

In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Note Counsel, under existing statutes, regulations, rulings and court decisions and subject to the conditions described herein under "TAX EXEMPTION," interest on the Notes is (a) excludable from gross income of the owners thereof for federal income tax purposes except as otherwise described herein under the caption "TAX EXEMPTION," and (b) not an item of tax preference for purposes of the federal alternative minimum tax. Such interest also may be subject to other federal income tax consequences referred to herein under "TAX EXEMPTION." See "TAX EXEMPTION" herein for a general discussion of Note Counsel's opinion and other tax considerations.

\$74,760,000



**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
TAX ANTICIPATION NOTES, SERIES 2020**

Dated: Date of Delivery

Due: January 29, 2021

The Tax Anticipation Notes, Series 2020 (the "Notes"), of the School District of Hillsborough County, Florida (the "District") will be issued under the authority of Section 1011.13, Florida Statutes, and pursuant to and subject to the terms and conditions of a resolution adopted by The School Board of Hillsborough County, Florida (the "Board" or "School Board") on October 6, 2020 (the "Resolution"), authorizing the issuance of the Notes. The Notes will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof and, when issued, will be initially registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). The Notes will be deposited with DTC, which will be responsible for maintaining a book-entry only system for recording the interests of its participants, which, in turn, will be responsible for maintaining records with respect to beneficial ownership interests of individual purchasers of the Notes. Purchasers of the Notes (the "Beneficial Owners") will not receive physical delivery of note certificates. As long as Cede & Co. is the registered owner of the Notes, principal and interest payments will be made by U.S. Bank National Association, Jacksonville, Florida, as Registrar and Paying Agent, directly to Cede & Co., as the registered owner. DTC will, in turn, remit such payments to its participants for subsequent disbursement to the Beneficial Owners. Interest on the Notes will be paid on maturity.

The Notes are not subject to redemption prior to maturity.

PAYMENT FOR THE PRINCIPAL AND INTEREST ON THE NOTES WILL BE MADE IN IMMEDIATELY AVAILABLE FUNDS.

<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Initial CUSIP No.</u>
1.50%%	0.219%	100.320	432334DD9

The principal of and interest on the Notes shall be payable from and secured by a lien upon (a) receipts of ad valorem taxes collected for operating purposes (excluding ad valorem taxes collected to pay the principal of and interest on bonds of the District issued pursuant to Sections 1010.40-1010.55, Florida Statutes; or to pay the principal of and interest on any obligations issued by the District pursuant to Section 1011.14, Florida Statutes; or otherwise levied pursuant to Section 1011.71(2), Florida Statutes) and (b) amounts on deposit in the Note Payment Fund for the Notes; and, if necessary, shall be additionally payable from, but not secured by, legally available funds of the District derived from sources other than ad valorem taxation.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Potential investors must read the entire Official Statement, including the appendices, to obtain information essential to the making of an informed investment decision.

The Notes are offered in full book-entry form, when, as, and if issued and received by the purchaser of the Notes and subject to the approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Note Counsel. Certain legal matters will be passed upon for the District by Akerman LLP, Tampa, Florida, Counsel to the School Board. Ford & Associates, Inc., Tampa, Florida is serving as Financial Advisor to the District. It is expected that settlement for the Notes will occur through the facilities of DTC in New York, New York on or about October 29, 2020.



**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
TAMPA, FLORIDA**

BOARD MEMBERS

Melissa Snively, Chair
Steve P. Cona III, Vice Chair
Lynn L. Gray, Member
Dr. Stacy A. Hahn, Ph.D., Member
Karen Perez, Member
Tamara P. Shamburger, Member
Cindy Stuart, Member

DISTRICT OFFICIALS

Addison G. Davis, Superintendent of Schools
Gretchen Saunders, Chief Finance Officer

COUNSEL TO THE SCHOOL BOARD

Akerman LLP
Tampa, Florida

NOTE COUNSEL

Nabors, Giblin & Nickerson, P.A.
Tampa, Florida

FINANCIAL ADVISOR

Ford & Associates, Inc.
Tampa, Florida

This Official Statement does not constitute an offer to sell the Notes in any state or other jurisdiction to any person to whom it is unlawful to make such offer in such state or jurisdiction. No dealer, salesman or any other person has been authorized to give any information or to make any representations other than those contained herein in connection with the offering of the Notes, and if given or made, such information or representations must not be relied upon.

The information set forth herein has been furnished by the District, and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District or anyone acting on its behalf with respect to the information provided by other sources. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall, under any circumstances, except as stated herein, create any implication that there has been no change in the affairs of the District since the date hereof.

The Notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act") in reliance upon exemptions contained in the Securities Act, will not be listed on any stock or securities exchange and neither the Securities and Exchange Commission nor any other Federal, state, municipal or other governmental entity, other than the School Board, has passed upon the accuracy or adequacy of this Official Statement.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: WWW.MUNIOS.COM AND WWW.EMMA.MSRB.ORG. THIS OFFICIAL STATEMENT SHOULD BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITES.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THIS OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE DISTRICT, THE SCHOOL BOARD OR THE UNDERWRITER AND ANY ONE OR MORE HOLDERS OF THE NOTES.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Notes are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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APPENDICES

APPENDIX A	General Information Regarding Hillsborough County, Florida.
APPENDIX B	Excerpted Pages from the Comprehensive Annual Financial Report of The School District of Hillsborough County, Florida for the Fiscal Year Ended June 30, 2019.
APPENDIX C	Excerpted Pages from the Superintendent's Annual Financial Report (Unaudited) of the District School Board of Hillsborough County, Florida for the Fiscal Year Ended June 30, 2020.
APPENDIX D	Copy of Resolution.
APPENDIX E	Form of Legal Opinion.
APPENDIX F	Form of Continuing Disclosure Certificate.

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OFFICIAL STATEMENT

Relating to

\$74,760,000

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA

Tax Anticipation Notes, Series 2020

INTRODUCTION

This Official Statement, including the cover page and the appendices, is provided by The School Board of Hillsborough County, Florida (the "School Board" or "Board"), the governing body of the School District of Hillsborough County, Florida (the "District"), a public body corporate and politic established and existing pursuant to Section 4, Article IX of the Florida Constitution and the laws of the State of Florida (the "State"), including, particularly, Chapter 1001, Florida Statutes, in connection with the issuance and sale of the District's \$74,760,000 Tax Anticipation Notes, Series 2020 (the "Notes"). The Notes are being issued pursuant to Section 1011.13, Florida Statutes, and a resolution adopted by the School Board on October 6, 2020 (the "Resolution"), in anticipation of the receipt by the District of certain revenues during the fiscal year which commenced July 1, 2020, and ends June 30, 2021 (the "2020-2021 Fiscal Year"). See "SECURITY FOR THE NOTES" herein. The proceeds of the Notes may only be used to pay operating expenditures incurred or accrued during the 2020-2021 Fiscal Year.

The District derives its revenues primarily from State educational funds and from ad valorem taxes levied by the District on taxable property located in Hillsborough County, Florida (the "County") for the support of public schools. The Notes are special obligations of the District and are secured as to principal and interest by a pledge of the receipts from the ad valorem property taxes levied for the purpose of operations during the 2020-2021 Fiscal Year. If necessary, the Notes will additionally be payable from, but are not secured by, legally available funds of the District derived from sources other than ad valorem taxation. See "SECURITY FOR THE NOTES" herein.

Pursuant to the Resolution, the District covenants to deposit said ad valorem tax receipts in a note payment fund (the "Note Payment Fund") to be maintained and monitored by the District, no later than twenty-one (21) days prior to the Maturity Date of the Notes in an amount equal to the principal of and interest on the Notes due at maturity. See "SECURITY FOR THE NOTES" herein.

The District has covenanted and agreed for the benefit of the holders of the Notes to provide notices of certain material events pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE" herein.

This Official Statement contains information concerning the District, the School Board, their finances, the sources of payment of the Notes and certain provisions contained in the Notes and the Resolution. All references herein to the Resolution, other agreements, documents and laws are qualified in their entirety by reference to the Resolution and each such agreement, document or law, and all references to the Notes are further qualified by reference to the definitive form thereof and information with respect thereto contained in the Resolution. A copy of the Resolution is attached hereto as APPENDIX D. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution, unless the context clearly indicates a different meaning is intended.

DESCRIPTION OF THE NOTES

The Notes are authorized to be issued pursuant to the provisions of Chapter 1011.13, Florida Statutes, and the Resolution. The Notes will be dated the date of issuance of the Notes (currently expected to be October 29, 2020) and will mature on January 29, 2021. Interest on the Notes (calculated on a 360-day year basis comprised of twelve 30-day months) will be payable at maturity; provided, that if the maturity date is not a business day, interest (and principal) will be paid on the next succeeding business day. Notwithstanding the foregoing, interest on the Notes will accrue to the maturity date. Both the principal of and interest on the Notes shall be payable upon presentation and surrender at the principal office of U.S. Bank National Association, Jacksonville, Florida, as Registrar and Paying Agent. The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The proceeds of the Notes will be used to pay operating expenses of the District prior to the receipt of budgeted revenues. Imbalances in the District's cash flow result from the timing of the receipt of ad valorem property taxes.

BOOK-ENTRY ONLY SYSTEM

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DISTRICT BELIEVES TO BE RELIABLE, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note will be issued for the Notes and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual

Beneficial Owners of the Notes. DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements made among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as defaults, and proposed amendments to the legal documents relating to the Notes. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, as Paying Agent, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, the School Board or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Notes are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Notes will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but takes no responsibility for the accuracy thereof.

SECURITY FOR THE NOTES

General

The Notes are special obligations of the District, payable from (a) receipts of ad valorem taxes (the "Tax Receipts") collected by the Hillsborough County Tax Collector for the benefit of the District during the 2020-2021 Fiscal Year, but only to the extent such tax receipts are levied or legally available for payment of operating expenses of the District and (b) amounts on deposit in the Note Payment Fund (collectively, the "Pledged Revenues"). Pledged Revenues shall not include ad valorem taxes collected to pay the principal of and interest on obligations of the District issued pursuant to Sections 1010.40-1010.55, Florida Statutes, or to pay the principal of and interest on any obligations issued by the District pursuant to Section 1011.14, Florida Statutes, or otherwise levied pursuant to Section 1011.71(2), Florida Statutes. If necessary, the Notes are additionally payable from, but are not secured by, the Non-Ad Valorem Funds of the District (defined in the Resolution as all legally available funds of the District or the School Board derived from sources other than ad valorem taxation).

NO OWNER OF ANY OF THE NOTES SHALL EVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE SCHOOL BOARD, THE DISTRICT, THE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, OR TAXATION IN ANY FORM ON ANY PROPERTY THEREIN FOR PAYMENT THEREOF, OR BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL AND INTEREST FROM ANY OTHER FUNDS OF THE SCHOOL BOARD OR THE DISTRICT, EXCEPT FOR THE PLEDGED REVENUES AND ANY NON-AD VALOREM FUNDS DEPOSITED IN THE NOTE PAYMENT FUND.

The School Board may issue additional obligations (including additional installments of Notes) payable from and secured by a lien upon the Pledged Revenues on a parity with the Notes, and may issue obligations having a first lien upon moneys of the District other than the Pledged Revenues and the moneys on deposit in the Note Payment Fund. The School Board covenants in the Resolution that it will not issue any (i) indebtedness of any kind payable from the Pledged Revenues which indebtedness is secured by a lien upon the Pledged Revenues superior to that of the Notes, (ii) obligations

(other than additional installments of Notes) payable from or secured by a lien on the moneys on deposit in the Note Payment Fund, and (iii) additional obligations having an equal lien upon the Pledged Revenues if the issuance of such additional indebtedness would violate the provisions of Section 1011.13(1), Florida Statutes.

Note Payment Fund

In accordance with the terms of the Resolution, the District has established a fund designated the "Note Payment Fund." The District will make or cause to be made deposits of the Pledged Revenues and other revenues in the amounts and by the date provided in the Resolution, as summarized below, into the Note Payment Fund to ensure the timely payment of the principal of and interest on the Notes.

The Tax Receipts will be received periodically throughout the 2020-2021 Fiscal Year. Pursuant to the Resolution, the District has covenanted to deposit Tax Receipts into the Note Payment Fund in sufficient amounts so that no later than twenty-one (21) days prior to the Maturity Date of the Notes, or the first business day thereafter, the balance on deposit therein will equal the amount of principal and interest on the Notes at maturity.

If, on the twenty-first day preceding the Maturity Date of the Notes, or the first business day thereafter, and continuously thereafter, there is not on deposit in the Note Payment Fund an amount (including Permitted Investments and the income or earnings to be received thereon) equal to all principal of and interest on the Notes at maturity, the School Board shall designate the Note Payment Fund as its depository for the receipt of Pledged Revenues and continue such designation until such time as the amount in the Note Payment Fund, together with the earnings to be received thereon, is equal to all principal of and interest on the Notes at maturity.

Moneys on deposit in the Note Payment Fund shall be held solely for the payment of the Notes. Pending disbursement upon the Maturity Date of the Notes, such moneys may be invested, pursuant to the Resolution, at the direction of the District in investments which are, under Florida law, legal for the investment of surplus funds of school districts. Earnings on investments held in the Note Payment Fund shall be retained and reinvested in the Note Payment Fund until the amount on deposit in the Note Payment Fund, together with the earnings to be received thereon, is equal to the entire principal of and interest on the Notes at their maturity. Thereafter, such earnings may be withdrawn by the District and used in the District's discretion as provided by law except as otherwise provided in the Resolution.

The proceeds of the Notes are not pledged as security for payment of principal of and interest on the Notes and will be expended by the District to pay the costs of issuance of the Notes and to pay operating expenditures created by the District in accordance with its operating budget for the 2020-2021 Fiscal Year. The holders of the Notes will have no

responsibility for the use of the proceeds of the Notes, and the use of such proceeds by the District will in no way affect the rights of such Noteholders.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA

The District is organized under Section 4, Article IX, of the Constitution of Florida and Chapter 1001, Florida Statutes. The District is coterminous with Hillsborough County, Florida (the "County"). For the 2020-2021 Fiscal Year, the District budget includes 252 schools, 223,019 F.T.E. students, and 25,000 budgeted full and part-time positions, of which 14,353 are teachers. Management of the schools of the District is independent of County and municipal governments. The County collects taxes for the School Board, but exercises no control over expenditures by the School Board.

The School Board

The School Board is a body corporate existing under the laws of the State of Florida. The School Board is the governing body of the District, consisting of seven members elected by districts for four-year terms. Under existing law, the School Board's duties and powers include, but are not limited to, the development of policies and rules for the efficient operation of the District, the acquisition, maintenance and disposition of school property within the District; the development and adoption of a school program for the District; the establishment, organization and operation of schools, including vocational and evening schools and the establishment and operation of programs for gifted students and for students in residential care facilities; the appointment, compensation, promotion and dismissal of employees; the establishment of courses of study and the provision of adequate instructional aids; and the establishment of a system to transport students to school or school-related activities.

The School Board also has broad financial responsibilities, including the approval of the annual budget, adoption of the school tax levy and the establishment of a system of accounting and budgetary controls. The annual budget and accounting reports must be filed with the State Department of Education.

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The present members of the School Board, their respective offices and expiration of their respective terms are as follows:

Name/Office	District	Ending Date of Current Term
Melissa Snively, Chair	Board District No. 4	November 2022
Steven P. Cona III, Vice Chair	Board District No. 1	November 2020 ⁽²⁾
Lynn L. Gray, Member	Board District No. 7 ⁽¹⁾	November 2020 ⁽²⁾
Dr. Stacy A. Hahn, PhD, Member	Board District No. 2	November 2022
Karen Perez, Member	Board District No. 6 ⁽¹⁾	November 2022
Tamara P. Shamburger, Member	Board District No. 5	November 2020 ⁽²⁾
Cindy Stuart, Member	Board District No. 3	November 2020 ⁽³⁾

⁽¹⁾At large districts.

⁽²⁾Seeking re-election in November 3, 2020 general election.

⁽³⁾Did not seek re-election.

