liability for self-insured losses relating to the casualty program consisting of general liability, automobile liability, professional liability/errors and omissions, and workers' compensation claims was determined by an independent actuarial valuation performed as of June 30, 2019. Liabilities, as determined by the actuary, include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The portion of the liability that is due and payable at June 30, 2019, is recorded in the General Fund, and the remaining portion is recorded in the government-wide financial statements. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment yield assumptions of 2.5%.

The School Board authorized the purchase of individual stop loss (ISL) coverage for its self-insured health program effective January 1, 2019, from Cigna, with an attachment point of \$1,000,000 per claimant.

The School Board approved a set of premium equivalent rates, based upon actuarial projections of claims including IBNR claims for the calendar year, provided by the School Board's employee benefits consulting firms of AON Hewitt and Cigna. The calendar year 2019 monthly rates for the three offered Open Access Programs (OAP) are \$757 (OAP 10), \$718 (OAP 20) and \$717 (Local Plus). The Board's contribution for employee only coverage is limited to the \$717 (Local Plus); therefore, employees who choose the OAP 10 or OAP 20 are subject to a monthly cost share based upon their salary band. Effective January 1, 2010, the cost of dependent healthcare coverage became banded by salary tiers which was renewed for January 1, 2019.

The School Board continues to offer an opt out provision for employees who can provide proof of insurance coverage. Employees who opt out receive a monthly adjustment to gross compensation of \$100/month.

The District's estimated liability for health insurance claim payments was determined by an independent actuarial valuation performed as of June 30, 2019.

There were no losses which exceeded coverage in fiscal years ended June 30, 2017, 2018 and 2019.

A total estimated liability amount of \$176.8 million was actuarially determined to cover reported and unreported claims payable at June 30, 2019. It is estimated that of the current portion, \$64.6 million is due within 1 year. The remaining \$112.2 million will be due in future years.

	<b>Estimated Liability For Pending Claims (in thousands)</b>		
	<b>Current Portion</b>	<b>Long-Term Portion</b>	<b>Total</b>
Workers' Compensation General and Occupational Liability	\$ 23,305	\$ 82,866	\$ 106,171
Fleet Liability	5,713	24,675	30,388
Group Health	1,658	4,639	6,297
	33,971	-	33,971
<b>Total</b>	<b>\$ 64,647</b>	<b>\$ 112,180</b>	<b>\$ 176,827</b>

Changes in the balance of claims liabilities for the years ended June 30, 2018, and 2019, are as follows (in thousands):

	<b>Balance July 1, 2017</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance June 30, 2018</b>
	Workers' Compensation General and Occupational Liability	\$ 133,837	\$ 3,702	\$ (29,476)
Fleet Liability	16,398	8,650	(1,654)	23,394
Group Health	3,720	2,580	(1,475)	4,825
	29,388	333,195	(329,503)	33,080
<b>Total</b>	<b>\$ 183,343</b>	<b>\$ 348,127</b>	<b>\$ (362,108)</b>	<b>\$ 169,362</b>

	<b>Balance July 1, 2018</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance June 30, 2019</b>
	Workers' Compensation General and Occupational Liability	\$ 108,063	\$ 31,277	\$ (33,169)
Fleet Liability	23,394	8,382	(1,388)	30,388
Group Health	4,825	3,280	(1,808)	6,297
	33,080	362,690	(361,799)	33,971
<b>Total</b>	<b>\$ 169,362</b>	<b>\$ 405,629</b>	<b>\$ (398,164)</b>	<b>\$ 176,827</b>

## 14. CHANGES IN LONG-TERM LIABILITIES

Long-term liability balances and activity for the year ended June 30, 2019, are as follows (in thousands):

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Amounts Due</u> <u>Within One</u> <u>Year</u>
Bonds Payable	\$ 980,501	\$ 911	\$ (22,951)	\$ 958,461 *	\$ 18,333
Certificates of Participation Payable, net	2,435,837 ***	-	(236,282)	2,199,555 **	111,188
Certificates of Participation Direct Borrowings and Direct Placements	159,434 ***	141,895	(10,175)	291,154 **	27,539
Derivative Instrument Liabilities	13,926	-	(13,926)	-	-
Capital Leases Payable	44,316	1,396	(15,447)	30,265	12,378
Self-Insurance Estimated Claims Payable	169,362	405,629	(398,164)	176,827	64,647
Retirement Incentive Benefits	1,576	45	-	1,621	197
Compensated Absences	284,507	29,670	(23,675)	290,502	21,074
Other Postemployment Benefits Liability	211,851	20,816	(6,342)	226,325	-
Net Pension Liability	<u>1,783,082</u>	<u>135,011</u>	<u>(144,624)</u>	<u>1,773,469</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 6,084,392</u></b>	<b><u>\$ 735,373</u></b>	<b><u>\$ (871,586)</u></b>	<b><u>\$ 5,948,179</u></b>	<b><u>\$ 255,356</u></b>

\* Includes unamortized premium in the amount of \$73,212.

\*\* Amount is \$135,485 more than the principal balance of \$2,355,224 in Note 11, the difference represents the net unamortized premium on outstanding debt issues.

\*\*\* Reflects disclosures to comply with GASB Statement No. 88.

Payments for insurance claims (other than health insurance claims that are paid from the internal service fund), retirement incentive benefits, compensated absences, pension liabilities and other postemployment benefits are paid from the General Fund. Capital leases are primarily paid from capital project funds.

## 15. STATE REVENUE SOURCES

A major source of the District's revenue is received from the State of Florida, which provided approximately 32% of total revenues in the 2018-19 fiscal year. The following is a schedule of State revenue sources and amounts (in thousands):



<b>Sources</b>	<b>Amount</b>
Florida Education Finance Program	\$ 650,067
Categorical Educational Programs	425,143
Workforce Development	80,670
Charter School Capital Outlay Funding	34,503
Best and Brightest Scholarship Program	22,061
Capital Outlay and Debt Service (CO&DS) Distributed	13,153
Educational Facilities Security Grant	12,184
Public Education Capital Outlay (PECO)	6,245
Food Service Supplement	2,054
Standard Student Attire Incentive	1,819
CO&DS Withheld for SBE/COBI Bonds	1,609
District Discretionary Lottery Funds	1,225
Adults with Disabilities	1,125
Interest on Undistributed CO&DS	278
Workforce Education Performance Incentive	240
CO&DS Withheld for Administrative Expense	225
State License Tax	201
SBE/COBI Bond Interest	3
Miscellaneous	4,377
<b>Total</b>	<b>\$ 1,257,182</b>

## 16. PROPERTY TAXES

The Board is authorized by State law to levy property taxes for District school operations, capital improvements, and debt service. Property taxes consist of ad valorem taxes on real and personal property within the District. Property taxes are assessed by the Miami-Dade County Property Appraiser and are collected by the Miami-Dade County Tax Collector.

Property values are assessed as of January 1 of each year. Taxes are levied after the millage rate is certified in September of each year. 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% for early payment.

Taxes become delinquent on April 1 of the year following the year levied for. State law provides for enforcement of collection of real property taxes. First, interest-bearing tax certificates are sold at public auction to recover delinquent taxes. Finally, if the tax certificates are not paid with accrued interest by the property owner, the purchaser of the tax certificate is entitled to take possession of the property. Accordingly, substantially all of the taxes assessed for calendar year 2018 have been recognized for the fiscal year ended June 30, 2019.

The State Constitution limits the levying of non-voted taxes by the School Board to 10 mills (\$10 per thousand of assessed valuation). State law prescribes on an annual basis the upper limit of non-voted property tax millage that may be levied. For the 2018-19 fiscal year, 6.733 mills were levied. The total adjusted assessed value for the calendar year 2018, of which the 2018-19 fiscal year levy was based, was approximately \$322.2 billion.

State law prescribes that the District budgets 96% of the current year's tax levy. However, actual property taxes collected and reflected in the table below totaled 94.6% of taxes levied, including

collections from prior years' tax levies but excluding tax redemptions. The Miami-Dade County Tax Collector is not required by law to make an accounting to the District of the difference between taxes levied and taxes collected.

