

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

Signatures on File

November 19, 2020

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, 2020**

This memorandum analyzes the financial position and the results of operations for the fiscal year ended June 30, 2020.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

- The District had \$3 billion in **revenues**, an increase of \$121.6 million, or 4.2 percent, from \$2.9 billion for the prior year. The increase in revenues is due to an increase in ad valorem taxes (including General, Referendum, Debt Service and Capital Project Funds). Additionally, there is an increase in other general revenues including Florida Education Finance Program (FEFP), and program revenues including capital grants and contributions. The increase is offset by the decrease in program revenues including operating grants and contributions, and charges for services. Ad valorem taxes increased due to an increase in the total assessed property values. *Refer to CAFR MD&A, Table 2.*
- The District had \$3.1 billion in **expenses**, an increase of \$208.3 million, or 7.1 percent, from the prior year due to increases in salary and fringe expenses, including pension and other postemployment benefits (OPEB) expenses, as a result of negotiated raises with the collective bargaining units, safety and security positions and compensation for teachers and staff from referendum funds and equity supplements. The increase is also due to SWAP termination fees for the refunding of Certificates of Participation Series (COPs) 2014A and 2015C. 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 \$114.6 million, or 7 percent, to \$1.8 billion from \$1.6 billion in the prior year. The increase was due to the issuance of COPs, additions in capital leases, offset by decreases due to the payment of debt and refunding of COPs and Capital Outlay Bond Issues (COBI). *Refer to CAFR MD&A, Table 5.*
- The District's **net position** decreased by \$91.4 million, or 24 percent, to \$290 million as of June 30, 2020, from \$381.4 million, as of June 30, 2019. 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, \$260.2 million, is restricted for capital projects to complete construction in progress and perform property maintenance. *Refer to CAFR MD&A Table 1.*

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FUND FINANCIAL STATEMENTS

- The overall **General Fund Balance** (the primary operating fund) increased by \$36.1 million, or 22.4 percent, to \$197.3 million from \$161.2 million in the prior year. The increase is due to increases in state sources including FEFP and local sources such as revenues from ad valorem taxes including referendum funds, interest earned on investments, and other financing sources from the energy lease agreement. As a result of school closures due to the COVID-19 pandemic, there were reductions in costs related to substitutes, temporary employees, supplemental payments, and supplies. *Refer to CAFR Exhibit 4 and the Footnotes.*

OTHER

- On July 25, 2019, the School Board of Broward County, Florida, issued \$157.5 million **Tax Anticipation Notes, Series 2019**, 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, 2019 and ending June 30, 2020, in anticipation of the receipt of the ad valorem taxes.
- On May 19, 2020 the District issued COPs 2020A in the amount of \$202.6 million to provide supplemental funding for the additional projects for the Safety, Music and Art, Athletics, Renovation, Technology (SMART) Program and to close the gap identified in the 2019 updated SMART Program Risk Assessment/Market Conditions report.
- There were 85 operating charter school sites in fiscal year 2020. For financial reporting purposes, all 85 of the charter schools are included in the basic financial statements of the District as discretely presented **component units**. 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, 2019. 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, 2019.

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.