Superintendent of Schools

The Superintendent of Schools is appointed by the School Board and serves as ex-officio Secretary to the School Board. The Superintendent oversees operations of the school system, makes policy recommendations to the School Board, and performs the duties assigned to him by law and the regulations of the State of Florida Department of Education.

The Superintendent also prepares the annual budget for approval by the School Board, recommends the tax levy based upon needs illustrated by the budget, recommends debt issuance or borrowing plans of the School Board when necessary, provides recommendations for investment of available funds, and keeps records with respect to all funds and financial transactions of the School Board.

Administration

Addison G. Davis, Superintendent of Schools. Mr. Davis took office as Acting Superintendent in March 2020 and Superintendent on July 1, 2020. Before coming to the District, he served as the Superintendent of Schools for the School District of Clay County, Florida, where he oversaw improvements across many performance metrics and an increase in the district's graduation rate by 6.4%, improving the district from 20th in the State for graduation rates to 8th. Prior to his time with the School District of Clay County, Florida, Mr. Davis was the Chief of Schools for the Duval County Public School System, which is the nation's 20th largest school district, serving over 120,000 students. He worked for Duval County Schools for eighteen years, starting as teacher, moving to an Assistant Principal, Principal, Executive Director of Turnaround, Middle School Cluster Chief and Region Superintendent. Mr. Davis has received numerous awards and recognitions

throughout his career, including being named the Sunshine State Public Relations Association's 2019 Superintendent Communicator of the Year and a National School Public Relations Association Superintendent to Watch in 2017-2018. Mr. Davis was born and raised in northeast Florida and holds a master's degree in Educational Leadership from Jacksonville University.

Ms. Gretchen Saunders, Chief Finance Officer. Ms. Saunders has been Chief Finance Officer for the District since January, 2005. In this capacity, Ms. Saunders is responsible for the management of 10 departments containing 104 employees. Departments under her control include Budget, Payroll, Debt Management, Cash Management, and Purchasing. Ms. Saunders oversees a total budget of more than \$3 billion and a debt portfolio of approximately \$800 million. Debt instruments under Ms. Saunders control include Certificates of Participation, Sales Tax Revenue Bonds, and Qualified Zone Academy Bonds. In managing the District's debt program, Ms. Saunders has employed the use of both fixed and variable debt, long-dated swaps and swaptions, and medium term swaps. Prior to her appointment as Chief Finance Officer, Ms. Saunders served as Manager of Budget and Cash Management for the Board. Ms. Saunders holds a B.S. in Business from Ferris State University and an M.S. in Public Administration from Central Michigan University. She is a past president of the Florida School Finance Officers Association and was elected a member of the Florida School Finance Council in June, 2004. The School Finance Council is a senior policy advisory board that assists the Florida Commissioner of Education. Its limited membership is by invitation only.

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Statistical Data

The following table presents a summary of general statistical data regarding the District.

School District of Hillsborough County, Florida Summary of Statistical Data Five-Year History

School Year	Number of Schools	Number of Instructors	FTE Enrollment ⁽¹⁾	Average Expenditure per FTE Student ⁽²⁾
2020-2021 ⁽³⁾	252	14,353	223,019	N/A
2019-2020 ⁽⁴⁾	248	14,353	218,593	\$11,303
2018-19	248	14,725	212,537	10,871
2017-18	245	15,108	211,959	11,689
2016-17	245	15,466	212,038	10,760

N/A = Information not available

(1) K-12 full-time equivalent enrollment

(2) Expenditures include Government-wide Governmental Activities

(3) Budgeted

(4) Unaudited

Source: School District of Hillsborough County, Florida

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Employee Relations

As of September 24, 2020, the School Board employed approximately 24,893 full and part-time employees. A portion of these employees are represented by the following groups:

Teachers	Hillsborough Classroom Teachers Association
Paraprofessionals	Hillsborough Classroom Teachers Association
Clerical and Bus Attendants	Hillsborough Classroom Teachers Association
Custodial and Maintenance	Hillsborough Schools Employee Federation
Bus Drivers	Hillsborough Schools Employee Federation
Security Officers	Hillsborough Schools Employee Federation

Union members include both instructional and non-instructional personnel. Current Union contracts expire as follows:

Paraprofessionals	June 30, 2021
Clerical	June 30, 2021
Bus Attendants	June 30, 2021
Teachers	June 30, 2022
Custodial and Maintenance	June 30, 2020*
Bus Drivers	June 30, 2020*
Security Officers	June 30, 2020*

*When a collective bargaining agreement expires, Florida law requires the parties to operate under the expired agreement until such time that a successor agreement has been negotiated and ratified.

Under Florida law, public employees and public employee organizations may not participate in a strike against a public employer.

Florida Retirement System

The District participates in the Florida Retirement System ("FRS"), a cost sharing, multiple-employer, public employee retirement system, which covers substantially all regular employees of the District. Beginning in 2002, the FRS became one system with two primary plans, a defined benefit pension plan (the "FRS Pension Plan") and a defined contribution plan known as the Public Employee Optional Retirement Program (the "FRS Investment Plan"). FRS membership is required for all employees filling a regularly established position in a State agency, district school board, county, State university or State community college. Some municipalities, special districts, charter schools and metropolitan planning organizations also choose to participate in the FRS; however, participation is generally irrevocable after the entity elects to participate.

The information relating to the FRS contained herein has been obtained from the FRS Annual Reports which are available at www.dms.myflorida.com/workforce_

operations/retirement/publications and the Florida Comprehensive Annual Financial Reports available at <https://www.myfloridacfo.com/division/aa/reports/>. The FRS Annual Reports may also be obtained by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by phoning (850) 488-5706. No representation is made by the Board as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

There are five general classes of membership in the FRS: (1) Senior Management Service Class ("SMSC") members which include, among others, senior management level positions in State and local governments (including school districts) and assistant state attorneys, prosecutors and public defenders; (2) Special Risk Class which includes, among others, positions such as law enforcement officers, firefighters, correctional officers, emergency medical technicians and paramedics; (3) Special Risk Administrative Support Class which include, among others, non-special risk law enforcement, firefighting, emergency medical care or correctional administrative support positions within a FRS special risk-employing agency; (4) Elected Officers' Class ("EOC") which includes members who are elected State and city officers and the elected officers of cities and special districts that choose to place their officials in this class; and (5) Regular Class members includes members that do not qualify for membership in the other classes.

The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans. The Department of Management Services, Division of Retirement administers the FRS Pension Plan and the Florida State Board of Administration (the "SBA") invests the assets of the FRS Pension Plan held in the FRS Trust Fund. Administration costs of the FRS Pension Plan are funded through investment earnings of the FRS Trust Fund. Reporting of the FRS is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

The SBA administers the FRS Investment Plan, a defined contribution plan available to eligible FRS members as an alternative to the FRS Pension Plan. Retirement benefits are based upon the value of the member's account upon retirement. Regardless of membership class, FRS Investment Plan contributions vest after one year of service. A member vests immediately in all employee contributions paid to the FRS Investment Plan. If a member elects to transfer amounts from the FRS Pension Plan to that member's FRS Investment Plan account, the member must meet the eight-year vesting requirement (six-year vesting requirement if enrolled prior to July 1, 2011) for any such transferred funds and associated earnings. The FRS Investment Plan is funded by employer contributions that are based on salary. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Administration costs of the FRS Investment Plan are funded through a 0.06% employer contribution and forfeited benefits. After termination and applying to receive benefits, the member may rollover vested funds to another qualified

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

Since July 1, 2001, the FRS Pension Plan has provided for vesting of benefits after six years of creditable service. Members not actively working in a position covered by the FRS on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the various plan requirements applicable to each class of membership. Regardless of class, a member may take early retirement any time after vesting within 20 years of normal retirement age; however, there is a five percent benefit reduction for each year prior to normal retirement age.

Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. Pension benefits of retirees and annuitants are increased each July 1 by a cost-of-living adjustment. If the member was initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member 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%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Effective July 1, 2011, all members of FRS were required to contribute 3% of their gross compensation toward their retirement. In addition, the legislation reduced the required employer contribution rates for each membership class and subclass of the FRS.

Additional legislative changes that only apply to employees who initially enroll on or after July 1, 2011, include: (1) the average final compensation upon which retirement benefits are calculated are based on the eight highest (formerly five highest) fiscal years of compensation prior to retirement; (2) the DROP (as defined herein) is maintained but the interest accrual rate is reduced from 6.5% to 1.3%; (3) the normal retirement age is increased from 62 to 65; and (4) the years of creditable service is increased from 30 to 33 and the vesting period is increased to eight years (formerly six).

Subject to provisions of Section 121.091, Florida Statutes, the Defined Retirement Option Program (the "DROP") permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months while the member's benefits accumulate in the FRS Trust Fund. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. As of June 30, 2019, the FRS Trust Fund held \$2,542,917,643 in accumulated benefits and interest for 33,490 current and prior participants in the DROP. Of those 33,490 DROP Participants, 31,749 were active in DROP with balances totaling \$2,277,211,830. The remaining participants were no longer active in the DROP and had balances totaling \$277,211,830 to be processed after June 30, 2019.

The Retiree Health Insurance Subsidy ("HIS") Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. Beginning July 1, 2002, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. Beginning July 1, 2015, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS 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, the legislature may reduce or cancel HIS payments.

Participating employers must comply with the statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Florida Legislature as guidance for funding decisions. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and FRS Investment Plan rates) are recommended by the actuary but set by the Florida Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years and any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-

dollar basis. As of June 30, 2019, the balance of legally required reserves for all defined benefit pension plans was \$163,573,726,217. Such funds are reserved to provide for total current and future benefits, refunds and administration of the FRS Pension Plan.

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions to the FRS Pension Plan and FRS Investment Plan for the Fiscal Year ended June 30, 2020, net of employee contributions, totaled \$71,922,342 (unaudited), which was equal to the required contribution for such Fiscal Year. This excludes the HIS Program contribution. The District's contributions to the HIS Plan for the Fiscal Year ended June 30, 2020, totaled \$19,416,522 (unaudited).

As a participating employer in the FRS, the District implemented Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27) and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment to GASB Statement No. 68), effective for fiscal years beginning after June 15, 2014. The implementation of these Statements requires the District to record a liability for its proportionate share of the net pension liabilities of the FRS plans.

The scope of GASB Statements Nos. 68 and 71 address accounting and financial reporting for pensions that are provided to employees of state and local governmental employers that meet certain characteristics. These Statements establish standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expense/expenditures. For defined benefit pensions such as the FRS plans, GASB Statements Nos. 68 and 71 identify methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Pursuant to these Statements, the District is required to record a liability for its proportionate share of pension liabilities as reported by the FRS plans. While these Statements require recognition and disclosure of the unfunded pension liability, there is no requirement that such liability be funded. Accordingly, a deficit in unrestricted net position should not be considered, solely, as evidence of financial difficulties. The adoption of GASB Statements Nos. 68 and 71 resulted in a material increase in the District's liabilities and a material decrease in the District's net position. At June 30, 2020, the District reported a liability of \$783,283,481 (unaudited) for its proportionate share of the FRS Pension Plan net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2019. At June 30, 2019, the District's projected share was 2.27%, which was a decrease of 0.09% from its proportionate share of 2.36% measured as of June 30, 2018. At June 30, 2020, the District

reported a liability of \$370,708,914 for its proportional share of the HIS Program net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2019. At June 30, 2019, the District's proportionate share was 3.31%, which was a decrease of 0.09% from its proportionate share of 3.40% measured as of June 30, 2018. See APPENDIX B hereto, including Management's Discussion and Analysis, Note 17 to the Basic Financial Statements and Required Supplementary Information, and APPENDIX C hereto, including Management's Discussion and Analysis, Note 17 to the Basic Financial Statements and Required Supplementary Information, for additional information relating to the District's implementation of GASB Statements Nos. 68 and 71.

Early Retirement Program. The District also implemented an early retirement incentive program to eligible employees in the past. See Note 18 to the Basic Financial Statements in APPENDIX B hereto and Note 18 to the Basic Financial Statements in APPENDIX C for additional information regarding such early retirement program.

Other Post Employment Benefit Program

In addition to its contributions under the State's retirement plan described above, the District provides other postemployment benefits ("OPEB") for certain of its retired employees in the form of an implicit rate subsidy by providing access to health insurance plans. The offering of this health insurance coverage is required by Section 112.0801, Florida Statutes.

In June 2015, the Governmental Accounting Standards Board issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75"), which was adopted by the District for the year ended June 30, 2018. GASB No. 75 addresses accounting and financial reporting for OPEB provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; requires governments to report a liability, deferred outflows of resources, deferred inflows of resources, and expenses on the face of the financial statement for the OPEB that they provide; and requires more extensive note disclosures and supplementary information about their OPEB liability. The District's total OPEB liability reported at June 30, 2020 totaled \$208,572,211 (unaudited).

The District has historically accounted for its OPEB contributions on a pay-as-you-go basis and the District currently plans to continue such pay-as-you-go funding of its OPEB contributions. At May 1, 2020, there were approximately 25,902 active participants and 753 inactive participants (retirees and beneficiaries) of the District receiving post-employment benefits.

Below are the details regarding the change in total OPEB liability for Fiscal Year 2020:

	Fiscal Year 2020
Total OPEB Liability	
Service cost	\$12,053,165
Interest	6,342,532
Changes in benefit terms	-
Difference between expected and actual experience	(15,259,065)
Change of assumptions*	37,736,200
Benefit payments	(2,875,426)
Net change in total OPEB liability	<u>\$37,997,406</u>
Total OPEB liability (beginning)	<u>\$170,574,805</u>
Total OPEB liability (ending)	<u><u>\$208,572,211</u></u>

*Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.21 percent as in 2020.

Source: Superintendent's Annual Financial Report (Unaudited) of the District School Board of Hillsborough County, Florida for the Fiscal Year Ended June 30, 2020.

For additional information, see Management's Discussion and Analysis, Note 19 and Required Supplemental Information in "APPENDIX B - EXCERPTED PAGES FROM THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2019" hereto and Note 19 and Required Supplemental Information of "APPENDIX C - EXCERPTED PAGES FROM THE SUPERINTENDENT'S ANNUAL FINANCIAL REPORT (UNAUDITED) OF THE DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2020" hereto.

Indebtedness

The following table summarizes the District's long-term debt outstanding as of June 30, 2020.

Principal and interest on State Board of Education Bonds are secured by and payable from the State motor vehicle license taxes distributable to the District under State law. The responsibility for principal and interest payments, investment of funds, and reserve requirements for State Board of Education Bonds is administered by the State Board of Education and the State Board of Administration. Payments on the Certificates of Participation are derived from ad valorem taxes levied for capital outlay purposes pursuant

to Section 1011.71(2), Florida Statutes. Such ad valorem tax revenues are not pledged to secure the Notes and are not available to pay debt service on the Notes.

Principal and interest payments on General Obligation Bonds, if any, issued by the School Board are secured by ad valorem taxes levied by the School Board as authorized by the electorate.

**School District of Hillsborough, Florida
Long-Term Debt by Issue
As of June 30, 2020***

	Principal Outstanding as of 6/30/2020
State Board of Education Bonds ⁽¹⁾	\$ 8,336,000
Direct Revenue Bonds	133,095,000
Certificates of Participations	570,892,000
District General Obligation Bonds	-
 Combined Long-Term Debt	 <u>\$712,323,000</u>

*Unaudited.

⁽¹⁾ Bonds are issued by the State Board of Education on behalf of the District and are secured by a pledge of the District's portion of the State assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for such Bonds.

Source: Superintendent's Annual Financial Report of the District School Board of Hillsborough County for the Fiscal Year Ended June 30, 2020.

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Direct and Overlapping Debt

The following table presents a statement of direct and overlapping debt for the School District of Hillsborough County.