The following is a summary of millages and taxes levied on the 2018 tax roll for the 2018-19 fiscal year (in thousands):

	<b>Millages</b>	<b>Taxes</b>		
		<b>Levied</b>	<b>Collected</b>	<b>Uncollected (Net)</b>
<b>GENERAL FUND</b>				
Nonvoted School Tax:				
Required Local Effort	4.256	\$ 1,371,253	\$ 1,297,370	\$ 73,883
Discretionary Local Effort	0.748	241,000	228,015	12,985
	<u>5.004</u>	<u>\$ 1,612,253</u>	<u>\$ 1,525,385</u>	<u>\$ 86,868</u>
<b>CAPITAL PROJECT FUNDS</b>				
Nonvoted Tax:				
Local Capital Improvements	1.500	\$ 483,290	\$ 457,339	\$ 25,951
<b>DEBT SERVICE FUNDS</b>				
Voted Tax:				
Debt Service - General Obligation Bonds	0.229	\$ 73,782	\$ 69,809	\$ 3,973

Taxes reported in the governmental funds, as reflected above, include an accrual only for taxes collected within 60 days after the fiscal year-end. In the government-wide financial statements, the District bases the estimates of taxes receivable and uncollectible taxes on historical experience. For the 2018-19 fiscal year, the District considered \$37.7 million or 1.8% of levied taxes as uncollectible.

## 17. RETIREMENT BENEFITS

The School Board provides retirement benefits to its employees through the Florida Retirement System (FRS and HIS), the Supplemental Early Retirement Plan (SERP), and a Deferred Retirement Option Program (DROP), as well as State-approved other postemployment benefits (OPEB) in the form of subsidized health insurance premiums.

### Florida Retirement System

The School Board participates in 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 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 the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS

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

The District's pension expense for FRS and HIS totaled \$224.6 million for the fiscal year ended June 30, 2019.

At June 30, 2019, the District reported a payable of \$28.7 million for the outstanding amount of employer and employee contributions to the FRS and HIS Plans required for the fiscal year ended June 30, 2019.

### **FRS Pension Plan**

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service, and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the Plan may include up to 4 years of credit for military service toward creditable service.

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

***Benefits Provided.*** Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following 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 Class</i></b>	3.00
<b><i>Senior Management Service Class</i></b>	2.00
<b><i>Special Risk Regular Class</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 was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% 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 2018-19 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	8.26
FRS, Elected County Officers	3.00	48.70
FRS, Senior Management Service	3.00	24.06
FRS, Special Risk Regular	3.00	24.50
FRS, Special Risk Administrative	3.00	34.98
DROP - Applicable to		
Members from All of the Above Classes	0.00	14.03
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The District's contributions to the Plan totaled \$122.6 million for the fiscal year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the District reported a liability of \$1,197.4 million for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018, 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 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was 3.98%, which was a decrease of 0.05% from its proportionate share measured as of June 30, 2017.

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to Section 216.136(10), Florida Statutes. The 7% rate of return assumption used in the June 30, 2018, calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standard of Practice No. 27 (ASOP 27) for accounting purposes, which differs from the rate used for funding purposes, which is used to establish the contribution rates for the Plan. The discount rate used in the July 1, 2017, valuation was 7.1%.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$189.8 million related to the Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 101,439	\$ 3,682
Change of assumptions	391,256	-
Net difference between projected and actual earnings on FRS pension plan investments	-	92,515
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	-	51,970
District FRS contributions subsequent to the measurement date	122,577	-
<b>Total</b>	<b>\$ 615,272</b>	<b>\$ 148,167</b>

The deferred outflows of resources related to pensions, totaling \$122.6 million, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

<u>Fiscal Year Ending June 30</u>	<u>Deferred Outflows/ (Inflows), Net</u>
2020	\$ 137,414
2021	89,073
2022	3,075
2023	64,002
2024	44,588
Thereafter	6,376
Total	<b>\$ 344,528</b>

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

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments is 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:

<b>Asset Class</b>	<b>Target Allocation (1)</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1%	2.9%	2.9%	1.8%
Fixed Income	18%	4.4%	4.3%	4.0%
Global Equity	54%	7.6%	6.3%	17.0%
Real Estate (Property)	11%	6.6%	6.0%	11.3%
Private Equity	10%	10.7%	7.8%	26.5%
Strategic Investments	6%	6.0%	5.7%	8.6%
<b>Total</b>	<b>100%</b>			
Assumed Inflation - Mean			2.6%	1.9%

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

**Discount Rate.** The discount rate used to measure the total pension liability was 7%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2018 valuation was updated from 7.1% to 7%.

**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 7%, 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 (6%) or 1 percentage point higher (8%) than the current rate (in thousands):

	<b>1% Decrease (6%)</b>	<b>Current Discount Rate (7%)</b>	<b>1% Increase (8%)</b>
District's proportionate share of the net pension liability	\$ 2,185,327	\$ 1,197,412	\$ 376,890

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

### **HIS Pension Plan**

**Plan Description.** The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of

State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

*Benefits Provided.* For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

*Contributions.* The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2019, 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 preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$29.3 million for the fiscal year ended June 30, 2019.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2019, the District reported a net pension liability of \$563.9 million for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, 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 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was 5.33%, which was a decrease of 0.07% from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized the HIS Plan pension expense of \$34.8 million. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):



<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 8,632	\$ 958
Change of assumptions	62,707	59,615
Net difference between projected and actual earnings on HIS pension plan investments	341	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	-	29,010
District contributions subsequent to the measurement date	29,293	-
<b>Total</b>	<b>\$ 100,973</b>	<b>\$ 89,583</b>

The deferred outflows of resources related to pensions, totaling \$29.3 million, 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

<u>Fiscal Year Ending June 30</u>	<u>Deferred Outflows/ (Inflows), Net</u>
2020	\$ 581
2021	552
2022	(1,262)
2023	(2,796)
2024	(10,032)
Thereafter	(4,946)
Total	<b>\$ (17,903)</b>

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

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	3.87 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected

depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.58% to 3.87%.

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 3.87%, 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 (2.87%) or 1 percentage point higher (4.87%) than the current rate (in thousands):

	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
District's proportionate share of the net pension liability	\$ 642,192	\$ 563,850	\$ 498,547

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 (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 State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in the DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular 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. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2018-19 fiscal year were as follows:

<u>Membership Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$17.5 million for the fiscal year ended June 30, 2019.

### **Supplemental Early Retirement Plan**

*Plan Description.* In addition to participating in the FRS Plan, the School Board established an early retirement plan on July 1, 1984. The plan is a single employer, non-contributory defined benefit plan administered by an independent trustee, and investments are managed by the District through a third party asset manager.

*Benefits Provided.* The Plan was established in order to supplement an early retiree's benefits by the amount of reduction imposed by the FRS. The Plan provides supplemental income for those employees who retired between the ages of 55 and 61 and who had completed at least 25 years, but not more than 28 years of creditable service. Payments under the Plan are equal to the difference in monthly retirement income for the participant under the FRS between the retirement benefit based on average final compensation, as defined above, and creditable service as of the member's early retirement date and the early retirement benefit under the FRS. Benefits are subject to an annual 3% cost of living adjustment. These benefit provisions and all other requirements are established by Section 1012.685, Florida Statutes.

At June 30, 2019, the total number of retirees and beneficiaries of deceased retirees currently receiving benefits is 456, averaging \$717.18 per month. The School Board closed the Supplemental Early Retirement Plan (the "Plan") to new employees on July 1, 2000, with no additional employees vesting after July 1, 2003.

The Plan is included as a Pension Trust Fund in the accompanying financial statements. Separate stand-alone statements are not issued for the Plan.

Contributions. The District provides for actuarially determined periodic contributions sufficient to pay the benefits provided by this Plan when they become due. Plan members do not contribute to the Plan. Total contributions to the Plan for the 2018-19 fiscal year of \$2,007 (in thousands) were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of July 1, 2018.

Net Pension Liability. The District's net pension liability was measured as of July 1, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The following table represents the components of the net pension liability of the District at June 30, 2019 (in thousands):

	<u>June 30, 2019</u>
Total Pension Liability	\$ 36,803
Less: Plan Fiduciary Net Position	<u>24,596</u>
Net Pension Liability	<u>\$ 12,207</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.83%
Measurement Date	July 1, 2018

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

Inflation	2.50%
Investment Rate of Return	6.25%

The long-term expected rates of return on pension plan investments are developed for each major asset class by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash/Money Market	2%	1.0%
Domestic Equity	39%	5.0%
International Equity	21%	5.0%
Domestic Fixed Income	38%	3.4%
<b>Total</b>	<b>100%</b>	

Mortality rates were based on the mortality table used by FRS – (Healthy Female – RP 2000 Generational, 100% Annuitant White Collar, Scale BB and Healthy Males – RP 2000 Generational, 50% Annuitant White Collar/50% Annuitant Blue Collar, Scale BB).

