

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
Accounting & Financial Reporting Department
K. C. Wright Administration

Signatures on File

November 21, 2019

TO: Audit Committee Members

FROM: Erum Motiwala, Director
Accounting and Financial Reporting Department

VIA: Judith M. Marte, Chief Financial Officer

SUBJECT: **CAFR SUMMARY FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

This memorandum analyzes the financial position and the results of operations for the fiscal year ended June 30, 2019.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

- The District had \$2.9 billion in **revenues**, an increase of \$108.6 million, or 3.9%, from \$2.8 billion for the prior year. The increase in revenues is due to an increase in ad valorem taxes (including General, Debt Service and Capital Project Funds), other general revenues including Florida Education Finance Program (FEFP), and an increase in total program revenues including capital grants and contributions, charges for services and operating grants and contributions. Ad valorem taxes increased due to an increase in the total assessed property values. *Refer to CAFR MD&A, Table 2.*
- The District had \$2.9 billion in **expenses**, an increase of \$35.0 million, or 1.2%, from the prior year due to the recording of the current year pension and other postemployment benefits (OPEB) expenses, and increases in salary and fringe expenses as a result of negotiated raises with the collective bargaining units. The District also had increased expenses resulting from capital improvements, athletics maintenance, and environmental health and safety projects. *Refer to CAFR MD&A, Table 2.*
- The District's **debt** (Bonds Payable, Certificates of Participation and Capital Leases) increased by \$87.5 million, or 5.6 percent, to \$1.6 billion from \$1.5 billion in the prior year. The increase was due to the issuance of General Obligation Bond Series 2019, addition in Capital Leases, offset by decreases due to the payment of Certificates of Participation and Capital Outlay Bond Issues. *Refer to CAFR MD&A, Table 5.*
- The District's **net position** decreased by \$4.7 million, or 1.2%, to \$381.4 million as of June 30, 2019, from \$386.1 million, as of June 30, 2018. A significant portion of the District's net position reflects its net investment in capital assets (i.e., land, buildings, furniture and equipment) less any related debt used to acquire those assets. A large amount of the remaining net position (\$224.2 million) is restricted for capital projects to complete construction in progress and perform property maintenance. *Refer to CAFR MD&A Table 1.*

FUND FINANCIAL STATEMENTS

- The overall **General Fund Balance** (the primary operating fund) increased by \$0.6 million, or 0.4 percent, to \$161.2 million from \$160.6 million in the prior year. The increase is mainly due to increases in other local revenues such as school-age child care fees and course fees,

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federal revenues for Medicaid and other financing sources. During the year, the District incurred additional physical plant operations maintenance costs, additional funding for School Resource Officers (SROs), cost of hiring and training Armed Safe Schools Officers (Guardians), and increased costs for funding Exceptional Student Education (ESE). *Refer to CAFR Exhibit 4 and the Footnotes.*

OTHER

- On September 25, 2018, the School Board of Broward County, Florida, issued \$125.0 million **Tax Anticipation Notes, Series 2018**, pursuant to section 1011.13, Florida Statutes, to provide interim funds for the payment of operating expenses of the District for the fiscal year commencing July 1, 2018 and ending June 30, 2019, in anticipation of the receipt of the ad valorem taxes.
- On February 13, 2019, the District issued General Obligation Bond Series 2019 in the amount of \$174.7 million that is secured by the general taxing authority of the District.
- There were 84 operating Charter School sites in fiscal year 2019. For financial reporting purposes, all 84 of the Charter schools are included in the basic financial statements of the District as discretely presented **component units**. The operations of Charter schools within multiple locations operating under a single contract with the District are presented on a consolidated basis. As of June 30, 2019, the Kidz Choice Charter School ceased to provide educational services. The audited financial information for the Broward Education Foundation is included in the CAFR.
- The Association of School Business Officials (ASBO) International awarded a Certificate of Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2018. Additionally, the Government Finance Officers Association of the United States and Canada (GFOA) awarded the District the Certificate of Achievement for Excellence in Financial Reporting for its CAFR for the fiscal year ended June 30, 2018.

GASB 34 requires management to provide readers of the District's financial statements the Management's Discussion and Analysis (MD&A). This summary provides some major financial highlights from the MD&A, and the information contained within this summary should be considered only a part of a greater whole. The reader of this summary should evaluate all sections of the Comprehensive Annual Financial Report, including the footnotes and other required supplemental information.