**The School District of Hillsborough County, Florida
Debt Statement
As of June 30, 2020***

	General Obligation Debt	Non-Self Supporting Debt	Self Supporting Debt
<u>DIRECT DEBT</u>			
State Board of Education Bonds		\$ 8,336,000	
District Revenue Bonds			\$ 133,095,000
Certificates of Participation		\$ 570,892,000	
Total Direct Debt		\$ 579,228,000	\$ 133,095,000
<u>OVERLAPPING⁽¹⁾</u>			
General Obligation Bonds	\$112,582,000		
County Revenue Bonds			\$ 981,877,000
Total Direct and Overlapping Debt	\$112,582,000	\$ 579,228,000	\$1,114,972,000

*Unaudited

⁽¹⁾ Overlapping Debt figures as of September 30, 2020; overlapping debt consists of the debt of Hillsborough County.

Sources: Superintendent's Annual Financial Report of the District School Board of Hillsborough County for the Fiscal Year Ended June 30, 2020; Hillsborough County figures provided by the School District of Hillsborough County, Florida.

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Accounting and Funds

Pursuant to Section 11.45, Florida Statutes, the financial operations of the District are subject to annual audit. The School District is required to use independent auditors at least two out of every three fiscal years with the Auditor General of the State of Florida auditing the District's financial operations once every three years. Excerpted pages from the Board's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2019 are included herein as Appendix B. See "APPENDIX B - Excerpted Pages from the Comprehensive Annual Financial Report of The School District of Hillsborough County, Florida for the Fiscal Year ended June 30, 2019," for an example of the scope and objectives of the auditor's reports included therein.

The accounting practices of the School Board are designed to conform to generally accepted accounting principles applicable to governmental units. For Fiscal Year 2019-2020, the organization of such financial statements was generally as follows:

Basis of Presentation.

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

Government-Wide Financial Statements - Government-wide financial statements include a Statement of Net Position and a Statement of Activities that display information about the primary government (District School Board) and its component units. These financial statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal service fund activities. The effect of interfund activities has not been eliminated in the Statement of Activities.

The Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the District School Board's functions. The expense of individual functions is compared to the revenues generated by the function (for instance, through user charges or intergovernmental grants). Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges to other funds and to employees

for workers compensation and insurance. Operating expenses for the internal service funds include the cost of services and administrative costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

The District reports the following major governmental funds:

General Fund - to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

Special Revenue Fund - Other - to account for financial resources of certain federal grant program resources.

Other Debt Service Fund - Accounts for and reports on various bond revenue and principal and interest payments, including the Certificates of Participation.

Local Capital Improvement - Accounts for and reports on the revenues generated from the local capital outlay property taxes.

Other Capital Projects Fund - Accounts for and reports on other miscellaneous funds from various sources.

Additionally, the District reports the following fund types:

Internal Service Funds - to account for the District's workers' compensation, general and automobile liability self-insurance programs and the employee health insurance program.

Pension Trust Fund - to account for resources used to finance the early retirement program.

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

Measurement Focus and Basis of Accounting

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

Government-Wide Statements - The government-wide statements are presented using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows have taken place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

Budget Process

State law requires the School Board to advertise its intent to adopt a tentative budget, including a capital outlay budget, within 29 days following the County Appraiser's official certification of taxable property, which usually occurs on or about July 1. The School Board holds a public hearing on the tentative budget and the proposed tax rates within five days of its advertisement, and officially adopts the tentative budget and tax rates at the hearing. Thereafter, the County Appraiser prepares tax millage notices for property owners within the School District. The final budget and tax rate are fixed in September of each year, following a final public hearing and in accordance with statutory timelines. The School Board adopted the final budget for the 2020-2021 Fiscal Year on September 8, 2020.

The Superintendent of Schools is responsible for preparing the tentative budget for recommendation to the School Board. Florida law requires the School Board to adopt and maintain a balanced budget, in which anticipated revenues less certain required deductions combined with beginning fund balances equal appropriations. Generally, the final budget is substantially the same as the tentative budget since the School Board's hiring plans and materials purchases have been determined before the final budget is adopted.

Auditing System

In addition to local internal audits, two other budget reviews are conducted. The Department of Education conducts regular financial compliance reviews of each school district to ensure that local school districts comply with State regulations. In conjunction with this review, the Financial Management Section of the Department of Education reviews the cost reporting system of each school district to ensure that the Financial and Program Costs Accounting and Reporting for Florida Schools is being properly implemented by the school board of such school district.

OPERATING REVENUES OF THE DISTRICT

Local Revenue Sources

Local revenue for school district support is derived almost entirely from real and tangible personal property taxes described in "AD VALOREM TAX PROCEDURES" herein. School districts in the State are permitted to levy ad valorem property taxes separately for (i) operational purposes, (ii) the payment of debt service, and (iii) capital outlays and maintenance of school facilities. The amount of each such levy is subject to various constitutional and statutory limitations. See "AD VALOREM TAX PROCEDURES" herein. In addition, the District earns interest on cash invested and collects other miscellaneous revenues.

The Florida Constitution limits the non-voted millage rate that school boards may levy on an annual basis for school purposes to 10 mills (\$10 per \$1,000 of taxable real and personal property value). The millage limitation does not apply to taxes approved at referendum by qualified electors in the County for general obligation bonds and certain other short-term, voter approved levies. Chapter 1011, Florida Statutes, further limits the millage levy for operational purposes to an amount established each year by the State appropriations act and finally certified by the Commissioner of the State of Florida Department of Education. Within this operational limit, each school district desiring to participate in the State's allocation of FEFP funds for current operations must levy a non-voted millage rate that is determined annually by the State Legislature and certified by the Commissioner of the State of Florida Department of Education and is referred to as the district "required local effort." The District's required local effort was 4.166 mills for Fiscal Year 2018-19, 3.881 mills for 2019-20 and is 3.719 mills for 2020-21. Included in such required local effort millage for Fiscal Year 2020-21 is a Prior Period Funding Adjustment Millage of 0.014 mills as authorized by Section 1011.62(4)(e), Florida Statutes. Such Prior Period millage is levied when the preliminary taxable value for prior years is greater than the final taxable value for such years, thereby resulting in lower than expected revenues from the required local effect millage.

In addition to the "required local effort," school boards are also authorized to levy an additional non-voted "discretionary millage" for operations, not to exceed an amount established annually by the Legislature. However, the District may levy up to an additional 0.25 mills for capital outlay and maintenance of school facilities in lieu of operating discretionary millage. In 2018-19, the discretionary millage for all school districts, including the District, was 0.748 mills. For Fiscal Year 2019-20, the discretionary millage was 0.748 mills and is 0.748 mills for Fiscal Year 2020-21. The District did not levy any capital outlay discretionary millage for Fiscal Years 2018-19, 2019-20 and is not levying any such capital outlay discretionary millage for Fiscal Year 2020-21.

School boards may, upon approval by voters in a local referendum or general election, levy an additional millage for operating needs up to an amount that when combined with the non-voted millage does not exceed 10 mills (the "Additional Voted Operating Millage"). The Additional Voted Operating Millage shall be for a maximum of four years. The District did not levy any Additional Voted Operating Millage for the Fiscal Years 2018-19 or 2019-20 and has not budgeted to levy any Additional Voted Operating Millage for the Fiscal Year 2020-21. See "AD VALOREM TAX PROCEDURES - Historical Millage" for current and historical millage levies.

Budgeted revenues from ad valorem taxes are based on applying millage levies to ninety-six percent (96%) of the non-exempt assessed valuation of real and personal property. Historically, the local taxes have been received at less than one hundred percent (100%) of assessed valuation due to the discounts for early payment. The District usually collects approximately ninety-six percent (96%) of the levied taxes. Ad valorem tax

receipts for operating purposes were \$491.2 million for the 2018-19 Fiscal Year, were \$502.7 (unaudited) million for the 2019-20 Fiscal Year and are budgeted to be \$524.1 million for the 2020-21 Fiscal Year.

State Revenue Sources

The three primary sources of educational funding from the State are (i) basic Florida Educational Finance Program ("FEFP") receipts, (ii) FEFP categorical program receipts, and (iii) certain other specified revenue sources.

Florida Education Finance Program. The major portion of State support is distributed under the provisions of the FEFP, which was enacted by the Florida Legislature in 1973. Basic FEFP funds are provided on a weighted full-time equivalent student ("FTE") basis using a formula that takes into account varying program cost factors and district cost differentials. The program cost factors which are used to determine the level of each school district's FEFP funding are determined by the Florida Legislature. The amount of FEFP funds disbursed by the State is adjusted four times during each year to reflect changes in FTE and in variables comprising the weighing formula. In addition, the level of State funding is adjusted during each year to compensate for increases or decreases in ad valorem tax revenue resulting from adjustments to the valuation of non-exempt property in the County. General Fund receipts from FEFP were \$826.5 million for the 2018-19 Fiscal Year, were \$886.6 million (unaudited) for the 2019-20 Fiscal Year and are budgeted to be \$941.9 million for the 2020-21 Fiscal Year.

FEFP categorical programs are lump sum appropriations from the State intended to supplement local school district revenues to enhance the delivery of educational and support services by each school district. In recent years, most categorical programs have been eliminated and the funds are now earmarked within the FEFP base student allocation. The only remaining categorical program is class size reduction. The allocation for class size reduction is based on a funding formula. The majority of the funds available require appropriation by the School Board for the purposes for which they were provided. Total State categorical aid for class size reduction was \$241.3 million in the 2018-19 Fiscal Year and was \$242.2 million (unaudited) in the 2019-20 Fiscal Year. Total State categorical aid for class size reduction is budgeted to be \$246.2 million in the 2020-21 Fiscal Year.

State Lottery Revenues. A portion of the revenues generated from the State lottery is distributed to each Florida school district as Discretionary Lottery revenue and Florida School Recognition Program revenue. The Florida School Recognition program recognizes schools that have received an "A" or improved at least one letter grade from the previous school year and, under Florida Statutes, is required to be used for nonrecurring bonuses for school faculty and staff, nonrecurring expenditures for educational equipment or materials, for temporary personnel to assist schools in maintaining or improving student performance, or any combination of these. The District received approximately \$9.2 million and \$9.4 million (unaudited) in Florida School Recognition Program revenues for

Fiscal Years 2018-19 and 2019-20, respectively. The District is not budgeted to receive any Florida School Recognition Program revenues for Fiscal Year 2020-21. The District received \$755,585 in Discretionary Lottery revenues for Fiscal Year 2018-19 and \$226,954 in Fiscal Year 2019-20 (unaudited). The District is not budgeted to receive any such revenues for Fiscal Year 2020-21.

State Budget. A large portion of the District's funding is derived from State sources. A significantly large percentage of such State revenues is generated from the levy of the State sales tax. The amounts budgeted for distribution from the State to the District are subject to change in the event that projected revenues are not realized.

On March 19, 2020, the Florida Legislature adopted a State education budget for State Fiscal Year 2020-21, which commenced July 1, 2020, providing for an approximately \$776 million or 3.55% increase in State and local FEFP funding for K-12 public schools over State Fiscal Year 2019-20, reflecting a per-pupil increase of approximately \$183 per student or 2.40% over State Fiscal Year 2019-20. The budget approved by the Legislature eliminated the Best and Brightest Teacher/Principal bonus program and, in turn, provided for \$500 million for teacher salary increases intended to raise the minimum teacher salary in the State to \$47,500. The funds for minimum teacher salary increases are provided via a new State categorical program, the Teacher Salary Increase Allocation. The legislatively approved budget provided that funds earmarked for teacher salary increases shall be allocated based on each district's share of the base FEFP allocation, and that such funds may be provided in multiple years in order to achieve a particular salary goal. On June 29, 2020, the Governor signed the State 2020-21 budget into law, while using his line-item veto authority to reduce the budget by over \$1 billion. The State education budget approved by the Governor eliminates \$134.6 million in appropriations for the Discretionary Lottery and Florida School Recognition Program. However, the approved education budget does include \$500 million of funds referenced above to raise the minimum teacher salary in the State. The budget approved by the Governor provides for an approximately \$641 million or 2.93% increase in State and local FEFP funding for K-12 public schools over State Fiscal Year 2019-20, reflecting a per pupil increase of approximately \$137 per student or 1.79% over State Fiscal Year 2019-20. There have also been reports that the Florida Legislature is expected to convene in a special session later in the 2020-2021 Fiscal Year to revise the budget due to the expected decline in State revenues as a result of the coronavirus pandemic and to allocate moneys received under federal stimulus legislation. In anticipation of expected budget reductions as a result of such special session, the District has instituted certain informal cost cutting measures to lower expenditures in order to reduce the impact of any State funding reduction. See "RECENT GOVERNMENTAL ACTIONS AND OTHER EVENTS AFFECTING DISTRICT REVENUES - Coronavirus (COVID-19)" below. Based on the Governor's approved budget, the estimated increase for the District is approximately \$51 million in State and local FEFP funds over Fiscal Year 2019-20. The Fiscal Year 2020-21 budget includes \$38.6 million (inclusive of charter schools) in Teacher Salary Increase Allocation funds, which is estimated to be sufficient to allow the District

to raise the minimum teacher salary in the District to \$47,500. However, there can be no assurance that funding for K-12 public schools will increase exactly as provided for in the approved budget.

Federal Sources

The District receives certain Federal moneys, both directly and through the State, substantially all of which are restricted for specific programs. Direct Federal revenue sources were \$3.4 million and \$3.4 million (unaudited) in Fiscal Years 2018-19 and 2019-20, respectively, and are budgeted at \$3.0 million for Fiscal Year 2020-21. Federal funds through the State and Local totaled \$8.2 million and \$7.5 million (unaudited) in Fiscal Years 2018-19 and 2019-20, respectively, and are budgeted to be \$5.0 million in Fiscal Year 2020-21.

Special Revenue Sources

The District also receives certain local, state and federal moneys, substantially all of which are restricted for specific programs. Programs funded with these special revenue sources in the past include school food service operations and programs financed through the Educational Handicapped Act, the Education Consolidation and Improvement Act and other federally financed programs.

General Fund Operations

The following table summarizes results of operations for the general fund for the three Fiscal Years ended June 30, 2018 (audited), 2019 (audited) and 2020 (unaudited) and the general fund operating budget for the Fiscal Year ending June 30, 2021.

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School District of Hillsborough County, Florida
Summary of General Fund Operations
Fiscal Years Ended June 30, 2018-2021
(In Thousands)

	Audited		Unaudited	Budget
	2017-2018	2018-2019	2019-2020	2020-2021
Revenues				
Federal	\$ 3,116	\$ 3,463	\$ 3,429	\$ 3,038
Federal through State	6,210	8,194	7,459	5,000
State Sources	1,121,257	1,131,254	1,174,871	1,224,721
Local	540,103	564,087	568,587	588,010
Total Revenues	\$1,670,686	\$1,706,998	\$1,754,346	\$1,820,859
Expenditures				
Current- Education:				
Instruction	\$1,153,897	\$1,190,414	\$1,243,228	\$1,314,515
Pupil Personnel	68,838	76,131	84,982	80,494
Instructional Media	53,206	57,353	66,935	71,000
Instruction & Curriculum Development	24,072	23,940	24,879	23,290
Instructional Staff Training	19,851	17,557	22,762	14,418
Board of Education	3,982	2,439	3,258	3,131
General Administration	7,200	6,374	5,747	5,122
School Administration	102,022	104,858	110,053	79,778
Facilities Acquisition & Construction	-	-	-	4,282
Fiscal Services	5,765	6,245	6,880	6,411
Food Services	402	1,276	1,156	601
Central Services	20,610	21,240	23,610	20,488
Pupil Transportation	65,702	68,474	63,250	55,652
Operation of Plant	117,817	127,480	125,549	114,350
Maintenance of Plant	26,876	29,519	31,399	26,481
Community Services and Other	19,563	19,916	15,488	19,591
Facilities Acquisition and Construction	2,838	2,866	3,355	
Capital Outlay:				
Construction	182	1,132	7,846	-
Other Capital Outlay	3,225	3,821	1,515	-
Total Expenditures & Other Uses	\$1,696,048	\$1,761,035	\$1,842,039	1,839,707
Other Financing Sources (Uses)				
Transfers In	34,303	61,157	58,709	23,113
Transfers Out	(3,511)	(2,805)	(3,296)	(2,235)
Ending Fund Balance				
Nonspendable	4,458	4,665	4,585	4,115
Restricted	31,805	38,599	38,713	21,305
Assigned	9,887	6,923	4,123	9,796
Unassigned	100,053	100,331	70,817	85,053
Total Ending Fund Balance	\$ 146,203	\$ 150,518	\$ 118,238	\$120,269

Totals may not add due to rounding.