Discount Rate. The discount rate used to measure the total pension liability was 6.25%. The discount rate reflects the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits, to the extent that the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments and pension plan assets are expected to be invested using a strategy to achieve that return. The projection of cash flows used to determine the discount rate assumes the District will continue to make future contributions at the actuarially determined contribution rate.

Changes in Net Pension Liability

	<b>Increase (Decrease)</b>		
	<b>(amounts in thousands)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balances at June 30, 2018	\$ 39,511	\$ 24,590	\$ 14,921
Changes for the year:			
Interest	2,344	-	2,344
Differences between expected and actual experience	(966)	-	(966)
Contributions - employer	-	2,156	(2,156)
Net investment income	-	1,984	(1,984)
Benefit payments, including refunds of employee contributions	(4,086)	(4,086)	-
Administrative expense	-	(48)	48
Net Changes	(2,708)	6	(2,714)
Balances at June 30, 2019	\$ 36,803	\$ 24,596	\$ 12,207

Sensitivity. The following table illustrates the impact of interest rate sensitivity on the net pension liability for fiscal year ended June 30, 2019 (in thousands):

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
	<b>(5.25%)</b>	<b>(6.25%)</b>	<b>(7.25%)</b>
Net Pension Liability	\$ 14,774	\$ 12,207	\$ 9,928

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*. For the year ended June 30, 2019, the District recognized a reduction in pension expense of \$449 (in thousands). In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on Pension Plan investments	\$ -	\$ 218
District contributions subsequent to the measurement date	2,007	-
<b>Total</b>	<u>\$ 2,007</u>	<u>\$ 218</u>

The deferred outflows of resources related to pensions, totaling \$2 million, resulting from District contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

<u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows/ (Inflows), Net</u>
2020	\$ 177
2021	(5)
2022	(288)
2023	(102)
Total	<u>\$ (218)</u>

### **Other Postemployment Benefits**

As authorized by the Board, employees who retire in the first year of their eligibility under the FRS Plan can receive up to \$1,200 per year as reimbursement for health insurance cost paid until they reach 65 years of age or until they become eligible for Medicare or Social Security disability. In October 2019, approximately 245 retirees will receive an estimated \$197 thousand in premium reimbursements for the year ended June 30, 2019.

From 1991 through 2005, the District offered retirement incentive programs in an effort to reduce salary costs. The programs include enhanced insurance benefits up to the Board's annual monthly contribution and payments of accrued sick leave at an enhanced rate. Enhanced insurance benefits offered to eligible employees, as defined under the provisions of each program, consist of health and term life insurance subsidies for up to 10 years. Expenditures for the retirement incentive program are recognized in the General Fund each year on a pay-as-you-go basis. The estimated liability for retirees receiving benefits of approximately \$1.6 million is fully accrued and included in the government-wide financial statements.

Plan Description. Effective January 1, 2010, the District changed from a fully-insured health program to a self-insured program for eligible employees and retirees. The Other Postemployment Benefits Plan (OPEB Plan) is as a single-employer defined benefit plan administered by the District. Pursuant to Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District’s health and hospitalization plan for medical and prescription drugs. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. A retiree means any employee who retires under a state retirement system or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any employee who retires under the FRS Investment Plan is considered a “retiree” if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting. Such provisions may be amended at any time by further action from the Florida Legislature. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through action from the Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements or required supplementary information.

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

Employees Covered by Benefit Terms. The actuarial valuation was based on personnel information as of May 1, 2019. The following employees were covered by the benefit terms:

Inactive Participants	795
Active Participants	<u>29,332</u>
Total	<u><u>30,127</u></u>

Total OPEB Liability. The District’s total OPEB liability of \$226,325 (in thousands) was measured as of June 30, 2018, and was determined by an actuarial valuation as of May 1, 2019.

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

Inflation	2.20%
Salary increases	3.00%
Discount rate	3.87%
Healthcare cost trend rates	6.45% for 2019, grading down to an ultimate rate of 4.50% for 2028-2029

The plan is unfunded so no projection of Fiduciary Net Position is required.

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index with no blending of the expected return on assets.

Healthy mortality rates were based on the Pub-2010 for Teachers (head-count weighted) projected with scale MP-2018.

Disabled mortality rates were based on the Pub-2010 Disabled Mortality for Teachers (head count weighted) projected with scale MP-2018.

The demographic actuarial assumptions for OPEB Liability used in the June 30, 2018 valuation were based on data at May 1, 2019.

The remaining actuarial assumptions health care cost trends used in the June 30, 2018 valuation were based on experience for the 24-month period ending May 31, 2018.

Changes in the Total OPEB Liability.

	<b>Amount (in thousands)</b>
Balance at June 30, 2018	\$ 211,851
Changes for the year:	
Service Cost	10,496
Interest	7,829
Differences Between Expected and Actual Experiences	(23,334)
Changes of Assumptions or Other Inputs	26,867
Contributions from the employer	(7,384)
Net Changes	14,474
Balance at June 30, 2019	\$ 226,325

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent at June 30, 2017, to 3.87 percent at June 30, 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate (in thousands):

	<b>1% Decrease (2.87%)</b>	<b>Current Discount Rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
Total OPEB Liability	\$ 240,291	\$ 226,325	\$ 212,011

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.45 percent decreasing to 3.50 percent) or 1 percentage point higher (7.45 percent decreasing to 5.50 percent) than the current healthcare cost trend rates (in thousands):



	<b>1% Decrease (5.45% decreasing to 3.50%)</b>	<b>Healthcare Cost Trend Rates (6.45% decreasing to 4.50%)</b>	<b>1% Increase (7.45% decreasing to 5.50%)</b>
Total OPEB Liability	\$ 201,210	\$ 226,325	\$ 255,952

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$17,676 (in thousands). At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 19,750
Change of assumptions or other inputs	22,740	5,375
District contributions subsequent to the measurement date	7,102	-
<b>Total</b>	<b>\$ 29,842</b>	<b>\$ 25,125</b>

The amount reported as deferred outflows of resources related to OPEB, totaling \$7.1 million, resulting from District contributions made subsequent to the measurement date, will be included as a reduction of the total OPEB liability for the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

<u>Fiscal Year Ending June 30</u>	<u>Deferred Outflows/ (Inflows), Net</u>
2020	\$ (649)
2021	(649)
2022	(649)
2023	(649)
2024	(65)
Thereafter	276
<b>Total</b>	<b>\$ (2,385)</b>

## 18. COMMITMENTS AND CONTINGENCIES

### A. Commitments

As part of its capital outlay program, the District has entered into various construction commitments totaling approximately \$123.1 million as of June 30, 2019 (see Note 4).

The District leases certain facilities and equipment under various cancelable, operating lease agreements with lease terms not extending beyond 1 year. The total lease rent expense for the fiscal year ended June 30, 2019, under these leases was approximately \$5.6 million.

## **B. Contingencies**

### **Florida Education Finance Program and Federal, State and Local Grants**

The District receives funding from the State of Florida under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the State and, if found to be in error, could result in refunds to the State or in decreases to future funding allocations. Additionally, the District participates in a number of Federal, State, and local grants which are subject to financial and compliance audits. It is the opinion of management that the amount of revenue, if any, which may be remitted back to the State due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the District.

### **Hurricane Irma**

On September 10, 2017, the President declared Hurricane Irma a major disaster as a result of damage sustained throughout the State of Florida. This declaration allows the District to seek reimbursement for all eligible costs through the Federal Emergency Management Agency (FEMA) as well as Miami-Dade County for shelter related expenses. The District sustained relatively minor property damage to its facilities. However, the District did incur significant debris removal costs as well costs associated with operating shelters. These costs did not exceed the District's \$100 million named windstorm deductible.

Estimated losses from Hurricane Irma are approximately \$21.3 million, which consist of: labor totaling \$7.5 million, debris monitoring and removal totaling \$6.3 million, and temporary/permanent repairs and related expenses totaling \$7.5 million. These amounts may increase as permanent repairs are finalized. The District has submitted project worksheets for eligible scope of work and is awaiting approval from FEMA.

## **C. Litigation**

The District is a defendant in numerous lawsuits as of June 30, 2019. In the opinion of management, the District's estimated aggregate liability, with respect to probable losses, has been provided for in the estimated claim liability accrual in the accompanying financial statements, after giving consideration to the District's related insurance coverage, as well as the Florida statutory limitations of governmental liability on uninsured risks. It is the opinion of management and District's legal counsel that the amount of losses resulting, if any, from the above-mentioned litigation in excess of the amount accrued as of June 30, 2019, would not be material to the financial position of the District.