Source: Comprehensive Annual Financial Report of The School Board of Hillsborough County, Florida for the Fiscal Years ended June 30, 2018 and 2019. Superintendent's Annual Financial Report (Unaudited) of The School Board of Hillsborough County, Florida for the Fiscal Year ended June 30, 2020. Adopted Budget for the Fiscal Year ending June 30, 2021.

General Fund Ending Balance Guidelines

Section 1011.051, Florida Statutes, entitled "Guidelines for general funds" requires that if a school district's General Fund ending balance not classified as restricted, committed or nonspendable in the approved operating budget is projected to fall below three percent (3%) of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education. The section further requires that if the General Fund ending balance not classified as restricted, committed or nonspendable is projected to fall below two percent (2%) of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education. Within 14 days after receiving such notification of an ending balance below two percent (2%), if the Commissioner determines that the district does not have a plan that is reasonably anticipated to avoid a financial emergency as determined pursuant to Florida Statutes pertaining thereto, the Commissioner shall appoint a financial emergency board that may take certain delineated steps to assist a district school board in complying with the General Fund requirements. In Fiscal Year 2019-2020, the District's General Fund ending balance not classified as restricted, committed or nonspendable was 4.27% (unaudited) of General Fund revenues. For Fiscal Year 2020-2021, the District projects the General Fund ending balance not classified as restricted, committed or nonspendable balance will be 5.21% of General Fund revenues. See Note 12 to the Basic Financial Statements in APPENDIX B and Note 12 to the Basic Financial Statements in APPENDIX C hereto.

On June 29, 2016, the School Board voluntarily amended its fiscal planning policies to require maintaining two separate reserves within the unassigned fund balance. The first reserve is identified as the budget stabilization reserve, which will be maintained in an amount equal to least 5%, but no more than 10%, of the District's general fund operating revenues for each fiscal year. In order to access the budget stabilization reserve, the Superintendent must declare a financial emergency through a specific agenda item at a business meeting of the Board. The agenda item must state the circumstances requiring the use of these funds and include a schedule to restore the balance to at least the levels existing prior to the use of such reserve. The restoration must begin no later than the second fiscal year after the funds were expended and must be completed no later than five years after the restoration commences.

The second reserve is identified as an operating fund reserve, which will be maintained in an amount equal to at least 3% of projected general fund revenues. Revenue in the operating fund reserve may be available for use in Board approved budget amendments as necessary to provide for the effective operation of the District. Any budget amendment that reduces the operating fund reserve shall include an explanation of the need for the use of those funds. If funds from the operating budget reserve are used to pay for expenses, they will be considered non-recurring revenues, and if funds are used for recurring expenses, the budget amendment will include the measures that will be taken to

ensure that those recurring expenses are paid with recurring revenues in subsequent fiscal years. If conditions prevent such an operating fund reserve, an explanation of the extraordinary circumstances requiring such a recommendation shall accompany the materials proposing the budget.

For Fiscal Year 2018-19, the budget stabilization reserve was \$107,481,968 or 6% of total general fund operating revenues. For Fiscal Year 2019-20, the Board budgeted for the full funding of the budget stabilization reserve and is currently in the process of determining how best to fund the operating fund reserve. Since Fiscal Year 2014-15, the Board has created savings through energy efficiency, spending reductions, government reimbursements, transportation efficiency, selling real estate, revamping systems, renegotiating contracts, and reducing positions. The Board expects to continue researching and refining its expenses in future years, which may include strategies for cost avoidance and structural balance and a review of filled vacant positions.

Cash and Investments

As of June 30, 2020, the District held cash and investments totaling approximately \$76.3 million (unaudited), respectively, in its General Fund.

Cash Management

The 2019-2020 Fiscal Year cash flow presented in the following table was prepared from financial records of the District.

The second table following presents a projected General Fund cash flow for the 2020-2021 Fiscal Year. The cash flow is based on the 2020-2021 Fiscal Year operating budget and historical experience adjusted to reflect current economic conditions. The 2020-2021 Fiscal Year cash flow projection is based on the disbursement requirements for the entire Fiscal Year, including certain disbursements which could take place in the 2020-2021 Fiscal Year, but which are not in 2020-2021 Fiscal Year operating budget expenditures, such as certain advances to other funds and provisions for contingencies. Revenue projections reflect the anticipated dates of receipt of funds provided under the FEFP and other state programs, and the expected timing of receipt of tax revenues by the District. Ad valorem taxes shown in these tables reflect the general operating levy.

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THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA
Cash Flow Analysis - General Fund
For the Fiscal Period July 1, 2019 to June 30, 2020

	2019						2020						Total
	July	August	September	October	November	December	January	February	March	April	May	June	
Beginning Balance	\$108,748,431	\$173,961,289	\$202,263,967	\$172,543,503	\$117,267,229	\$112,467,533	\$390,472,760	\$362,925,393	\$277,595,698	\$209,443,629	\$187,407,197	\$131,886,524	\$108,748,431
Receipts:													
State revenues	97,511,310	93,659,436	114,543,595	102,655,601	93,406,253	98,235,585	94,002,198	93,941,351	93,941,351	94,119,328	94,923,764	95,513,348	1,166,453,120
Ad Valorem	204,321	238,796	69,949	40,652	62,506,787	363,940,846	21,300,035	11,827,308	7,600,425	11,934,263	7,227,462	15,538,882	502,429,726
Other Revenues	3,944,736	4,105,026	6,080,297	5,796,769	4,179,807	4,490,684	5,795,985	4,893,858	5,020,756	5,544,649	2,143,570	3,775,126	55,771,263
Transfers In	20,526,993	57,196,597	31,671,805	12,947,422	21,343,938	33,593,702	26,338,325	8,348,856	13,216,345	21,144,596	12,916,333	3,777,362	263,022,274
Total Receipts	\$122,187,360	\$155,199,855	\$152,365,646	\$121,440,444	\$181,436,785	\$500,260,817	\$147,436,543	\$119,011,373	\$119,778,877	\$132,742,836	\$117,211,129	\$118,604,718	\$1,987,676,383
Disbursements:													
Salaries	\$12,414,753	\$86,383,035	\$98,797,205	\$88,202,434	\$98,510,904	\$125,690,340	\$97,166,812	\$109,128,757	\$110,780,030	\$92,287,716	\$92,118,097	\$99,501,700	\$1,110,981,785
Benefits	23,453,880	16,294,027	25,919,559	29,008,244	29,377,015	30,600,883	31,468,939	47,077,039	31,676,478	31,274,791	31,611,161	31,796,903	359,558,919
A/P (checks, ACH, wire transfers, P Card, E-Payables)	19,096,933	10,633,671	33,156,872	40,505,582	38,508,437	51,807,827	30,752,533	37,342,749	33,633,819	19,204,514	35,709,222	19,324,839	369,676,999
Transfers out	2,008,936	13,586,443	24,212,473	19,000,457	19,840,126	14,156,539	15,595,627	10,792,522	11,840,619	12,012,247	13,293,323	16,052,731	172,392,043
Total Disbursements	\$56,974,502	\$126,897,177	\$182,086,110	\$176,716,718	\$186,236,482	\$222,255,590	\$174,983,911	\$204,341,068	\$187,930,946	\$154,779,268	\$172,731,802	\$166,676,174	\$2,012,609,746
Ending Balance	\$173,961,289	\$202,263,967	\$172,543,503	\$117,267,229	\$112,467,533	\$390,472,760	\$362,925,393	\$277,595,698	\$209,443,629	\$187,407,197	\$131,886,524	\$83,815,067	

THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA
Projected Cash Flow Analysis - General Fund
For the Fiscal Period July 1, 2020 to June 30, 2021

	2020						2021						Total
	July	August	September	October	November	December	January	February	March	April	May	June	
Beginning Balance	\$83,815,067	\$133,047,453	\$137,250,769	\$79,698,327	\$102,011,497	\$110,974,724	\$411,231,092	\$321,049,455	\$246,967,038	\$190,047,466	\$179,628,985	\$132,781,521	\$83,815,067
Receipts:													
State revenues	98,772,938	95,691,593	95,079,177	95,079,177	95,079,177	95,079,177	95,079,177	95,079,177	95,079,177	95,079,177	95,079,177	95,079,177	1,145,256,301
Ad Valorem	246,254	415,029	64,938	52,898	65,151,053	379,516,639	22,204,649	12,330,111	7,941,427	12,434,604	7,523,458	15,882,855	523,763,914
Other Revenues	3,557,818	2,681,724	7,715,885	9,711,471	7,239,515	7,714,773	9,710,272	8,331,131	8,525,129	9,326,038	4,126,585	6,620,853	85,261,194
Transfers In	17,988,071	50,563,821	19,642,053	15,178,528	23,719,191	36,179,253	28,799,319	10,501,017	15,452,068	23,516,427	15,146,906	5,851,045	262,537,699
TAN Proceeds				74,760,000									
Total Receipts	\$120,565,081	\$149,352,167	\$122,502,053	\$195,022,075	\$191,188,936	\$518,489,841	\$155,793,417	\$126,241,436	\$126,997,801	\$140,356,246	\$121,876,126	\$123,433,930	
Disbursements:													
Salaries	\$20,884,607	\$90,085,344	\$93,712,272	\$87,380,201	\$97,685,417	\$124,856,276	\$96,341,749	\$108,299,920	\$109,950,671	\$91,464,193	\$91,294,627	\$98,675,905	\$1,110,631,184
Benefits	23,330,119	19,184,746	27,555,244	28,510,969	28,879,657	30,103,253	30,971,115	46,575,736	31,178,608	30,777,010	31,113,306	31,299,007	359,478,770
A/P (checks, ACH, wire transfers, P Card, E-Payables)	22,120,250	20,724,845	34,122,290	36,819,780	34,823,066	48,119,584	27,068,837	33,657,630	29,949,501	15,523,312	32,024,456	15,643,612	350,597,163
Transfers out	4,997,718	15,153,915	24,664,689	19,997,955	20,837,568	15,154,360	16,593,352	11,790,567	12,838,594	13,010,211	14,291,201	17,050,426	186,380,556
TAN Repayment							74,760,000						
Total Disbursements	\$71,332,695	\$145,148,850	\$180,054,495	\$172,708,905	\$182,225,709	\$218,233,473	\$245,975,054	\$200,323,853	\$183,917,374	\$150,774,726	\$168,723,590	\$162,668,950	
Ending Balance	\$133,047,453	\$137,250,769	\$79,698,327	\$102,011,497	\$110,974,724	\$411,231,092	\$321,049,455	\$246,967,038	\$190,047,466	\$179,628,985	\$132,781,521	\$93,546,501	

AD VALOREM TAX PROCEDURES

The following information is provided in view of the fact that a large portion of the School Board's revenues are derived from ad valorem taxation.

Property Assessment and County Property Appraiser

General. Ad valorem taxes may be levied only by counties, school districts, municipalities, and certain special districts (railroad properties are centrally assessed at the State level). No State ad valorem taxes shall be levied upon real estate or tangible personal property. State law requires that all ad valorem taxation be assessed at a uniform rate within each taxing unit and, with certain exceptions, that real and personal property subject to ad valorem taxation be assessed at 100% of its just value. See "Limitation on Increase in Assessed Value of Property" below. The following property is generally subject to taxation in the manner provided by law: (a) all real and personal property in the State and all personal property belonging to persons residing in the State; and (b) all leasehold interests in property of the United States, of the State, or any political subdivision, municipality, agency, authority, or other public body corporate of the State. Pursuant to the Constitution of the State of Florida and State law, certain of such property may be exempt from ad valorem taxation. See "Exemptions from Ad Valorem Taxation" below.

Determination of Property Valuation. The Property Appraiser of the County (the "Property Appraiser") determines property valuation on real and tangible personal property subject to ad valorem taxation as of January 1 of each year. By July 1 of each year, the Property Appraiser notifies the County, the District, each municipality within the County, and each other legally constituted special taxing district within the County as to its just valuation, the legal adjustments and exemptions, and the taxable valuation. The taxable valuation is then used by each taxing body to calculate its ad valorem millage for the budget year. See "Limitation on Increase in Assessed Value of Property" and "Millage Set by Local Governing Body" below for limitations on increases in assessed value of property.

Limitation on Increase in Assessed Value of Property. The Constitution of the State of Florida limits the increases in assessed just value of homestead property to the lower of (a) 3% of the assessment for the prior year or (b) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. The accumulated difference between the assessed value and the just value is known as the "Save Our Homes Benefit." Further, any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status; new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead; and changes, additions, reductions or improvements to the homestead shall initially be assessed as provided for by general law.

Owners of homestead property may transfer up to \$500,000 of their Save Our Homes Benefit to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their Save Our Homes Benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead. See also "Legislation Relating to Ad Valorem Taxation – Proposed Constitutional Amendments Relating to Ad Valorem Taxation" herein.

For all levies other than school district levies, assessment increases for specified non-homestead real property may not exceed 10% of the assessment for the prior year. See "Legislation Relating to Ad Valorem Taxation – Recent Amendments Relating to Ad Valorem Taxation" below.

Preparation of Tax Roll. The Property Appraiser applies the final certified millage of each taxing body to the assessed valuation on each item of real and tangible personal property, and prepares the final tax roll which is certified to the Tax Collector of the County (the "Tax Collector") by October 1. This permits the printing of tax bills for delivery on November 1 of each year. The tax bills contain all of the overlapping and underlying millages set by the various taxing bodies. All ad valorem taxes are collected by the Tax Collector and distributed to the various taxing bodies. See "Tax Collection and Distribution by Tax Collector" below.

Appealing Property Valuation. Concurrently with notification to the various taxing bodies, the Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on his or her property. If the individual property owner believes that his or her property has not been appraised at just value, the owner may (a) request an informal conference with the Property Appraiser to resolve the issue, (b) file a petition with the clerk of the County value adjustment board (the "Adjustment Board"), or (c) appeal to the Circuit Court within 60 days of the certification for collection of the tax roll or within 60 days of the issuance of a final decision by the Adjustment Board. A petition to the Adjustment Board must be signed by the taxpayer or be accompanied at the time of filing by the taxpayer's written authorization for representation by a qualified person. Property owners appealing the assessed value or assigned classification of their property must make a required partial payment of taxes (generally equal to 75% of the ad valorem taxes due, less the applicable statutory discount, if any) with respect to the properties that will have a petition pending on or after the delinquency date (normally April 1). A property owner's failure to make the required partial payment before the delinquency date will result in the denial of the property owner's petition. A taxpayer receives notice of the hearing and is required to provide the Property Appraiser with a list of evidence, copies of documentation, and summaries of testimony prior to the hearing before the Adjustment Board. The

Adjustment Board holds public hearings on such petitions and may make adjustments to the valuations made by the Property Appraiser if such valuations are found not to be fair and at market value. The Adjustment Board must complete all required hearings and certify its decision with regard to all petitions and certify to the Property Appraiser the valuation to be used by June 1 following the tax year in which the assessments were made. The June 1 requirement shall be extended until December 1 in each year in which the number of petitions filed with the Adjustment Board increased by more than 10% over the previous year. These changes are then made to the final tax roll.

Assessed Valuation of Taxable Property

The following table shows the assessed value and taxable value for operating millages in each of the past ten years.

School District of Hillsborough County, Florida
Taxable Assessed Value and Estimated Actual Value of Taxable Property
For the Tax Years 2011 through 2020
(in thousands)

Tax Year	Net Taxable Value	Estimated Actual Value	% Total Assessed Value To Total Taxable Value
2020	\$122,216,841 ⁽¹⁾	N/A	N/A
2019	112,264,497	\$136,467,563	82.26%
2018	103,479,221	126,204,062	81.99
2017	94,172,456	115,443,439	81.57
2016	86,758,386	106,868,077	81.18
2015	80,448,343	99,744,677	80.65
2014	74,640,106	93,045,243	80.22
2013	69,568,965	87,642,064	79.38
2012	65,836,681	83,797,222	78.58

N/A = Information not available.

⁽¹⁾ Preliminary figures as of July 1, 2020. Such figures are subject to adjustment by the Property Value Adjustment Board. See "– Property Assessment and County Property Appraiser" herein.

Source: Comprehensive Annual Financial Report of The School District of Hillsborough County, Florida for the Fiscal Year ended June 30, 2019; 2019 and 2020 figures provided by Hillsborough County Property Appraiser.

Millage Set by Local Governing Body

General. The Constitution of the State of Florida provides that ad valorem taxes shall not be levied in excess of the following millages upon the assessed value of real estate and tangible personal property: for all county purposes, ten mills; for all municipal purposes, ten mills; for all school purposes, ten mills; for water management purposes for the northwest portion of the state lying west of the line between ranges two and three east, 0.05 mill; for water management purposes for the remaining portions of the state, 1.0 mill; and for all other special districts a millage authorized by law approved by voters. With

respect to schools, the millage limitation does not apply to taxes approved at referendum by qualified electors in the County for general obligation bonds and certain other short-term, voter approved levies.

As described above, the Property Appraiser is required to certify to each taxing authority the aggregate taxable value of all non-exempt property within the jurisdiction of the taxing authority, as well as the prior year's tax revenues, for use in connection with the determination of the forthcoming budget and millage levy. The form on which such certification is made by the Property Appraiser is required to include instructions to each taxing authority describing the proper method of computing a millage rate, which, exclusive of new construction, additions to structures, deletions and property added due to geographic boundary changes, will provide the same ad valorem tax revenues for each taxing authority as was levied during the prior fiscal year. See " – Millage Set by Local Governing Body – Millage Rollback Legislation" below.

Each respective millage rate, except as limited by law, is set on the basis of estimates of revenue needs and the total taxable property valuation within the taxing authority's respective jurisdiction. Ad valorem taxes are not levied in excess of actual budget requirements. State law requires the School Board to adopt and maintain a balanced tentative budget and a balanced final budget, in which anticipated revenues less certain required deductions combined with beginning fund balances equal appropriations. The School Board is required to advertise its intent to adopt a tentative budget, including a capital outlay budget, within 29 days following receipt from the Property Appraiser of the preliminary certificate of taxable value. The School Board holds a public hearing on the tentative budget and the proposed tax rates within five days of its advertisement, and officially adopts the tentative budget and tax rates at the hearing. Thereafter, the Property Appraiser prepares tax millage notices for property owners within the District. The final budget and tax rate are fixed in September of each year, following a final public hearing and in accordance with statutory timelines. The Superintendent is responsible for preparing the preliminary and tentative budgets for recommendation to the School Board. Generally, the final budget is substantially the same as the tentative budget since the School Board's hiring plans and materials purchases have been determined before the final Budget is adopted. The School Board adopted the final budget for the Fiscal Year 2019-20 on September 8, 2019.

Millage Rollback Legislation. In 2007, the Florida Legislature adopted a property tax plan that significantly impacted ad valorem tax collections for State local governments (the "Millage Rollback Legislation"). One component of the Millage Rollback Legislation required counties, cities, and special districts to rollback their millage rates for the Fiscal Year 2007-08 to a level that, with certain adjustments and exceptions, would generate the same level of ad valorem tax revenue as in Fiscal Year 2006-07; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates were determined after first

reducing 2006-07 ad valorem tax revenues by 0% to 9%. In addition, the Rollback Legislation also limited how much the aggregate amount of ad valorem tax revenues may increase in future fiscal years. A local government may override certain portions of these requirements by a supermajority, and for certain requirements, a unanimous vote of its governing body. School districts are not required to comply with the particular provisions of the Millage Rollback Legislation relating to limitations on increases in future years.

District Millage Rates. The following table contains historical and current millage levies for the School District:

Historical Millage

The following table contains historical and current millage levies for the School District:

	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
Required Local Effort	4.658	4.348	4.166	3.881	3.719
Discretionary Local Effort	0.748	0.748	0.748	0.748	0.748
Local Referendum ⁽¹⁾	0.000	0.000	0.000	0.000	0.000
Operating Millage	<u>5.406</u>	<u>5.096</u>	<u>4.864</u>	<u>4.626</u>	<u>4.467</u>
Debt Service	0.000	0.000	0.000	0.000	0.000
Capital Outlay	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>
TOTAL	<u>6.906</u>	<u>6.596</u>	<u>6.414</u>	<u>6.129</u>	<u>5.967</u>

⁽¹⁾ Authorized pursuant to Section 1011.71(9), Florida Statutes. See "OPERATING REVENUES OF THE DISTRICT – Local Revenue Sources" herein.
Source: The School Board of Hillsborough County, Florida.

See "OPERATING REVENUES OF THE DISTRICT – Local Revenue Sources" herein for additional information on the various operating millages authorized to be levied by the school districts.

In addition to the millage levies for operating purposes, pursuant to Section 1011.71, Florida Statutes, school boards may set an additional non-voted millage known as the "Capital Improvement Tax" for capital outlay and maintenance purposes of up to 1.50 mills. If the revenues generated from the Capital Improvement Tax are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating millage levy may be used to make such lease payments. If the revenue from the 1.50 mills is insufficient to make payments due under a lease purchase agreement entered into prior to June 30, 2009, or to meet other critical school district fixed capital outlay needs, a school board may levy up to an additional 0.25 mills of Capital Improvement Tax in addition to the 1.50 mills, in lieu of levying an equivalent amount of the discretionary mills for operations. Prior to July 1,

2012, payment from the Capital Improvement Tax for lease-purchase agreements for educational facilities and sites were not permitted to exceed three-fourths of the proceeds of the Capital Improvement Tax. However, effective July 1, 2012, the 75% limitation on the use of Capital Improvement Tax revenues for lease-purchase agreements originally entered into prior to June 30, 2009 was waived. See also, "RECENT GOVERNMENTAL ACTIONS AND OTHER EVENTS AFFECTING DISTRICT REVENUES - Distribution of Capital Outlay Funds to Charter Schools" for information regarding recent legislation requiring school districts to share Capital Improvement Tax revenues with charter schools in such school districts.

Each respective millage rate, except as limited by law, is set on the basis of estimates of revenue needs and the total taxable property values within the taxing authority's respective jurisdiction. Revenues derived from ad valorem property taxes are budgeted, as required by Florida law, on the application of millage levies to 96 percent of the non-exempt assessed valuation of property in the County. Ad valorem taxes are not levied in excess of actual budget requirements.

Tax Collection and Distribution by Tax Collector

General. All real and tangible personal property taxes are based on assessed values as certified and delivered to the Tax Collector by the Property Appraiser as described above. The Tax Collector mails to each property owner on the tax roll a tax bill for the taxes levied by the various taxing authorities in the County. Taxes may be paid upon receipt of such notice with discounts at the rate of 4% if paid in the month of November, 3% if paid in the month of December, 2% if paid in the month of January, and 1% if paid in the month of February. Taxes paid during the month of March are without discount. Because of the discount in ad valorem taxes for payments made prior to March 1, taxes collected will likely never be 100% of the tax levy.

The Tax Collector is required to distribute the taxes collected to each governmental unit levying the tax. Such distribution is to be made four times during the first two months after the tax roll comes into its possession, and once per month thereafter.

Delinquent Taxes. All unpaid taxes on real and tangible property become delinquent on April 1 of the year following the year in which taxes were levied. Delinquent real property taxes bear interest at the rate of 18% per year from April 1 until paid, or until payment is no longer required or until a tax certificate is sold at auction (from which time the interest rate shall be as bid by the buyer of the tax certificate). Delinquent tangible personal property taxes also bear interest at the rate of 18% per year from April 1 until paid. Delinquent personal property taxes must be advertised within 45 days after delinquency, and after May 1, the property is subject to warrant, levy, seizure and sale.

Tax Certificates and Tax Deeds. On or before June 1 or the 60th day after the date of delinquency, whichever is later, the Tax Collector must advertise once each week for

three weeks and must sell tax certificates on all real property that is the subject of delinquent taxes. The tax certificates are sold to those bidding the lowest interest rate. Such certificates include the amount of delinquent taxes, the penalty interest accrued thereon and the cost of advertising. Delinquent tax certificates not sold at auction become the property of the County. State law provides that real property tax liens are superior to all other liens, except prior Internal Revenue Service liens.

To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate shown on the tax certificate (or interest at the rate of 5%, whichever is higher) from the date of the sale of the tax certificate to the date of redemption. If such tax certificates or liens are not redeemed by the property owner within two years, the holder of the tax certificates can cause the property to be sold to pay off the outstanding certificates and the interest thereon.

At any time after two years have elapsed since April 1 of the year of the issuance of a tax certificate and before the expiration of seven years, the holder of the tax certificate may apply for a tax deed with respect to any tax certificate it holds. Two years after such April 1, the County may make application for a tax deed with respect to any tax certificate it holds. Upon receipt of such applications, a public sale is advertised and held (unless the property is redeemed), and the highest bidder at such sale receives a tax deed for the property. Provisions are also made for the collection of delinquent tangible personal property taxes, but in a different manner, which includes the possible seizure of the tangible personal property.

Exemptions from Ad Valorem Taxation

General. State law provides for numerous exemptions and limitations on ad valorem taxation of real property and tangible personal property. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, literary, charitable, scientific, and governmental uses. Certain additional exemptions and limitations are described below. This description does not purport to describe all exemptions available to property owners in the State, and reference is made to the Constitution of the State of Florida and Chapter 196, Florida Statutes, for a full description of such exemptions. In addition, State law allows for, but does not mandate, the imposition of some exemptions by local governments by ordinance. Certain recent amendments to existing provisions relating to ad valorem tax exemptions are described under "Legislation Regarding Ad Valorem Taxes – Recent Amendments Relating to Ad Valorem Taxation" below.

Constitutional Exemptions. The Constitution of the State of Florida provides for the following exemptions from ad valorem taxation:

Exempt Entities/Exempt Purposes. The Constitution of the State of Florida provides that all property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as are used predominantly for educational, literary, scientific, religious or charitable purposes (exempt purposes) may be exempted by general law from taxation. State law provides that all property owned by an exempt entity, including educational institutions, and used exclusively for exempt purposes shall be totally exempt from ad valorem taxation and all property owned by an exempt entity, including educational institutions, and used predominantly for exempt purposes (at least 50%) shall be exempted from ad valorem taxation to the extent of the ratio that such predominant use bears to the nonexempt use.

Household Goods and Personal Effects. The Constitution of the State of Florida provides that there shall be exempt from taxation, cumulatively, to every head of a family residing in the State, household goods and personal effects to the value fixed by general law, not less than \$1,000 and to every widow or widower or person who is blind or totally and permanently disabled, property to the value fixed by general law not less than \$500. State law exempts from taxation to every person residing and making his or her permanent home in the State, all household goods and personal effects and exempt property up to the value of \$500 of every widow, widower, blind person, or totally and permanently disabled person who is a resident of the State.

Tangible Personal Property and Renewable Energy Devices. The Constitution of the State of Florida provides that by general law and subject to conditions specified therein, \$25,000 of the assessed value of property subject to tangible personal property tax shall be exempt from ad valorem taxation. Effective January 1, 2018 through December 31, 2037, the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law.

Property Dedicated In Perpetuity for Conservation. The Constitution of the State of Florida provides that there shall be granted an ad valorem tax exemption for certain real property dedicated in perpetuity for conservation purposes, including real property encumbered by perpetual conservation easements or by other perpetual conservation protections, as defined by general law.

Homestead Exemption. The Constitution of the State of Florida provides for a homestead exemption. Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is eligible to receive a homestead exemption of up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption, up to \$25,000, applicable to the assessed value of the property

between \$50,000 and \$75,000, applies to all levies other than school district levies. A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency, or residency of another legally or naturally dependent upon the owner, is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption. In addition to the general homestead exemption described in this paragraph, the following additional homestead exemptions are authorized by State law.

Certain Active Duty Military and Veterans. A military veteran who was honorably discharged, is a resident of the State, and who is disabled to a degree of 10% or more because of misfortune or while serving during wartime may be entitled to a \$5,000 reduction in the assessed value of his or her property. This exemption is not limited to homestead property.

Permanently and Totally Disabled Veterans. A military veteran who is a resident of the State and was honorably discharged with a service-related total and permanent disability may be eligible for a total exemption from taxes on property they own and use as their homesteads. A similar exemption is available to disabled veterans confined to wheelchairs. Under certain circumstances, the veteran's surviving spouse may be entitled to carry over these exemptions.

Discounts for Disabled Veterans. Each veteran who is age 65 or older and is partially or totally permanently disabled may receive a discount on the assessed value of the property that the veteran owns and uses as a homestead. The discount is a percentage equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Veteran's Affairs.

Deployed Military Personnel. Each person who receives a homestead exemption; who was a member of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard; and who was deployed during the preceding calendar year on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the Florida Legislature shall receive an additional exemption equal to a percentage of the taxable value of his or her homestead property. The applicable percentage shall be calculated as the number of days during the preceding calendar year the person was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature divided by the number of days in that year.

Exemption for Disabled First Responders. First responders who are totally and permanently disabled as a result of injuries sustained in the line of duty receive ad valorem tax relief on their homestead property. The amount of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the homestead property. Florida defines first responders as law enforcement officers, correctional officers, firefighters, emergency medical technicians and paramedics.

Survivors of First Responders. Any real estate that is owned and used as a homestead by the surviving spouse of a first responder (law enforcement officer, correctional officer, firefighter, emergency medical technician or paramedic), who died in the line of duty may be granted a total exemption on homestead property if the first responder and his or her surviving spouse were permanent residents of the State on January of the year in which the first responder died.

Certain Totally and Permanently Disabled Persons. Any real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt from all ad valorem taxation. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt from taxation if the gross household income is below statutory limits.

Other Exemptions. Other exemptions include, but are not limited to, nonprofit homes for the aged (subject to income limits for residents), proprietary continuing care facilities, not for profit sewer water/waste water systems, certain hospital facilities and nursing homes for special services, charter schools, certain historic property used for commercial purposes, and certain tangible personal property.

Legislation Relating to Ad Valorem Taxation

Recent Amendments Relating to Ad Valorem Taxation. In recent legislative sessions, several legislative proposals and constitutional amendments were passed affecting ad valorem taxation, including classification of agricultural lands during periods of eradication or quarantine, deleting requirements that conservation easements be renewed annually, providing that just value of real property shall be determined in the first tax year for income restricted persons age 65 or older who have maintained such property as the permanent residence for at least 25 years, authorizing a first responder who is totally and permanently disabled as a result of injuries sustained in the line of duty to receive relief from ad valorem taxes assessed on homestead property, revising procedures with respect to assessments, hearings and notifications by the value adjustment board, and revising the interest rate on unpaid ad valorem taxes.

Proposed Constitutional Amendments Relating to Ad Valorem Taxation. During the 2020 Florida legislative session, a constitutional amendment was proposed by the Legislature which would extend the discount on ad valorem taxes provided to certain honorably discharged veterans to their spouses (the "Surviving Spouse Exemption"). Specifically, the Surviving Spouse Exemption would allow the same ad valorem tax discount on homestead property for combat-disabled veterans age 65 or older to transfer to the surviving spouse of a veteran receiving the discount if the surviving spouse holds the legal or beneficial title to the homestead, permanently resides thereon, and does not remarry. The Surviving Spouse Exemption will be voted on at the November 2020 general

election and must be approved by 60% of the electorate voting in such election. If approved, such amendment would take effect on January 1, 2021.

During the 2020 Florida legislative session, a constitutional amendment was proposed by the legislature which would extend the period for a homestead property owner to transfer a prior Save Our Homes Benefit to a new homestead from two years to three years (the "Portability Amendment"). If approved by the voters, a homeowner who establishes a new homestead as of January 1 would be able to have the new homestead assessed at less than just value if the homeowner received a prior homestead exemption as of January 1 of any of the immediately preceding three years. The Portability Amendment will be voted on at the November 2020 general election and must be approved by 60% of the electorate voting in such election. If approved, such amendment would take effect on January 1, 2021.