## 19. FUND BALANCES

In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District reports its fund balance in the following categories:

**Nonspendable** – The District has \$17.5 million in prepaid items and \$9.2 million in inventories that are considered nonspendable.

**Restricted** – The District reported restricted fund balances totaling \$674.7 million comprised of \$18 million of State required carryover programs, \$29.6 million in food service, \$0.3 million in miscellaneous special revenue, \$122.8 million in debt services, and \$504 million in capital projects.

**Committed** – The District did not have any committed fund balances at June 30, 2019.

**Assigned** – The District has assigned fund balances totaling \$111 million comprised of \$42 million for rebudgets and obligations, \$68.9 million for outstanding encumbrances for goods and services (including \$42.5 million for purchased services, \$14 million for energy services, \$2.8 million for materials and supplies, \$8.1 million for capital outlay and \$1.5 million for other expenses), and \$0.1 million for capital projects.

**Unassigned** – The portion of fund balance that is the residual classification for the General Fund. This balance represents balance amounts that have not been restricted, committed, or assigned for specific purposes. The unassigned fund balance for the General Fund is \$107 million.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Board Policy 6220.01 delineates fund balance reserve policies to target 5.5% of the combined assigned and unassigned General Fund fund balance, as a percentage of total General Fund revenues at fiscal year-end. At June 30, 2019, the combined assigned and unassigned General Fund fund balance totaled \$217.9 million or 9.4% of General Fund revenues net of charter schools' revenues.

Below is a table of fund balance categories and classifications for the fiscal year ended June 30, 2019, for the Districts' governmental funds (in thousands):

	<b>General Fund</b>	<b>General Obligation School Bonds Fund</b>	<b>Capital Improvement LOML Funds</b>	<b>Other Governmental Funds Nonmajor*</b>	<b>Total</b>
<b>FUND BALANCES</b>					
<b>Nonspendable:</b>					
Inventory	\$ 6,053	\$ -	\$ -	\$ 3,132	\$ 9,185
Prepaid Amounts	1,455	-	16,078	-	17,533
<b>Restricted:</b>					
State Required Carryover	17,999	-	-	-	17,999
Special Revenue:					
Food Service	-	-	-	29,618	29,618
Miscellaneous	-	-	-	349	349
Debt Service	-	-	-	122,775	122,775
Capital Projects	-	293,528	122,092	88,373	503,993
<b>Assigned:</b>					
Rebudgets and Obligations	42,000	-	-	-	42,000
Encumbrances:					
School Level Services	61,192	-	-	-	61,192
Instructional Support Services	3,927	-	-	-	3,927
Business/Central Services	3,661	-	-	-	3,661
General Administration	153	-	-	-	153
Capital Projects	-	-	-	45	45
<b>Unassigned</b>	<b>107,017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,017</b>
<b>Total Fund Balance</b>	<b>\$ 243,457</b>	<b>\$ 293,528</b>	<b>\$ 138,170</b>	<b>\$ 244,292</b>	<b>\$ 919,447</b>

\*Aggregates all of the District's nonmajor fund balances.

## 20. SUBSEQUENT EVENTS

### Tax Anticipation Notes

On August 27, 2019, the District issued \$400 million in Tax Anticipation Notes ("the Notes") with an effective yield of 1.15%. The Notes were issued to pay operating expenditures incurred prior to the receipt of the ad valorem taxes levied and collected for operating purposes for the fiscal year commencing July 1, 2019. The Notes matured on February 27, 2020.

### Certificates of Participation

On December 13, 2019, the District issued \$119.2 million Certificates of Participation (COPs) Series 2019C to fully refund COPs Series 2001B and 2007C. The Series 2019C certificates will mature on May 1, 2037, and the refunding resulted in \$12.1 million net present value economic savings and the District will pay a true interest cost of 2.47%.

### Equipment Lease

On January 24, 2020, as part of the 21<sup>st</sup> Century Schools Technology Upgrade and Digital Convergence Initiative approved by the Board on September 7, 2016, the District issued the second tranche totaling \$24.7 million as Schedule of Property No. 14 at a true interest cost of 1.69% for a period of 5 years.

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## OTHER REQUIRED SUPPLEMENTARY INFORMATION

**Miami-Dade County District School Board**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**  
(amounts expressed in thousands)

	Budget as Originally Adopted	Final Amended Budget	Actual GAAP Basis	Variance With Final Amended Budget
<b>Revenues</b>				
Local:				
Ad Valorem Taxes	\$ 1,547,764	\$ 1,530,155	\$ 1,530,155	\$ -
Interest Income	14,200	29,680	29,680	-
Net Increase in Fair Value of Investments	-	42	42	-
Local Grants and Others	55,119	65,907	65,907	-
<b>Total Local Revenues</b>	<b>1,617,083</b>	<b>1,625,784</b>	<b>1,625,784</b>	<b>-</b>
State Sources:				
Florida Education Finance Program	698,361	650,067	650,067	-
State Grants and Other	513,158	536,767	536,767	-
<b>Total State Sources</b>	<b>1,211,519</b>	<b>1,186,834</b>	<b>1,186,834</b>	<b>-</b>
Federal Sources:				
Federal Direct	1,775	2,192	2,192	-
Federal Through State and Local	26,873	16,532	16,532	-
<b>Total Federal Sources</b>	<b>28,648</b>	<b>18,724</b>	<b>18,724</b>	<b>-</b>
<b>Total Revenues</b>	<b>2,857,250</b>	<b>2,831,342</b>	<b>2,831,342</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Instructional Services	2,206,123	2,063,722	2,054,020	9,702
Instructional Support Services:				
Student Personnel Services	107,718	113,532	111,750	1,782
Instructional Media Services	30,947	15,170	14,913	257
Instruction and Curriculum Development Service	23,521	36,210	35,828	382
Instructional Staff Training Services	2,716	6,345	6,276	69
Instruction-Related Technology	39,628	33,929	33,657	272
<b>Total Instructional Support Services</b>	<b>204,530</b>	<b>205,186</b>	<b>202,424</b>	<b>2,762</b>
Student Transportation Services	68,802	76,043	75,087	956
Operation and Maintenance of Plant:				
Operation of Plant	282,968	323,340	283,990	39,350
Maintenance of Plant	103,701	98,106	93,915	4,191
<b>Total Operation and Maintenance of Plant</b>	<b>386,669</b>	<b>421,446</b>	<b>377,905</b>	<b>43,541</b>
School Administration	183,967	165,211	164,822	389
General Administration:				
Central Services	56,603	56,947	55,369	1,578
Board of Education	7,880	8,226	8,124	102
General Administration	5,310	5,297	5,295	2
Administrative Technology Services	1,614	2,455	2,090	365
Fiscal Services	12,040	12,714	11,314	1,400
<b>Total General Administration</b>	<b>83,447</b>	<b>85,639</b>	<b>82,192</b>	<b>3,447</b>

(Continued)

	<b>Budget as Originally Adopted</b>	<b>Final Amended Budget</b>	<b>Actual GAAP Basis</b>	<b>Variance With Final Amended Budget</b>
Expenditures: (Continued)				
Community Services	\$ 29,192	\$ 30,780	\$ 30,699	\$ 81
Capital Outlay	3,949	31,595	23,540	8,055
Debt Services:				
Principal Retirement	5,800	751	751	-
Interest and Fiscal Charges	-	4,874	4,874	-
Total Debt Services	5,800	5,625	5,625	-
Total Expenditures	3,172,479	3,085,247	3,016,314	68,933
Excess (deficiency) of Revenues Over (Under) Expenditures	(315,229)	(253,905)	(184,972)	(68,933)
Other Financing Sources:				
Transfers In	190,992	177,556	177,556	-
Proceeds from Sale of Capital Assets	-	312	312	-
Proceeds From Leases	-	1,397	1,397	-
Total Other Financing Sources	190,992	179,265	179,265	-
<b>Net Change in Fund Balances</b>	<b>\$ (124,237)</b>	<b>\$ (74,640)</b>	<b>(5,707)</b>	<b>\$ 68,933</b>
Fund Balances, Beginning			249,164	
<b>Fund Balances, Ending</b>			<b>\$ 243,457</b>	

**Miami-Dade County District School Board**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Other Federal Programs Fund**  
**For the Fiscal Year Ended June 30, 2019**  
(amounts expressed in thousands)