Future Amendments Relating to Ad Valorem Taxation. Historically, various legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in each session of the Florida Legislature. Many of these proposals have provided for new or increased exemptions to ad valorem taxation and limited increases in assessed valuation of certain types of property or otherwise restricted the ability of local governments in the State to levy ad valorem taxes at current levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would have a material adverse effect upon the collection of ad valorem taxes by the District, the District's finances in general or the District's ad valorem taxing power.

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Property Tax Levies and Collections

The following table shows the tax levies and collections of the District for the last ten years.

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected to End of Tax Year		Delinquent Collections ⁽¹⁾	Collected in Fiscal Year	
		Current Tax Collections ⁽¹⁾	Percent of Levy		Total Collections ⁽¹⁾	Percent of Levy
2020	\$692,474,863	\$664,204,937	95.92%	\$1,120,979	\$665,325,916	96.08%
2019	667,341,930	639,994,245	95.90	1,125,243	641,119,488	96.07
2018	623,746,368	598,702,459	95.99	668,706	599,371,165	96.09
2017	601,253,945	577,457,540	96.04	1,346,771	578,804,312	96.27
2016	585,846,513	562,013,067	95.93	1,408,877	563,421,944	96.17
2015	551,207,182	529,052,460	95.98	1,502,351	530,554,811	96.25
2014	538,166,770	515,483,196	95.79	4,151,492	519,634,688	96.56
2013	521,066,245	497,507,461	95.48	6,707,034	504,214,495	96.77
2012	535,661,273	512,201,737	95.62	2,563,795	514,765,532	96.10
2011	537,023,488	508,048,259	94.60	4,153,742	512,202,011	95.38

N/A =Information not available.

Source: The School District of Hillsborough County, Florida Comprehensive Annual Financial Report for Year Ended June 30, 2019. Fiscal Year 2020 figures provided by the School District of Hillsborough County, Florida.

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Principal Property Taxpayers

The following unaudited table shows the principal property taxpayers within the County, the taxable valuation (for County purposes) and the percent of total taxable value applicable for the fiscal years that ended in 2018 and 2009.

Hillsborough County Florida Principal Taxpayers 2018 and 2009

Taxpayer	Type of Business	2018			2009		
		Taxes Levied <i>in thousands</i>	Rank	Percentage of Total Taxes Levied	Taxes Levied <i>in thousands</i>	Rank	Percentage of Total Taxes Levied
Tampa Electric Company	Electric Utility	\$47,783	1	2.2%	\$32,380	1	1.9%
Hillsborough County Aviation Authority	Airport	15,360	2	0.7	11,040	--	0.6
Frontier Communications Inc.	Telecommunications	9,366	3	0.4	--	7	--
Highwoods / Florida Holding LP	Real estate Management	8,717	4	0.4	4,391	9	0.3
Mosaic Company	Mining, fertilizer & chemicals	7,804	5	0.4	4,206	--	0.2
Post Apartment Homes LP	Real Estate	6,707	6	0.3	4,585	--	0.3
Westfield	Shopping Malls	6,234	7	0.3	--	--	--
Wal-Mart	Retail Sales	4,909	8	0.2	4,048	--	0.2
Metropolitan Life	Insurance	4,540	9	0.2	--	--	--
Eastgroup Properties	Real estate	4,081	10	0.2	--	--	--
Verizon Communications Inc.	Communications	--	--	--	26,455	--	1.5
Liberty Property	Property Management	--	--	--	4,913	--	0.3
Camden Operating LP	Real estate	--	--	--	6,475	8	0.4
Brighthouse Networks	Communications	--	--	--	3,432	--	0.2
		<u>\$115,501</u>		<u>5.3%</u>	<u>\$101,925</u>		<u>5.9%</u>

Source: Comprehensive Annual Financial Report of Hillsborough County, Florida for the Fiscal Year ended September 30, 2019.

RECENT GOVERNMENTAL ACTIONS AND OTHER EVENTS AFFECTING DISTRICT REVENUES

General

During recent years, various other legislative proposals and constitutional amendments relating to ad valorem taxation and District revenues have been introduced in the State Legislature. Many of these proposals provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. Other proposals have sought to restrict the ability of local governments to use certain revenues for payment of debt service or provide for additional procedures and notices to issue tax-supported debt. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District or its finances.

Reference is also made to "AD VALOREM TAX PROCEDURES – Exemptions from Ad Valorem Taxation" and "AD VALOREM TAX PROCEDURES – Recent Amendments Relating to Ad Valorem Taxation" herein for a discussion of recent amendments to the Florida Constitution and other legislation affecting ad valorem tax revenues.

Constitutional Amendments Related to Class Size Reduction

Amendment 9 to the State Constitution required the State Legislature provide funding for sufficient classrooms so that class sizes can be reduced to certain constitutional class size maximums by the beginning of the 2010 school year. Amendment 9 and Section 1003.03, Florida Statutes and Section 1013.735, Florida Statutes, relating to the implementation of Amendment 9 are referred to herein as the "Class Size Legislation."

The Class Size Legislation established constitutional class size maximums limiting students per class to no more than 18 for pre-kindergarten through 3rd grade, 22 for grades 4 through 8 and 25 for grades 9 through 12. Compliance is determined on a period-by-period basis. In the event a school district is not in compliance with such requirements (based on October student enrollment), the legislation provides that the State shall reduce the class size funding, which can be adjusted for good cause. For those school districts that are in compliance with the constitutional amendment, a reallocation bonus of up to 5% of the base student allocation shall be distributed. School districts not in compliance are required to submit to the Commissioner of Education a corrective action plan that describes specific actions the district will take in order to fully comply with the requirements by October of the following year. If the district submits the certified plan by the required

deadline, 75% of the funds remaining after the reallocation to school districts will be reallocated based upon each school district's proportion of the total reduction.

The Class Size Legislation further created an "Operating Categorical Fund for Class Size Reduction," the "Classroom for Kids Program," the "District Effort Recognition Grant Program" and the "Class Size Reduction Lottery Revenue Bond Program" to provide funding for capital outlays and operating expenditures necessary in relation to these mandated class size reductions.

The Class Size Legislation requires each school board to consider implementing various policies and methods to meet these constitutional class sizes, including encouraging dual enrollment courses, encouraging the Florida Virtual School, maximizing instructional staff, reducing construction costs, using joint-use facilities, implementing alternative class scheduling, redrawing attendance zones, implementing evening and multiple sessions and implementing year-round and non-traditional calendars.

Through Fiscal Year 2009-10, the District complied with the requirements of the Class Size Legislation which was based on average class size at each school. Beginning in Fiscal Year 2010-11, the requirements were based on the number of students in each individual classroom and subsequently, schools that provided choice (e.g., charter, magnet, career and technical, etc.) continued to be required to meet average class size at each school. As of the October 2019 Survey, the week during which the Department of Education determines compliance with class size maximums, the District had 100% of the schools in compliance. The District expects to be in compliance with the class size requirements for Fiscal Year 2020-21.

Legislative Changes Relating to School Choice

During the State Legislature's 2016 Regular Session, the Florida Legislature enacted House Bill 7029 ("HB 7029"). Among other things, a parent whose child is not subject to a current expulsion or suspension order may seek enrollment in and transport his or her child to any public school in the State, including a charter school, which has not reached capacity. The school district or charter school shall accept and report the student for purposes of funding through the FEFP. The school district or charter school may provide student transportation at their discretion. HB 7029 requires the capacity determinations of each school district and charter school to be current and identified on their respective school websites. Each school must provide preferential treatment in its controlled open enrollment process to: (1) dependent children of active duty military personnel who moved as a result of military orders, (2) children relocated due to foster care placement in a different school zone, (3) children relocated due to a court ordered change in custody as a result of separation or divorce, or the serious illness or death of a parent, and (4) students residing in the school district. Students residing in the school district may not be displaced by a student from another school district. A student who transfers may remain at the school until the student completes the highest grade level offered. This amendment will take effect

with the 2017-18 school year. At present, the impact of the school choice provisions of HB 7029 on the District's finances has been minimal.

HB 7029 also revises the method for enforcing compliance with the Class Size Legislation to clarify that for purposes of enforcing compliance, the calculating is based upon the statutory formula used to determine the reduction in class size categorical funding for noncompliance. At present, it is not anticipated that the Class Size Legislation compliance enforcement provisions of HB 7029 will have any significant impact on the District's finances.

Distribution of Capital Outlay Funds to Charter Schools

During the Florida Legislature's 2017 Regular Session, the Florida Legislature passed HB 7069 ("HB 7069") which, among other things, requires school districts to distribute local capital outlay funds from the Capital Improvement Tax to charter schools. HB 7069 establishes the calculation methodology to determine the amount of local capital outlay funds from the Capital Improvement Tax a school district must distribute to each eligible charter school. Such calculation provides that the amount of local capital outlay funds from the Capital Improvement Tax a school district must distribute to each eligible charter school will be reduced by the school district's annual debt service obligation incurred as of March 1, 2017, and required the first payment to charter schools as of February 1 of each year.

On March 11, 2018, then Governor Rick Scott approved Committee Substitute for House Bill 7055 ("CS/HB 7055"). CS/HB 7055, among other things, revises certain of the requirements of HB 7069 relating to the required sharing of the Capital Improvement Tax revenues with charter schools. CS/HB 7055, among other things, specifies that charter school capital outlay funds shall consist of State funds when such funds are appropriated. However, if in any given year, the amount of State funds is not equal to, or is less than, the average charter school capital outlay funds per unweighted FTE student for the 2018-2019 Fiscal Year, multiplied by the estimated number of charter school students for the applicable fiscal year and adjusted for inflation from the previous year, charter school capital outlay funds shall also consist of the Capital Improvement Tax revenue. CS/HB 7055 also seeks to clarify that the debt service obligation that can be reduced from the distribution to charter schools is the debt service obligation incurred as of March 1, 2017, which has not been subsequently retired, and also requires each school district to annually certify to the State of Florida Department of Education the amount of the debt service obligation that can be reduced from the distribution to charter schools. The provisions of HB 7069 were subject to lawsuits filed by certain affected school boards, including the School Board. The provisions of HB 7069 were upheld at the trial court in one of the lawsuits filed by the School Board and other plaintiff school boards (collectively, the "Plaintiff School Boards"). That case was appealed to the First District Court of Appeals by the by the Plaintiff School Boards. On August 29, 2019, the First District Court of Appeals upheld the legality of HB 7069 in the case brought by the Plaintiff School Boards.

On September 27, 2019, certain of the Plaintiff School Boards filed a notice to invoke the discretionary jurisdiction of the Florida Supreme Court in order to appeal such decision. On April 7, 2020, the Florida Supreme Court declined to accept jurisdiction in the case. Another case brought by many of the same Plaintiff School Boards was dismissed with prejudice pursuant to a joint stipulation of the parties. The third lawsuit challenging HB 7069, brought by The School Board of Palm Beach County, Florida, has been stayed by the trial court pending the appeal of the Plaintiff School Boards case. The final outcome of the remaining lawsuit cannot be determined at this time. Even if these provisions of HB 7069 are ultimately upheld, they are not expected to adversely affect the ability of the School Board to make Basic Lease Payments. At this time, the School Board cannot determine the long-term impact of HB 7069, as revised by CS/HB 7055, on the amount of revenues available to the School Board from the Capital Improvement Tax. For the 2018-2019 Fiscal Year, there was no impact on the District as the 2018-2019 Fiscal Year provides the baseline State funding for determining whether charter schools receive any Capital Improvement Tax revenues in future years. For the 2019-2020 Fiscal Year, sufficient State charter school capital outlay funds per FTE student were appropriated so that the District was not required to share any Capital Improvement Tax revenues with charter schools in the District in the 2019-2020 Fiscal Year. The State 2020-2021 Fiscal Year education budget also provides for sufficient State charter capital outlay funds per FTE student such that the District will not be required to share any Capital Improvement Tax revenues with charter schools in the District in the 2020-2021 Fiscal Year. However, no assurance can be given that the State 2020-2021 education budget will not be revised to reduce charter school capital outlay funds per FTE student due to an expected decline in State revenues as a result of the coronavirus pandemic. See "- Coronavirus (COVID-19)" below.

Schools of Hope

In addition to requiring school districts to share the Capital Improvement Tax revenue with charter schools, HB 7069 also establishes the Schools of Hope Program to encourage traditional public schools within the State and charter operators throughout the country to replicate their model and service students from persistently low-performing schools and students who reside in a Florida Opportunity Zone (as defined therein). These HB 7069 provides for the establishment of Schools of Hope, which are charter schools operated by a Hope Operator to service students from one or more persistently low-performing schools; are located within a Florida Opportunity Zone or in the attendance zone of the persistently low-performing school or within a five mile radius of such school, whichever is greater; and is a Title I eligible school. Section 1002.333, Florida Statutes, defines "persistently low-performing schools" as schools that have earned three consecutive school grades below a "C" pursuant to Section 1008.34, Florida Statutes, in at least three of the previous five years and has not earned a school grade of "B" or higher in the most recent two school years, and a school that was closed pursuant to Section 1008.33(4), Florida Statutes within two years of a notice of intent, and defines "Hope

Operators" as nonprofit organizations that operate three or more charter schools with a record of serving students from low-income families and receives such designation from the FDOE. Pursuant to HB 7069, the statutory requirements for the application, approval, and contract that apply to charter schools do not apply to Schools of Hope; instead, a Hope Operator submits a notice of intent to a school district in order to open a School of Hope and the school district is required to enter into a performance based agreement with a Hope Operator within 60 days of receiving a notice of intent.

In addition, HB 7069 also (a) provides Schools of Hope with certain statutory authority, including, but not limited to, allowing a School of Hope to be designated as a local educational agency for the purposes of receiving federal funds; (b) provides that Schools of Hope are exempt from Chapters 1000-1013, Florida Statutes, and all school board policies, except any laws related to (i) the student assessment program and school grading system, (ii) student progression and graduation, (iii) provisions of services to students with disabilities, (iv) civil rights, (v) student health, safety, and welfare, (vi) public meetings, (vii) public records, and (viii) the code of ethics for public officers and employees.; (c) provides provisions for facilities for Schools of Hope; (d) provides provisions for funding Schools of Hope, including that they be funded in accordance with the statutory provisions relating to funding for charter schools and be considered a charter schools for purposes of charter school capital outlay; (e) establishes the School of Hope Program to cover specified operational expenses for Schools of Hope; and (f) establishes the Schools of Hope Revolving Loan Program to help Schools of Hope cover school building construction and startup costs.

The District has 43 schools (including charter two schools) that are considered "persistently low-performing schools" under HB 7069. At this time, the School Board cannot determine what impact HB 7069 will have on the District or any "persistently low-performing schools" therein.

Public Safety Mandate

In 2018, the Florida Legislature passed Senate Bill 7026 ("SB 7026") which, among other things, includes provisions designed to: enhance school safety policies, procedures, and personnel at the State and local level; improve and expand mental health services; and revise laws and empower law enforcement and the courts to limit access to firearms by young adults or by individuals exhibiting a risk of harming themselves or others. Specifically, SB 7026 requires each school board and superintendent to partner with law enforcement agencies to establish or assign one or more safe-school officers at each school facility within the district by implementing any combination of the following options: (a) establish school resource officer programs through cooperative agreements with law enforcement agencies; (b) commission one or more school safety officers for the protection and safety of school personnel, property, and students within the school district; (c) at a school district's discretion, and if established by the sheriff's office, participate in the Guardian Program, which allows certain school employees (but not employees who

exclusively perform classroom duties as classroom teachers) to carry a firearm on school grounds if such employee volunteers and completes the statutorily required training. During the 2019 Legislative session, the State Legislature passed CS/CS/SB 7030 ("SB 7030") which among other things, removes the prohibition on individuals who perform exclusively classroom duties as a teacher from participating in the Guardian Program. However, the decision to allow teachers to be armed guardians remains with each individual school board. The District does not plan to arm its teachers under the Guardian Program. For Fiscal Year 2019-20, the Florida Department of Education allocated \$11,019,937.00 to the District for school safety, an increase of \$1,025,591. Of this, approximately \$1,415,641.82 was allocated to charter schools. The remaining \$9,604,295.18 was applied to the total cost of implementing SB 7026, which was approximately \$9,994,357. The additional cost to the District was funded from the general fund. The District has established a school resource officer program through cooperative agreements with law enforcement agencies while hiring and training its own school resource officers.

Coronavirus (COVID-19)

The Novel Coronavirus 2019 ("COVID-19") pandemic, along with various governmental measures taken to protect public health in light of the pandemic, has had an adverse impact on global financial markets and economies, including financial markets and economic conditions in the United States. The impact of the COVID-19 pandemic on the U.S. economy is expected to be broad based and to negatively impact national, state and local economies. In response to such expectations, President Trump on March 13, 2020, declared a "national emergency," which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation.

On March 9, 2020, Florida Governor Ron DeSantis declared a state of emergency in Florida due to the spread of COVID-19 (the "Gubernatorial Disaster Proclamation"). In addition, the Governor signed various executive orders that have, among other effects, (i) closed all bars and restaurants to dine-in customers, (ii) suspended new reservations for vacation rentals through April 30, 2020 and (iii) issued a "Safer at Home" order which closes non-essential businesses and prohibits all public and private gatherings of 10 people or more for the duration of the Gubernatorial Disaster Proclamation, other than for religious activities. On April 29, 2020, Governor DeSantis announced that many parts of Florida, excluding Palm Beach, Broward and Miami-Dade counties, could begin phase one of the reopening process on May 4, 2020, which allowed, among other things, elective surgeries to resume, restaurants to offer outdoor seating while practicing safe social distancing and indoor seating at 25% capacity and retail establishments to operate at 25% of indoor capacity. Effective May 18, 2020, most of Florida, including the County, began full phase one reopening, which, among other things, allows restaurants, museums, libraries and retail establishments to operate at 50% capacity, and gyms to reopen at 50% capacity. On June

5, 2020, most of Florida, including the County, entered Phase 2 of reopening with bars and movie theaters, among others, reopening at 50% capacity and restaurants, retail establishments and gyms allowed to operate at full capacity, and gatherings of up to 50 people permitted. However, on June 26, 2020, due to significant increases in COVID-19 cases, the State suspended on-premise consumption of alcohol at bars, but lifted such suspension, effective September 14, 2020. On September 25, 2020, Governor DeSantis issued an executive order moving the State to the final phase of reopening. The executive order, among other things, lifts all restrictions on restaurants and other businesses in the State, although local governments may limit capacity at restaurants to between 50-100% for public health reasons.

The State's finances are likely to be adversely affected by the continued spread of COVID-19, the various governmental actions in response thereto and changes in the behavior of businesses and people. The State derives a significant portion of its annual revenues from the collection of sales tax. The impact of COVID-19 is expected to result in significant decreases in state and local sales tax revenues as a result of decreased tourism and commercial activity throughout the State. The State has released a voluntary disclosure on the impacts of COVID-19, which is available on the State of Florida Division of Bond Finance website. The District currently cannot predict what impact this will have on the level of State funding the District receives or on the District's collection of local revenues, including Pledged Revenues, or its credit rating. See "OPERATING REVENUES OF THE DISTRICT" herein.

On March 17, 2020, the Florida Department of Education issued guidance closing all schools in the State through April 15, 2020, which was subsequently extended to May 1, 2020. Commencing March 30, 2020, the District began distance learning for its students. Additionally, all employees have been advised to work from home. On April 18, 2020, Governor DeSantis announced all schools in Florida would remain closed for the remainder of the 2019-20 school year. While the District schools were physically closed to students, instruction and services to students continued at all schools through the end of the 2019-20 school year. All District faculty prepared plans that continued instructional delivery and the District had in place an operational strategy for all essential operations through the end of the 2019-20 school year. To date, there has been no short-term adverse impact on the revenues of the District as a result of school closings and distance learning and the District's expenses for Fiscal Year 2019-20 are not expected to be materially affected.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was signed into law. Among other provisions, the CARES Act created an Education Stabilization Fund to support K-12 schools and colleges and universities during the COVID-19 outbreak. The Educational Stabilization Fund includes a total of \$30.75 billion in relief divided into three separate pools: 1) funds to K-12 schools; 2) funds to higher education; and 3) and funds to governors. Florida is projected to receive

approximately \$770.2 million in funds for K-12 schools, approximately \$873.8 million in funds for higher education and approximately \$173 million in funds to the Governor for use as grants to local educational agencies. Funds for K-12 schools are expected to be distributed to school districts and charter schools based on their share of Title I-A funds. Based on preliminary estimates, the District expects to receive approximately \$65.6 million of such CARES Act funds. However, such funds are required to be shared with private schools and charter schools in the County. Funds to local districts can be used for coronavirus-response activities, such as planning for and coordinating during long-term school closures, purchasing educational technology to support online learning for all students, and additional activities authorized by federal elementary and secondary education laws. Funds in the Governor's Education Relief Fund can be used at the Governor's discretion to provide emergency support grants to K-12 schools, colleges and universities and childcare/early education providers. The CARES Act requires that any entity that receives funds from the education stabilization fund must continue to pay its employees and contractors to the extent practicable during the period of any disruptions or closures related to coronavirus. The District cannot currently predict the full impact of the CARES Act on the District's operations.

On July 6, 2020, the Commissioner of the Florida Department of Education ("FDOE") issued an Emergency Order (the "Emergency Order") regarding, among other things, the reopening of brick and mortar schools for the 2020-21 school year and eliminating or adjusting certain State requirements to allow State revenues to be distributed to school districts for the Fall 2020 semester based on pre-COVID enrollment forecasts pursuant to the adopted State budget signed by Governor DeSantis. See "OPERATING REVENUES OF THE DISTRICT – State Revenues – State Budgets" herein. The Emergency Order requires all school boards to open brick and mortar schools at least five days per week for all students in order to provide a full panoply of services to families who wish to educate their children in traditional brick and mortar schools, subject to advice and orders of health experts. The Emergency Order also allows for alternative instructional approaches (i.e., distance learning and/or hybrid models) outside of the traditional in-person instruction and virtual school. Each school district providing for alternative instructional options must submit a plan to the Department of Education for approval in order to have students in such alternative instruction models count for purposes of State FEFP funding. Such alternative instructional plans must (1) ensure students receive the same number of instructional hours, the same content and same level of feedback and interaction that students in a physical setting would receive, (2) allow students to transition off the alternative plan and return to traditional in-person instruction and (3) share monitoring data to demonstrate the students learning remotely are progressing. The School Board allowed parents to select from three models for the 2020-21 school year – ranging from traditional full-time in-person school, MySchool Online (daily virtual interactions and lessons with teachers during the regularly scheduled school day), and Hillsborough Virtual K-12. The FDOE has approved the District's reopening plan. As such, FDOE will distribute State revenues to the District for the Fall 2020 semester based on the District's

Spring 2020 enrollment forecasts. However, the FDOE Emergency Order does not apply such waiver of FDOE rules for the Spring 2021 semester. Therefore, unless the FDOE Emergency Order is revised or extended, any decline in the enrollment levels of the District due to the COVID-19 pandemic or otherwise would result in a mid-year reduction of State revenues. At this time, the District estimates the potential impact of any such mid-year reduction to be approximately \$23.3 million. Further, there can be no assurance that the District's State funding will be as provided for in the currently approved budget or that such approved budget will not be amended during the course of the State's Fiscal Year 2020-21.

The Florida Education Association, the State's largest teachers union, has filed a lawsuit challenging the constitutionality of the Emergency Order, particularly the requirement to open brick and mortar schools. On August 24, 2020, the court granted a temporary injunction of the Emergency Order and found that the Emergency Order "is unconstitutional to the extent it arbitrarily disregards safety, denies local school boards decision making with respect to reopening brick and mortar schools, and conditions funding on an approved reopening plan with a start date in August." However, the court found the Emergency Order is constitutional if the unconstitutional provisions are removed and, therefore, struck all unconstitutional language from the Emergency Order. While the State has appealed the decision, the trial court judge has lifted the automatic stay on his order pending the appeal. It is expected that the State will ask the appellate court to stay the lower court order pending the appeal. At this time, the outcome of such appeal cannot be ascertained.

Due to the evolving nature of the outbreak and federal, State and local responses thereto, the long-term impacts of the COVID-19 crisis are unknown and dependent on factors such as the length of any shutdown or partial inaccessibility of school facilities, the extent to which the faculty and staff or the student population is directly affected and is unable to attend class, teach or provide services, and the impact on the economy as a whole within the State. The District cannot predict the amount of increased costs associated with the reopening of District schools, including whether there will be an increase in operational costs incurred to implement distance learning strategies or to clean, sanitize and maintain its facilities and the degree to which such increased costs may be offset with CARES Act funds or other federal funds. At this time, the School Board also cannot predict with certainty the impacts of the outbreak on the District's revenues for the 2020-2021 Fiscal Year, including whether there will be a reduction in State funding, a decline in student enrollment, a reduction in taxable assessed values of properties in the District, or a reduction in ad valorem tax collections (including Pledged Revenues).

Climate Change and Natural Disasters

The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on communities including the District. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate

change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the District. The economic impacts resulting from such extreme weather events could include a loss of revenue, interruption of service, and escalated recovery costs.

Cybersecurity

Computer networks and systems used for information transmission and collection are vital to the efficient operations of the District. District systems provide support to departmental operations and District services by collecting and storing sensitive information, including intellectual property, security information, proprietary business process information, information regarding suppliers and business partners, and personally identifiable information of students and employees (collectively, "Computer Information"). The secure processing, maintenance and transmission of Computer Information is critical to effective departmental operations and the appropriate provision of services. Increasingly, governmental entities are being targeted by cyber-attacks seeking to obtain Computer Information or disrupt critical services. A rapidly changing cyber risk landscape may introduce new vulnerabilities that attackers and hackers can exploit in their efforts to effect breaches or service disruptions. Employee error and/or malfeasance may also contribute to a loss of Computer Information or other system disruptions. The District considers security and privacy of computer information a high priority and utilizes best business practices to ensure its safety.

While District cybersecurity and operational safeguards are periodically tested, no assurances can be given that such measures will ensure against all cybersecurity threats or ensure the confidentiality, integrity, or availability of the District's computer system or the Computer Information. The potential disruption, access, modification, disclosure or destruction of Computer Information could result in the interruption of District services, the initiation of legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, and could cause a material disruption in the District's operations or the appropriate provision of District services. The costs of remedying any such damage or protecting against future attacks could be substantial and in excess of the maximum amount of the District's cyber risk insurance policy. Further, the litigation to which the District could be exposed following a cybersecurity breach could be significant, which could cause the District to incur material costs related to such legal claims or proceedings.

LITIGATION

Concurrently with the delivery of the Notes, Counsel to the School Board will deliver an opinion substantially to the effect that there is no litigation or other proceedings pending or, to the best of his knowledge, threatened against the School Board that seeks to restrain or enjoin the issuance or delivery of the Notes or this Official Statement or

questioning or affecting the validity of the Notes, the Official Statement or the proceedings of the School Board with respect to the authorization, sale, execution or issuance of the Notes or the transactions contemplated by this Official Statement or any other agreement or instrument to which the School Board is a party in connection therewith and which is used or contemplated for use in the transactions contemplated by this Official Statement and neither the creation, organization nor existence of the School Board is being contested.

The District is involved in certain litigation and disputes incidental to its operations. Upon the basis of information presently available, Counsel for the School Board believes that there are substantial defenses to such litigation and the disputes and that, in any event, any ultimate liability, in excess of applicable insurance coverage, resulting therefrom will not materially adversely affect the financial position or results of operations of the District.

NOTEHOLDER'S RISKS

The Notes are limited obligations of the District payable from the Pledged Revenues as described herein, and are not secured by the full faith, credit and taxing power of the District. Because the Notes are limited obligations, the sources of money pledged to secure payment of the Notes may be insufficient therefor, and the Noteholders would not be able to compel the levy of taxes (other than the taxes levied for operating purposes for the 2020-2021 Fiscal Year) or the institution of foreclosure proceedings against any property of the District to provide for payment of the Notes and the interest thereon. Certain factors may affect the adequacy of the Pledged Revenues to provide for payment of the Notes, and there can be no assurance that the Pledged Revenues will be adequate to provide for payment of the Notes and the interest thereon.

In particular, the adequacy of the Pledged Revenues to provide for repayment of the Notes depends upon (1) the ability of taxpayers in the County to pay the ad valorem taxes levied in 2020, (2) the percentage of collection of ad valorem taxes for the 2020-2021 Fiscal Year, (3) the receipt by the District of the federal and State funds upon which it depends, in part, for the funding of its operations for the current year, and (4) the absence of the need for extraordinary, unforeseen expenditures during the 2020-2021 Fiscal Year. These matters are largely dependent upon factors beyond the control of the District, and any adverse developments with respect to these or other factors could affect the ability of the District to pay the principal of and interest on the Notes.

FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report of The School Board of Hillsborough County, Florida for the Fiscal Year ended June 30, 2019, excerpted pages of which are appended hereto as Appendix B as part of this Official Statement, have been audited by

KPMG LLP, as set in their report dated November 22, 2019. The auditor has not performed any services relating to, and is therefore not associated with, the issuance of the Notes.

Audited financial statements for the Fiscal Year ended June 30, 2020 are not available as of the date hereof. Excerpted pages from the Superintendent's Annual Financial Report (Unaudited) of The School Board of Hillsborough County, Florida for the Fiscal Year Ended June 30, 2020 are also appended hereto as Appendix C as part of this Official Statement. The figures in such report are not audited and are subject to change during the auditing process.

UNDERWRITING

The Notes are being purchased by RBC Capital Markets, LLC (the "Underwriter") at an aggregate purchase price of \$74,999,232.00 (which consists of the par amount of the Notes of \$74,760,000.00 plus a note premium of \$239,232.00. The offer of the Underwriter to purchase the Notes provides for purchase of all of the Notes if any are purchased. The Underwriter intends to reoffer the Notes to the public at the price indicated on the cover page of this Official Statement, resulting in no compensation to the Underwriter.

The Underwriter may offer to sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

The District has retained Ford & Associates, Inc., Tampa, Florida, as financial advisor (the "Financial Advisor") with respect to the issuance and sale of the Notes. The Financial Advisor assisted in matters relating to the planning, structuring, and issuance of the Notes, and has provided additional advice. The Financial Advisor is not obligated to undertake nor has undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

NOTE RATING

Moody's Investors Service ("Moody's") has assigned its municipal bond rating of "MIG 1" to the Notes. An explanation of the significance of the rating may be obtained only from Moody's at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, (212) 553-0501. There is no assurance that the rating will be in effect for any given period of time or

that it will not be revised downward, suspended or withdrawn entirely by Moody's if in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of the rating given the Notes may have an adverse effect on the liquidity or market of the Notes.

TAX EXEMPTION

Opinion of Note Counsel

In the opinion of Note Counsel, the form of which is included as APPENDIX E hereto, under existing statutes, regulations, rulings and court decisions, the interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Failure by the School Board to comply subsequently to the issuance of the Notes with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), including but not limited to requirements regarding the use, expenditure and investment of Note proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Notes to become includable in gross income for federal income tax purposes retroactive to their date of issuance. The School Board has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Notes for purposes of federal income taxation. In rendering its opinion, Note Counsel has assumed continuing compliance with such covenants.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Notes, including among other things, restrictions relating to the use of investment of the proceeds of the Notes and the payment of certain arbitrage earnings in excess of the "yield" on the Notes to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Notes being included in gross income for federal income tax purposes retroactive to their date of issue.