	<u>Budget as Originally Adopted</u>	<u>Final Amended Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance With Final Amended Budget</u>
<b>Revenues</b>				
Local:				
Local Grants and Others	\$ 2,504	\$ 6,250	\$ 3,502	\$ (2,748)
Total Local Revenues	<u>2,504</u>	<u>6,250</u>	<u>3,502</u>	<u>(2,748)</u>
Federal Sources:				
Federal Direct	5,073	9,010	9,686	676
Federal Through State and Local	304,080	350,439	289,488	(60,951)
Total Federal Sources	<u>309,153</u>	<u>359,449</u>	<u>299,174</u>	<u>(60,275)</u>
Total Revenues	<u>311,657</u>	<u>365,699</u>	<u>302,676</u>	<u>(63,023)</u>
<b>Expenditures</b>				
Current:				
Instructional Services	170,329	192,863	161,839	31,024
Instructional Support Services	102,354	134,367	109,489	24,878
Student Transportation Services	14,449	16,378	13,357	3,021
Operation and Maintenance of Plant	434	527	429	98
School Administration	41	49	33	16
General Administration	11,653	8,892	7,237	1,655
Community Services	1,240	80	73	7
Capital Outlay	11,157	12,543	10,219	2,324
Total Expenditures	<u>311,657</u>	<u>365,699</u>	<u>302,676</u>	<u>63,023</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances, Beginning			<u>-</u>	
<b>Fund Balances, Ending</b>			<u>\$ -</u>	



**Schedule of the District's Proportionate Share  
of the Net Pension Liability –  
Florida Retirement System Pension Plan  
(amounts expressed in thousands)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the FRS net pension liability	4.656%	4.633%	4.400%	4.097%	4.025%	3.975%
District's proportionate share of the FRS net pension liability	\$ 801,597	\$ 282,715	\$ 568,422	\$ 1,034,599	\$ 1,190,686	\$ 1,197,412
District's covered payroll	\$ 1,743,078	\$ 1,765,382	\$ 1,717,736	\$ 1,719,598	\$ 1,747,073	\$ 1,765,529
District's proportionate share of the FRS net pension liability as a percentage of its covered payroll	45.99%	16.01%	33.09%	60.17%	68.15%	67.82%
FRS Plan fiduciary net position as a percentage of the total pension liability	88.54%	96.09%	92.00%	84.88%	83.89%	84.26%

Note: The amounts presented for each fiscal year were determined as of June 30. GASB Statement No. 68 requires the schedule to show information for 10 years. Additional years will be displayed as they become available.

**Schedule of District Contributions –  
Florida Retirement System Pension Plan  
(amounts expressed in thousands)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required FRS contribution	\$ 101,495	\$ 107,295	\$ 100,527	\$ 104,999	\$ 113,560	\$ 122,577
FRS contributions in relation to the contractually required contribution	\$ (101,495)	\$ (107,295)	\$ (100,527)	\$ (104,999)	\$ (113,560)	\$ (122,577)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,765,382	\$ 1,717,736	\$ 1,719,598	\$ 1,747,073	\$ 1,765,529	\$ 1,786,995
FRS contributions as a percentage of covered payroll	5.75%	6.25%	5.85%	6.01%	6.43%	6.86%

Note: The amounts presented for each fiscal year were determined as of June 30. GASB Statement No. 68 requires the schedule to show information for 10 years. Additional years will be displayed as they become available.

**Schedule of the District's Proportionate Share  
of the Net Pension Liability –  
Health Insurance Subsidy Pension Plan  
(amounts expressed in thousands)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the HIS net pension liability	5.881%	5.830%	5.576%	5.490%	5.401%	5.327%
District's proportionate share of the HIS net pension liability	\$ 512,051	\$ 545,094	\$ 568,680	\$ 639,889	\$ 577,474	\$ 563,850
District's covered payroll	\$ 1,743,078	\$ 1,765,382	\$ 1,717,136	\$ 1,719,598	\$ 1,747,073	\$ 1,765,529
District's proportionate share of the HIS net pension liability as a percentage of its covered payroll	29.38%	30.88%	33.11%	37.21%	33.05%	31.94%
HIS Plan fiduciary net position as a percentage of the total pension liability	1.78%	0.99%	0.50%	0.97%	1.64%	2.15%

Note: The amounts presented for each fiscal year were determined as of June 30. GASB Statement No. 68 requires the schedule to show information for 10 years. Additional years will be displayed as they become available.

**Schedule of District Contributions –  
Health Insurance Subsidy Pension Plan  
(amounts expressed in thousands)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required HIS contribution	\$ 19,971	\$ 21,316	\$ 28,170	\$ 28,593	\$ 28,908	\$ 29,293
HIS contributions in relation to the contractually required HIS contribution	\$ (19,971)	\$ (21,316)	\$ (28,170)	\$ (28,593)	\$ (28,908)	\$ (29,293)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,765,382	\$ 1,717,736	\$ 1,719,598	\$ 1,747,073	\$ 1,765,529	\$ 1,786,995
HIS contributions as a percentage of covered payroll	1.13%	1.24%	1.64%	1.64%	1.64%	1.64%

Note: The amounts presented for each fiscal year were determined as of June 30. GASB Statement No. 68 requires the schedule to show information for 10 years. Additional years will be displayed as they become available.

**Schedule of Changes in Net Pension  
Liability and Related Ratios –  
Supplemental Early Retirement Pension Trust Fund  
(amounts expressed in thousands)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Total Pension Liability</b>					
Interest Cost	\$ 2,662	\$ 2,467	\$ 2,470	\$ 2,374	\$ 2,344
Differences Between Expected and Actual Experiences	(1,432)	(969)	1,694	1,204	(966)
Changes of Assumptions		2,651	1,339		
Benefit Payments, Including Refunds of Member Contributions	(4,147)	(4,098)	(4,106)	(4,108)	(4,086)
<b>Net Change in Total Pension Liability</b>	(2,917)	51	1,397	(530)	(2,708)
<b>Total Pension Liability - Beginning</b>	41,510	38,593	38,644	40,041	39,511
<b>Total Pension Liability - Ending</b>	<u>\$ 38,593</u>	<u>\$ 38,644</u>	<u>\$ 40,041</u>	<u>\$ 39,511</u>	<u>\$ 36,803</u>
<b>Plan Fiduciary Net Position</b>					
Employer Contributions	2,276	2,276	1,890	2,167	2,156
Net Investment Income	4,476	864	273	2,380	1,984
Benefit Payments, Including Refunds of Member Contributions	(4,147)	(4,098)	(4,106)	(4,108)	(4,086)
Administrative Expense	(42)	(87)	(49)	(7)	(48)
<b>Net Change in Plan Fiduciary Net Position</b>	2,563	(1,045)	(1,992)	432	6
<b>Plan Fiduciary Net Position - Beginning</b>	24,632	27,195	26,150	24,158	24,590
<b>Plan Fiduciary Net Position - Ending</b>	<u>\$ 27,195</u>	<u>\$ 26,150</u>	<u>\$ 24,158</u>	<u>\$ 24,590</u>	<u>\$ 24,596</u>
<b>Net Pension Liability - Ending</b>	<u>\$ 11,398</u>	<u>\$ 12,494</u>	<u>\$ 15,883</u>	<u>\$ 14,921</u>	<u>\$ 12,207</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	70.47%	67.67%	60.33%	62.24%	66.83%
<b>Covered Payroll</b>	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*

\*The School Board closed the Supplemental Early Retirement Plan to new employees on July 1, 2000, with no additional employees vesting after July 1, 2003.

Note: The amounts presented for each fiscal year were determined as of June 30. GASB Statement No. 68 requires the schedule to show information for 10 years. Additional years will be displayed as they become available.

**Schedule of Investment Returns –  
Supplemental Early Retirement Pension Trust Fund**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	(15.06)%	8.60%	14.10%	2.39%	13.37%	18.53%	3.29%	1.39%	10.60%	8.22%

**Schedule of Contributions –  
Supplemental Early Retirement Pension Trust Fund  
(amounts expressed in thousands)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 2,276	\$ 2,276	\$ 1,890	\$ 2,167	\$ 2,156	\$ 2,007
Contributions in Relation to the Contribution	(2,276)	(2,276)	(1,890)	(2,167)	(2,156)	(2,007)
Contributions Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*
Contributions as a Percentage of Covered Payroll	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of July 1 of the year before the fiscal year in which contributions are reported. The contribution calculated on July 1, 2018 was contributed during the 2018-19 fiscal year.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Inflation	2.5%
Cost of Living Increase	3.0%
Investment Rate of Return	6.25%, Net of Pension Plan Investment Expense, Including Inflation
Retirement Age	Not Applicable

Mortality: RP2000 Generational at Scale BB, Females - 100% Annuitant White Collar; Males - 50% Annuitant White Collar/50% Annuitant Blue Collar.

\*The School Board closed the Supplemental Early Retirement Plan to new employees on July 1, 2000, with no additional employees vesting after July 1, 2003.

GASB Statement No. 68 requires the schedule to show information for 10 years. Additional years will be displayed as they become available.

**Schedule of Changes in the District's Total  
Other Postemployment Benefits Liability and Related Ratios  
(amounts expressed in thousands)**

	<b>2018</b>	<b>2019</b>
<b>Total OPEB Liability</b>		
Service Cost	\$ 11,360	\$ 10,496
Interest	6,198	7,829
Differences Between Expected and Actual Experiences		(23,334)
Changes of Assumptions	(7,759)	26,867
Benefit Payments	(8,028)	(7,384)
<b>Net Change in Total OPEB Liability</b>	1,771	14,474
Total OPEB Liability - Beginning	210,080	211,851
<b>Total OPEB Liability - Ending</b>	<b>\$ 211,851</b>	<b>\$ 226,325</b>
Covered Payroll	\$ 1,782,584	\$ 1,819,691
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	11.88%	12.44%

Notes to Schedule:

The discount rate increased from 3.58% at June 30, 2017, to 3.87% at June 30, 2018.

A change in the mortality assumption from State of Florida RP-2000 with Fully Generational Scale BB with 100% White Collar for females and 50/50 White Collar/Blue Collar for males to Pub-2010 for Teachers (head-count weighted) projected with scale MP-2018.

A change in the salary increase assumption from 4.50% to 3.00%.

The addition of lapse rates to better reflect historical experience and expected future trends.

A change in assumed medical trend rates to reflect the most recently available information (reflecting excise tax).

Updated assumed medical claims rates to reflect the most recently available information.

The amounts presented for each fiscal year were determined as of June 30. GASB Statement No. 75 requires the schedule to show information for 10 years. Additional years will be displayed as they become available.

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## Miami-Dade County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal CFDA Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
<b>Clustered</b>				
<b>Child Nutrition Cluster</b>				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	18002, 19002	\$ -	\$ 24,660,433
National School Lunch Program	10.555	18001, 18003, 19001, 19003	-	97,417,915
Summer Food Service Program for Children	10.559	18006, 18007, 19006, 19007	-	2,401,728
<b>Total Child Nutrition Cluster</b>			-	124,480,076
<b>Highway Planning and Construction Cluster</b>				
United States Department of Transportation:				
Florida Department of Transportation:				
Highway Planning and Construction	20.205	436603-1-14-01	211,870	222,858
<b>Student Financial Assistance Cluster</b>				
United States Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	200,748
Federal Pell Grant Program	84.063	N/A	-	4,460,251
<b>Total Student Financial Assistance Cluster</b>			-	4,660,999
<b>Special Education Cluster</b>				
United States Department of Education:				
Special Education - Grants to States:				
Florida Department of Education				
Northeast Florida Educational Consortium		262, 263	368,682	83,652,966
Total Special Education - Grants to States	84.027	None	-	17,966
Florida Department of Education:			368,682	83,670,932
Special Education - Preschool Grants	84.173	262, 266, 267	-	1,644,911
<b>Total Special Education Cluster</b>			368,682	85,315,843
<b>Temporary Assistance for Needy Families Cluster</b>				
United States Department of Health and Human Services:				
South Florida Workforce Investment Board:				
Temporary Assistance for Needy Families	93.558	WSYSSPPY172100, WSCTVAPY170900, WSYSSPPY182100, WSCTVAPY180900	-	1,243,226
<b>Not Clustered</b>				
<b>United States Department of Agriculture</b>				
Florida Department of Health:				
Child and Adult Care Food Program	10.558	I-1591, I-1592, I-790, A-4091, S-5415	-	16,987,499
Florida Department of Agriculture and Consumer Services:				
Fresh Fruit and Vegetable Program	10.582	17004, 18004	-	570,551
<b>Total United States Department of Agriculture</b>			-	17,558,050
<b>United States Department of Defense</b>				
Army Junior Reserve Officers Training Corps	12.UNK	N/A	-	2,144,338
<b>United States Department of Justice</b>				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	N/A	-	100,450

(Continued)

**Miami-Dade County District School Board  
Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal CFDA Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
<b>United States Department of Education</b>				
Impact Aid	84.041	N/A	\$ -	\$ 69,670
Magnet Schools Assistance	84.165	N/A	-	3,052,289
School Safety National Activities	84.184	N/A	-	475,040
Teacher and School Leader Incentive Grants	84.374	N/A	-	1,111,139
School Improvement Grants	84.377	N/A	-	129
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	-	5,532,232
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	19,558,674	138,501,691
Migrant Education - State Grant Program	84.011	217	-	1,077,166
Career and Technical Education - Basic Grants to States	84.048	161	-	5,588,192
Education for Homeless Children and Youth	84.196	127	-	157,624
Charter Schools	84.282	298	1,364,504	1,385,996
Twenty-First Century Community Learning Centers	84.287	244	243,708	3,059,272
English Language Acquisition State Grants	84.365	102	216,893	10,583,765
Supporting Effective Instruction State Grants	84.367	224	-	13,160,265
Student Support and Academic Enrichment Program	84.424	241	-	5,729,860
Hurricane Education Recovery	84.938			
Immediate Aid to Restart School Operations	84.938A	105	208,937	2,749,782
Assistance for Homeless Children and Youth	84.938B	107	-	68,895
Temporary Emergency Impact Aid for Displaced Students	84.938C	106	352,149	4,241,930
Total Hurricane Education Recovery	84.938		<u>561,086</u>	<u>7,060,607</u>
Florida International University:				
Twenty-First Century Community Learning Centers	84.287	None	-	1,954,034
The Pennsylvania State University:				
Education Research, Development and Dissemination	84.305	5261-MDCPS-IES-0047	-	22
New Teacher Center:				
Education Innovation and Research	84.411	None	-	662,080
University of Miami:				
Supporting Effective Educator Development Program	84.423	U423A170078	-	153,464
<b>Total United States Department of Education</b>			<u>21,944,865</u>	<u>199,314,537</u>
<b>United States Department of Health and Human Services</b>				
Cooperative Agreements to Promote Adolescent Health Through School-Based HIV/STD Prevention and School-Based Surveillance				
	93.079	N/A	-	152,464
Youth @ Work-Talking Safety	93.UNK	N/A	-	6,915
Florida Department of Children and Families:				
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs				
	93.566	XK040, XK056	-	1,460,099
Miami Dade Board of County Commissioners:				
Head Start				
	93.600	None	-	15,510,430
Florida Developmental Disabilities Council, Incorporated:				
Developmental Disabilities Basic Support and Advocacy Grants				
	93.630	999TRS17C, 1016TRS18D	-	143,543
<b>Total United States Department of Health and Human Services</b>			<u>-</u>	<u>17,273,451</u>
<b>United States Department of Homeland Security</b>				
Citizenship Education and Training				
	97.010	N/A	-	126,472
Florida Division of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
	97.036	None	-	20,083
<b>Total United States Department of Homeland Security</b>			<u>-</u>	<u>146,555</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 22,525,417</u>	<u>\$ 452,460,383</u>

The accompanying notes are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Miami-Dade County District School Board under programs of the Federal government for the fiscal year ended June 30, 2019. 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 on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Hurricane Education Recovery. The District incurred \$4,241,930 in expenditures for the Hurricane Education Recovery grant in the 2017-18 fiscal year.
- (4) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (5) Noncash Assistance:
- (A) National School Lunch Program. Includes \$9,771,713 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (B) Twenty-First Century Community Learning Centers. The amount of \$1,954,034 represents Federal in-kind support received through Florida International University's After-School All Stars Program.
- (6) Head Start. Expenditures include \$335,020 for grant number/program year 48060000/17; \$969,429 for grant number/program year 48070000/17; \$195,924 for grant number/program year 48220000/17; \$2,050,894 for grant number/program year 48080000/18; \$11,948,812 for grant number/program year 48090000/18; and \$10,351 for grant number/program year 48100000/15.
- (7) Disaster Grants - Public Assistance (Presidentially Declared Disasters). Expenditures reported were expended in the 2017-18 fiscal year.





Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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



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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Miami-Dade County District School Board, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 18, 2020, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

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

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

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

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

### **Compliance and Other Matters**

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

We noted a certain additional matter that is described on pages 115 through 117.

### **District's Response to Finding**

The District's response to the additional matter finding identified in our audit is included as District Response on page 116 in Finding No. AM 2019-001. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
March 18, 2020



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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



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

The President of the Senate, the Speaker of the  
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Legislative Auditing Committee

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

### Report on Compliance for Each Major Federal Program

We have audited the Miami-Dade County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2019. The District's major Federal programs are identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

The District's basic financial statements include the operations of iMater Academy, iMater Preparatory Academy High School, Keys Gate Charter School, Mater Academy, Mater Academy High School, Mater Academy Middle School, Miami Community Charter School, Somerset Academy at Silver Palms, Sports Leadership and Management (SLAM) Charter Middle School, and The Charter School at Waterstone (charter schools) as part of the reported aggregate discretely presented component units on the accompanying basic financial statements. Each of the charter schools expended in excess of \$750,000 in Federal awards for the fiscal year ended June 30, 2019. Our audit, described below, did not include the operations of these charter schools because, pursuant to Section 218.39(1)(e), Florida Statutes, the charter schools engaged other auditors to perform the audits in accordance with the Uniform Guidance.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America;

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

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for the major Federal programs. However, our audit does not provide a legal determination of the District's compliance.

#### ***Basis for Qualified Opinion on the Hurricane Education Recovery Program***

As described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**, the District did not comply with requirements regarding the Hurricane Education Recovery Program – Temporary Emergency Impact Aid for Displaced Students, CFDA No. 84.938C, as described in Federal Award Finding No. 2019-001 for Special Tests and Provisions – Documentation of Enrollment Status. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

#### ***Qualified Opinion on the Hurricane Education Recovery Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Hurricane Education Recovery Program for the fiscal year ended June 30, 2019.

#### ***Unmodified Opinion on Each of the Other Major Federal Programs***

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 other major Federal programs identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** for the fiscal year ended June 30, 2019.

#### ***Other Matters***

The District's response to the noncompliance finding identified in our audit is described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** Federal Award Finding No. 2019-001. The District is also responsible for preparing a corrective action plan to address this finding. The District's response and the **CORRECTIVE ACTION PLAN** were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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

District management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance, described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Federal Award Finding No. 2019-001 that we consider to be a material weakness.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** Federal Award Finding No. 2019-001. The District is also responsible for preparing a corrective action plan to address this finding. The District's response and the **CORRECTIVE ACTION PLAN** were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
March 18, 2020

# **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

### **Financial Statements**

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

### **Federal Awards**

Internal control over major Federal programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified for all major programs except for the Hurricane Education Recovery Program (CFDA No. 84.938), which was qualified.
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major Federal programs:	
CFDA Numbers:	Name of Federal Program or Cluster:
84.010	Title I Grants to Local Educational Agencies
84.048	Career and Technical Education – Basic Grants to States
84.365	English Language Acquisition State Grants
84.938 (A, B, and C)	Hurricane Education Recovery
93.600	Head Start
Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
Auditee qualified as low risk auditee?	Yes

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

No matters are reported.



## SECTION III – FEDERAL AWARD FINDING AND QUESTIONED COSTS

### U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>2019-001</b>
<b>CFDA Number</b>	84.938C
<b>Program Title</b>	<b>Hurricane Education Recovery – Temporary Emergency Impact Aid for Displaced Students (Emergency Impact Aid)</b>
<b>Compliance Requirement</b>	Special Tests and Provisions – Documentation of Enrollment Status
<b>Pass-Through Entity</b>	Florida Department of Education (FDOE)
<b>Federal Grant/Contract Number and Grant Year</b>	S938C180014 – Funding period: 8/15/2018 – 12/31/2018
<b>Statistically Valid Sample</b>	No
<b>Finding Type</b>	Opinion Modification, Noncompliance, and Material Weakness
<b>Questioned Costs</b>	\$1,282,090
<b>Prior Year Finding</b>	Not Applicable
<b>Finding</b>	The District misreported to the FDOE the count of displaced students, resulting in questioned costs totaling \$1,282,090 for the Emergency Impact Aid program.
<b>Criteria</b>	<p>According to United States Department of Education frequently asked questions and related responses (USED guidance) for the Emergency Impact Aid program, school districts are required to report to the FDOE the number of displaced students enrolled in District schools by category (e.g., students with disabilities, English learners without disabilities, and other displaced students) and funding is based on each student’s respective category. In addition, the USED guidance provides that displaced preschool students may only be included in the student counts if preschool education is considered part of elementary education by State law.</p> <p>According to Section 1000.01(4), Florida Statutes, public K-12 schools provide 13 consecutive years of instruction, beginning with kindergarten. As such, as confirmed by FDOE personnel, prekindergarten students should not be counted in the number of displaced students for Emergency Impact Aid funding.</p>
<b>Condition</b>	<p>In the 2018-19 fiscal year, the District received Emergency Impact Aid program funds totaling \$4,241,930 for 2,974 students who were reported as displaced as a result of Hurricanes Harvey, Irma, and Maria. As part of our audit, we examined District data supporting the student counts reported to the FDOE. We found, and District personnel confirmed, that the District incorrectly included in the counts 915 students who withdrew before each count date and 56 preschool students, causing the District to be overfunded \$1,369,038 in program funds.</p> <p>Subsequent to our inquiries, the District reviewed the data reported to the FDOE and identified, and we confirmed that, 116 students were categorically misclassified, causing the District to be overfunded \$25,901 in program funds. The District further identified 80 displaced students who were not included in the data reported to FDOE, causing the District to be underfunded \$112,849 in program funds.</p>
<b>Cause</b>	District personnel indicated that the number of displaced students was overreported because student withdrawal dates were not considered when reporting student counts and District personnel were unaware that preschool students should be excluded from the displaced student counts. In addition, the District had not established procedures to require and ensure documented, independent verifications of student count information.
<b>Effect</b>	District reporting errors caused \$1,282,090 in Emergency Impact Aid program questioned costs. Absent effective procedures to ensure displaced student

counts are accurately reported, including documented, independent verifications of student count information, there is an increased risk of inaccurate program funding.

**Recommendation**

The District should enhance procedures to ensure that displaced student data is accurately reported to the FDOE. Such enhancements should include documented, independent verifications to ensure the accuracy of calculations used to quantify the number of displaced students reported by category to the FDOE. In addition, the District should provide documentation to the FDOE supporting the allowability of the questioned costs totaling \$1,282,090 or restore this amount to the Emergency Impact Aid program.

**District Response**

Management agrees with the questioned costs totaling \$1,282,090 for the 2018 Emergency Impact Aid program. The District has refunded this amount to the Florida Department of Education (FDOE), thereby restoring these funds to the Emergency Impact Aid program. This amount represents 0.27% of total expenditures reported in the Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2019.

The District has enhanced its procedures regarding the count of displaced students to ensure data is accurately reported to the FDOE. The Federal and State Compliance Office (FASCO) will request from the District's Information Technology Services (ITS) department, a specific report denoting students with a disaster code in the Student Information System. This report includes critical student data elements such as grade level, entry and withdrawal dates, and the category of the displaced student.

These student data elements will be reviewed by FASCO to ensure that the District has complied with the FDOE instructions. The established reporting date for the quarter will be compared against the student's entry and withdrawal dates from the District to ensure the student is appropriately counted for that quarter and in the appropriate category.

The District has also implemented a documented, independent verification process of the counts. Once the data has been compiled and reviewed by the Administrative Director of FASCO, a report of the counts will be submitted to the Chief Budget Officer/designee for review. Upon that review by the Budget Office, it will be submitted to the District's Chief Financial Officer for approval and submission to the FDOE.

The aforementioned procedures have been implemented by the District and applied with the 2019 Temporary Emergency Impact Aid for Displaced Students.



## **ADDITIONAL MATTER**

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### **FINANCIAL REPORTING**

<b>Finding Number</b>	<b>AM 2019-001</b>
<b>Opinion Units</b>	Aggregate Discretely Presented Component Units
<b>Financial Statements Account Titles</b>	Various
<b>Adjustment Amounts</b>	Not Applicable
<b>Prior Year Finding</b>	2016-001, Report No. 2017-194

**Finding** District financial reporting procedures need improvement to ensure consistent, proper reporting of charter schools as discretely presented component units.

**Criteria** State Board of Education (SBE) Rule 6A-1.0071, Florida Administrative Code, and related instructions from the Florida Department of Education (FDOE) prescribe the exhibits and schedules that should be prepared as part of the District's annual financial report (AFR). Section 1010.01, Florida Statutes, requires that these exhibits and schedules be prepared in accordance with generally accepted accounting principles (GAAP).

GAAP provides that the financial reporting entity consists of the primary government and its component units. GAAP further defines component units as legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

In October 2012 and January 2014, the FDOE provided guidance directing school districts to report charter schools as discretely presented component units (DPCUs), unless the charter schools were reported as component units of other governmental entities in accordance with GAAP. In addition, in November 2013, the FDOE General Counsel concluded that excluding the charter schools from financial reporting would cause the districts' financial statements to be misleading as, pursuant to Article IX, Section 4 of the State Constitution, charter schools are public schools and each school district has constitutional responsibility for all public schools within the school district.

**Condition** Pursuant to guidance from the FDOE, the District was responsible for reporting 121, 122, and 126 charter schools as DPCUs on the District's financial statements for the 2016-17, 2017-18, and 2018-19 fiscal years, respectively. Although the District appropriately reported the charter schools as DPCUs on the AFRs presented for audit for the 2016-17, 2017-18 and 2018-19 fiscal years, the District did not report the charter schools as DPCUs on the District's Comprehensive Annual Financial Reports (CAFRs) for those fiscal years.

**Cause** In response to our inquiries, District personnel indicated that the District implemented Governmental Accounting Standards Board Statement No. 61 for the 2012-13 fiscal year and determined that charter schools did not meet the criteria to be considered component units. The District does not believe the charter schools are DPCUs because:

- Charter schools do not have the constitutional or statutory authority to levy property taxes and have no tax levy of their own that could be subject to the approval of the District. Instead, the District provides funding for the

charter schools from its own tax levy, which places a financial burden on the District but it is not an indication of fiscal dependency.

- Charter schools are not fiscally dependent and do not provide a financial benefit or represent a financial burden to the District, as the District is not entitled to and cannot legally access the charter school's resources. In addition, the District is not obligated to provide financial support to the charter schools or finance their deficits.
- The charter schools are not fiscally dependent of the District, a financial burden relationship does not exist and it is not misleading to exclude charter schools from the District's reporting entity because Section 1002.33, Florida Statutes, explicitly precludes the district from being responsible for any and all liabilities of a charter school.

Notwithstanding this response, the District's inconsistent financial reporting of the charter schools is contrary to the FDOE's conclusion that charter schools are component units of their respective school districts, unless the charter schools were reported as component units of other governmental entities in accordance with GAAP.

**Effect**

Excluding charter schools as DPCUs from school district financial statements may cause financial statement users to misunderstand the reporting entity's financial activities and incorrectly assess the reporting entity's financial position. In addition, inconsistent financial reporting of charter schools between the various financial reports (AFR and CAFR) does not provide for comparable financial statements.

For the 2018-19 fiscal year, the financial activities of the 126 charter schools reported on the AFR comprise 100 percent of the respective deferred outflows of resources, liabilities, and deferred inflows of resources and 99 percent of assets, revenues, expenses, and net position for the financial activities reported for aggregate DPCUs.

**Recommendation**

The District should improve financial reporting procedures to ensure consistent, proper reporting of DPCUs on the District's financial statements.

**District Response**

Management continues to disagree with the finding, as in previous year finding 2016-001, Report No. 2017-194.

The District has again reviewed the Governmental Accounting Standards Board (GASB) pronouncements, GASB Statements No. 14, 39, and GASB Statement No. 61 The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14, and No. 34, the GASB Codification of Governmental Accounting and Financial Reporting Standards, as well as consulted with the District's independent auditors and still holds the position that the GASB literature as well as the independent auditor's opinion supports the District's conclusion that the charter schools are not deemed to be component units, as defined therein, and therefore should be excluded from the audited financial statements, The Comprehensive Annual Financial Report.

The District has been consistent in the application of GASB Statement No. 61 since its adoption for the fiscal year ended June 30, 2013. The District has received unmodified opinions from our independent auditors since the first year of implementation June 30, 2013 through the most current audit for the fiscal year ended June 30, 2019.

The District intends to continue complying with the Florida Department of Education's requirement to report the charter schools as part of the District's unaudited Annual Financial Report (AFR).

**Auditor's Remarks**

Notwithstanding this response, the District is required to follow SBE rules and related FDOE guidance for financial reporting. In addition, the FDOE considered the GASB requirements and concluded that, pursuant to GASB 14, as amended by GASB 61, sponsoring school districts are financially accountable for charter schools and should report the charter schools as DPCUs. As inconsistent financial reporting of charter schools from year to year does not provide for comparable financial statements and is contrary to FDOE's conclusion, we continue to recommend that the District ensure consistent, proper reporting of DPCUs on the District's financial statements.

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

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The District had not taken corrective actions for the additional matter audit finding included in our report No. 2017-194.

# SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS



## Miami-Dade County Public Schools

*giving our students the world*

**Superintendent of Schools**  
Alberto M. Carvalho

**Assistant Superintendent**  
Luis E. Diaz

**Miami-Dade County School Board**  
Perla Tabares Hantman, Chair  
Dr. Martin Karp, Vice Chair  
Dr. Dorothy Bendross-Mindingall  
Susie V. Castillo  
Dr. Lawrence S. Feldman  
Dr. Steve Gallon III  
Lubby Navarro  
Dr. Marta Pérez  
Mari Tere Rojas

Audit Report No. (Finding No.)	Program/Area	Brief Description	Status	Comments
RSM (2018-001)	Student Financial Assistance Cluster (CFDA Nos. 84.007 and 84.063)	The District did not always report changes in student enrollment information to the Department of Education within 30 days of the change in accordance with Federal regulations.	Partially corrected	District's management has modified the algorithm used to process NSLDS student roster files to report the day after the withdrawal date if the withdrawal was before the last day of the enrolled class. Management is deploying a process whereby the school's Registrar will complete a withdrawal form for each student with either the student and/or instructor to determine the withdrawal as official or unofficial. Schools have been reminded to update any status change within the required
RSM (2018-002)	Student Financial Assistance Cluster (CFDA Nos. 84.007 and 84.063)	The District did not always disburse grant funds or calculate the return of grant funds in accordance with Federal regulations, resulting in questioned costs totaling \$3,601.	Partially corrected	time. The deficiencies were corrected for all but 7 students. The District completed its corrective action plan in the 2019 - 2020 fiscal year.

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# CORRECTIVE ACTION PLAN



## Miami-Dade County Public Schools

*giving our students the world*

**Superintendent of Schools**  
Alberto M. Carvalho

March 18, 2020

**Miami-Dade County School Board**  
Perla Tabares Hantman, Chair  
Dr. Steve Gallon III, Vice Chair  
Dr. Dorothy Bendross-Mindingall  
Susie V. Castillo  
Dr. Lawrence S. Feldman  
Dr. Martin Karp  
Dr. Lubby Navarro  
Dr. Marta Pérez  
Mari Tere Rojas

### **Miami-Dade County District School Board Management's Corrective Action Plan For the Fiscal Year Ended June 30, 2019**

**Federal Awards Finding Number:** 2019-001. The District misreported to the Florida Department of Education the count of displaced students, resulting in questioned costs totaling \$1,282,090 for the Emergency Impact Aid program.

**Planned Corrective Action:** Management agrees with the questioned costs totaling \$1,282,090 for the 2018 Emergency Impact Aid program. The District has refunded this amount to the Florida Department of Education (FDOE), thereby restoring these funds to the Emergency Impact Aid program. This amount represents 0.27% of total expenditures reported in the Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2019.

The District has enhanced its procedures regarding the count of displaced students to ensure data is accurately reported to the FDOE. The Federal and State Compliance Office (FASCO) will request from the District's Information Technology Services (ITS) department, a specific report denoting students with a disaster code in the Student Information System. This report includes critical student data elements such as grade level, entry and withdrawal dates, and the category of the displaced student.

These student data elements will be reviewed by FASCO to ensure that the District has complied with the FDOE instructions. The established reporting date for the quarter will be compared against the student's entry and withdrawal dates from the District to ensure the student is appropriately counted for that quarter and in the appropriate category.

The District has also implemented a documented, independent verification process of the counts. Once the data has been compiled and reviewed by the Administrative Director of FASCO, a report of the counts will be submitted to the Chief Budget Officer/designee for review. Upon that review by the Budget Office, it will be submitted to the District's Chief Financial Officer for approval and submission to the FDOE.

The aforementioned procedures have been implemented by the District and applied with the 2019 Temporary Emergency Impact Aid for Displaced Students.

**Anticipated Completion Date:** Completed  
**Responsible Contact Person:** Mr. Ron Y. Steiger, Chief Financial Officer

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