Financial Institutions

Banks and thrift institutions are generally unable to deduct any portion of the interest expense allocable to purchasing or carrying tax-exempt obligations (except "qualified tax-exempt obligations") if such interest costs are incurred in taxable years ending after December 31, 1986, with respect to bonds after August 7, 1986. An exception is provided for "qualified tax exempt obligations" specifically designated as such by the issuer. The School Board has not designated the Notes as qualified tax-exempt obligations under Section 265(b)(3) of the Code.

Collateral Tax Consequences

Except as described above, Note Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Notes. Prospective purchasers of Notes should be aware that the ownership of Notes may result in other collateral federal tax consequences. For example, ownership of the Notes may result in collateral tax consequences to various types of corporations relating to (1) the branch profits tax, (2) the environmental tax, and (3) the inclusion of interest on the Notes in passive income for certain Subchapter S corporations. In addition, the interest on the Notes may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE NOTES AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE NOTEHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE NOTEHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

Interest on the Notes may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Notes should consult their own tax advisors as to the income tax status of interest on the Notes in their particular state and local jurisdictions.

During recent years legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Notes. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Notes. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Notes and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Notes.

Original Issue Premium

Certain of the Notes (the "Premium Notes") may be offered and sold to the public at a price in excess of the principal amount of such Premium Notes, which excess constitutes to an initial purchaser amortizable note premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable note premium

for a taxable year is determined actuarially on a constant interest rate basis over the term of the Premium Notes which term ends on the earlier of the maturity or call date for each Premium Note which minimizes the yield on said Premium Notes to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Note, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Note annually by the amount of amortizable note premium for the taxable year. The amortization of note premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Notes. The federal income tax consequences of the purchase, ownership and sale or other disposition of Premium Notes which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of the Premium Notes are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Notes.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Notes are subject to an approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Note Counsel, whose approving opinion (a form of which is attached hereto as APPENDIX E) will be available at the time of delivery of the Notes. The actual legal opinion to be delivered by Note Counsel may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Note Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date. Certain legal matters will be passed on for the School Board by its Counsel, Akerman LLP, Tampa, Florida.

FORWARD LOOKING STATEMENTS

This Official Statement contains statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," "budgeted" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Among the factors that may cause projected revenues and expenditures to be materially different from those anticipated are an inability to incur debt at assumed rates, factors affecting ad valorem revenues, federal legislation and/or regulations, and regulatory and other restrictions. Any forecast is subject to such uncertainties. Therefore, there are likely to be differences between budgets and actual results, and those differences may be material.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder require that the District make a full and fair disclosure of any bonds or other debt obligations of such entity that have been in default as to principal or interest at any time after December 31, 1975, as provided by rule of the Florida Department of Banking and Finance (the "Department"). Pursuant to Rule 69W-400.003, Florida Administrative Code, the Department has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the District, and certain additional financial information, unless the District believes in good faith that such information would not be considered material by a reasonable investor. The District is not and has not been in default on any bond issued since December 31, 1975 which would be considered material by a reasonable investor.

CONTINGENT FEES

The School Board has retained Note Counsel and the Financial Advisor, with respect to the authorization, sale, execution and delivery of the Notes. Payment of each fee of such professionals is each contingent upon the issuance of the Notes.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Noteholders to provide notices of the occurrence of certain enumerated material events. Such covenant shall only apply so long as the Notes remain outstanding under the Resolution. The covenant shall also cease upon the termination of the continuing disclosure requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule") by legislative, judicial or administration action. The notices of material events will be filed by the District with the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access System described in the Form of the Continuing Disclosure Certificate attached hereto as APPENDIX F. The specific nature of the notices of material events are described in "APPENDIX F - Form of Continuing Disclosure Certificate," which shall be executed by the District at the time of issuance of the Notes. These covenants have been made in order to assist the Underwriter in complying with the Rule. Because the Notes mature in less than 18 months, the District is not required to provide any other information other than notices of material events pursuant to the Rule.

MISCELLANEOUS

The information contained above is subject to change without notice and no implication is to be derived therefrom or from the sale of the Notes that there has been no change in the affairs of the District from the date hereof.

The Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or the holders of any of the Notes.

Further information regarding the District is available upon request from Hillsborough County Public Schools, Office of the Chief Finance Officer, 901 East Kennedy Boulevard, 3rd Floor, Tampa, Florida 33602.

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CERTIFICATE CONCERNING THIS OFFICIAL STATEMENT

Concurrently with the delivery of the Notes, the Chair of the School Board and the Superintendent will furnish a certificate to the effect that, to the best of their knowledge, this Official Statement (except for the information under the caption "BOOK-ENTRY SYSTEM ONLY" as to which no opinion will be expressed), as of the date of delivery of the Notes, does not contain any untrue statement of a material fact and does not omit to state a material fact which is necessary in order to make the statements contained therein, in the light of the circumstances for which they were made, not misleading.

**SCHOOL DISTRICT OF HILLSBOROUGH
COUNTY, FLORIDA**

/s/ Melissa Snively

Chair, The School Board of Hillsborough County,
Florida

/s/ Addison G. Davis

Superintendent of Schools

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APPENDIX A

**GENERAL INFORMATION REGARDING
HILLSBOROUGH COUNTY, FLORIDA**

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GENERAL INFORMATION REGARDING HILLSBOROUGH COUNTY

The County

Hillsborough County (the "County") was established on January 25, 1834, at which time its boundaries included the present-day counties of Pasco, Charlotte, Desoto, Hardee, Pinellas, Sarasota, Manatee and Polk. The County is located on the west coast of central Florida, bounded by Tampa Bay (to the west), Polk County (to the east), Pasco County (to the north), and Manatee County (to the south). The County is the seventh largest county in the State of Florida by area, covering a total area of 1,266 square miles, of which 215 square miles is water. The County is part of a four-county Metropolitan Statistical Area (MSA) referred to as the Tampa, St. Petersburg-Clearwater MSA.

Tampa, Plant City and Temple Terrace are the three incorporated cities in the County, with Tampa being the largest. Tampa is also the County seat and a center of international, national, and intrastate commerce. The Tampa International Airport and the Port of Tampa connect Hillsborough County to other major cities in the nation and major markets throughout the world.

Government

The County operates under a home-rule charter enacted by the voters on September 20, 1983. Under the charter, the Board of County Commissioners (the "BOCC") consists of seven Commissioners, three elected county-wide and four elected from single member districts. As a result of the charter, each voter has a chance to influence the election of a majority of board members. The BOCC is restricted to performing the legislative functions of government and developing policy for the management of the County. The County Administrator, appointed by the BOCC, together with his staff, are responsible for implementing these policies throughout the County.

In addition to the members of the BOCC, there are five elected Constitutional Officers: the Clerk of Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector.

The County provides a variety of services characteristic of local multi-purpose governments including law enforcement, maintenance of roads and bridges, animal services, social services programs, planning and growth management, environmental protection, fire protection and emergency rescue, consumer protection, parks and recreation programs, mosquito control, employment services, emergency disaster preparedness, traffic control, water/wastewater utilities, solid waste disposal, medical examiner services, agricultural cooperative extension services, children's services, indigent health care, public assistance programs, aging services programs, emergency medical services and library services.

In addition to their legislative duties, members of the BOCC serve as the County's Environmental Protection Commission. Individual members of the BOCC also take turns serving on various boards, authorities and commissions such as the Children's Board, Tampa Bay Regional Planning Council, Metropolitan Planning Organization, Hillsborough County Tourist Development Council, Tampa Bay Water, Tampa Port Authority, Hillsborough County Aviation Authority, Hillsborough Transit Authority, Tampa-Hillsborough County Expressway Authority, Tampa Sports Authority, Arts Council of Hillsborough County, Value Adjustment Board, Hillsborough County Hospital Authority, Council of Governments and the Tampa Hillsborough Economic Development Corporation.

Population

Hillsborough County is the fourth most populous county in the state of Florida. The County's population in 2019 was 1,444,870, an increase of 36,006 from 2018. Between 2010 (the most recent U.S. census year) and 2019, the County's population increased by approximately 17.54 percent.

A majority of the County's 2019 population (988,250) lives in the unincorporated part of the County. Population grew about 18.5 percent between year 2010 and 2019 in unincorporated Hillsborough County; communities in southern unincorporated Hillsborough County saw the biggest increase in population growth. The median age for Hillsborough County in 2019 was 36 years.

	Countywide Population	Increase (Decrease)
1960(a)	397,788	--
1970(a)	490,265	23.2%
1980(a)	646,960	32.0
1990(a)	834,054	28.9
2000(a)	998,948	19.8
2010(a)	1,229,226	23.1
2011(b)	1,238,951	0.8
2012(b)	1,256,118	1.4
2013(b)	1,276,410	1.6
2014(b)	1,301,887	2.0
2015(b)	1,325,563	1.8
2016(b)	1,352,797	2.1
2017(b)	1,379,302	2.0
2018(b)	1,408,864	2.1
2019(b)	1,444,870	2.6

Sources: (a) U.S. Census Bureau and (b) Florida Office of Economic & Demographics & Research Database

**Hillsborough County and State of Florida
1990-2019**

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019</u>
Hillsborough County	834,054	998,948	1,229,226	1,444,870
State of Florida	12,938,071	15,982,824	18,801,332	21,208,589

Source: University of Florida, College of Liber Arts and Sciences, Bureau of Economic and Business Research, Florida Estimates of Population 2019

Property Taxes

Tax Rate Limits. The constitutional limit on municipal, county and school district ad valorem taxes is ten mills each; and for special districts as provided by law and approved at referendum. A county providing municipal services may levy additional taxes within the limits fixed for municipal purposes (10 mills). The constitutional limit may be exceeded for periods not in excess of two years only by approval of voters in a tax referendum. The constitutional limit shall not apply to the millage rate levied for the payment of principal of and the interest on any debt service secured by the full faith and credit of a county, and such taxes shall be in addition to all other taxes authorized or limited by law. A referendum is required for a county to pledge its full faith and credit.

Exemptions. Property tax exemptions, applicable only to state residents who meet the requirement, may be obtained by homesteaders, senior citizens, widows and disabled persons. Every person who owns and resides on real property in Florida on January 1 and makes the property his or her permanent residence is eligible to receive a homestead exemption of up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption of up to \$25,000, applies to the assessed value between \$50,000 and \$75,000 and only to non-school taxes. (The incremental homestead exemption was approved by voters on January 29, 2008 via special election and was effective for the 2008 tax year). In addition to the widely available homestead exemption of \$50,000, there are a variety of other special exemptions available to certain qualified homeowners, including but not limited to, widows, disabled veterans and first responders. There are also various exemptions and/or reduced assessments for religious, charitable and educational uses as well as government and special classifications for agricultural, noncommercial recreational land and certain other uses.

Limitation on Assessment Increases. A statewide voter-initiated petition placed an amendment on the November 3, 1992 general election ballot which was approved by the voters ("Save Our Homes"). The amendment limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of three percent (3%) or the annual rate of inflation. The amendment provides that such property be assessed at just value after any change in ownership and that changes, additions, reductions or improvements to such property shall be assessed as provided by general law.

Tax Due Date and Payments. Tax statements are normally mailed in October by the Hillsborough County Tax Collector (the "Tax Collector"). Taxes are due each November 1 and become delinquent April 1 of the following year. The Tax Collector receives all payments and distributes the revenues among the local governmental units.

Discounts, Penalties and Fees. Taxes levied are discounted under Florida law by 4% if paid in November, 3% if paid in December, 2% if paid in January and 1% if paid in February.

Delinquent taxes are subject to 1.5% monthly interest charge with a minimum of 3% on real property and a 1.5% monthly interest charge for tangible personal property. The property owner is also assessed advertising, court and other charges.

Tax Certificates on Real Property. It is the Tax Collector's duty, on or before June 1 of each year, to advertise and sell tax certificates on real property on delinquencies extending from the previous April 1. The tax certificates must be not less than the amount of the taxes plus interest from April 1 to the date of sale at 18% per annum, together with the cost of advertising and expenses of sale. Delinquent taxes may be redeemed prior to sale of the tax certificates upon payment of all costs, delinquent taxes and interest at the rate of 18% per annum, except that the minimum charge for delinquent taxes paid prior to the sale of a tax certificate is 3% of the delinquent taxes and costs.

The face value of each certificate includes taxes due, 3% interest, advertising costs (approximately \$2.00 per parcel), and a 5% commission charged by the Tax Collector. Prospective buyers are determined by the lowest interest charges bid on the certificates.

The property owner may redeem a tax certificate by paying the Tax Collector the face value of the certificate and accrued interest, plus a redemption fee of \$6.25. The redeemer must pay a minimum of 5% interest unless the certificate was bid at no interest.

The Tax Collector notifies the certificate holder of the redemption and makes the distribution of funds to certificate holders. In some instances, the County itself acquires the tax certificates as a lien against the property.

Tax Deeds. After two years from the date of delinquency (April 1), a private holder of any unredeemed tax certificate may apply for a tax deed to the property.

The request for a tax deed is referred to the Clerk of the Circuit Court (the "Clerk") who will hold an auction after the proposed sale of the tax deed has been advertised for four consecutive weeks in a newspaper and notice to the title holder and other interested parties as prescribed by law. The minimum acceptable bid for a tax deed must cover the face value of the certificate, and all other outstanding certificates, accrued interest, costs of a title search and all court and advertising costs, and in the case of homestead property, one-half of the assessed value of the property.

Tangible Personal Property. Delinquent personal property taxes must be published in a newspaper within 45 days after the taxes become delinquent. If taxes due remain unpaid, the Tax Collector petitions the Clerk for warrants to seize the tangible property. Seizure can be effected upon issuance of the warrant. To satisfy the judgment, tangible property owners must pay taxes due, 1.5% interest per month of delinquency (\$2.00 delinquency fee) and advertising, warrant and court costs.

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Hillsborough County, Florida
Taxable Assessed Value and Actual Value of Property
Last Five Fiscal Years
(In Millions of Dollars)

Fiscal Year	Estimated Actual Value ^(b)			Exemptions ^(c)			Assessed Value ^(d)			Total Taxable Assessed Value	Total Direct Tax Rate ^(g)
	Real Property	Tangible Personal Property ^(e)	Centrally Assessed Property ^(f)	Real Property	Tangible Personal Property ^(e)	Centrally Assessed Property ^(f)	Real Property	Tangible Personal Property ^(e)	Centrally Assessed Property ^(f)		
2015	\$ 87,419	\$ 9,926	102	\$21,613	\$2,223	2	\$65,806	\$7,703	100	\$ 73,609	10.751
2016	93,915	9,943	106	22,550	2,221	2	71,365	7,722	104	79,191	10.751
2017	101,712	10,376	116	23,773	2,221	2	77,939	8,155	114	86,208	10.750
2018	111,350	11,194	120	25,439	2,215	3	85,911	8,979	117	95,007	10.750
2019(a)	121,592	11,396	118	27,175	2,207	2	94,417	9,189	116	103,722	10.750

- (a) Assessed values shown for fiscal year 2019 on the chart above will be the basis of property taxes collected during fiscal year 2020, starting in November 2019.
- (b) Section 192.001, Florida Statutes, defines assessed value of property as "an annual determination of the just or fair market value of an item or property." Therefore, gross assessed value is defined as Estimated Actual Value.
- (c) Exemptions allowed include those for governmental as well as qualified, religious, or other non-profit properties. In addition, there are also additional exemptions if a property owner is a widow, widower, disabled, or 65 or older. A new expanded homestead exemption and the existing 3% and new 10% homestead cap differentials are not included in this chart. The new homestead exemption does not apply to property taxes for the School Board.
- (d) Assessed value is the estimated actual value less exemptions.
- (e) Tangible personal property represents business property such as furniture, computers, machinery and equipment, as well as mobile homes that are not permanently affixed to land. With the passing of Amendment 1 on January 29, 2008 an exemption of \$25,000 for tangible property is included in the chart above.
- (f) Centrally assessed property is primarily railroad that is assessed by the state of Florida rather than by the Property Appraiser since the property is located in more than one county.
- (g) Total Direct Tax Rate shows Hillsborough County tax rates applicable to residents of the unincorporated areas of the County. This amount is the sum of Countywide (BOCC) and Unincorporated Area (BOCC) total millage shown on "Property Tax Millage Rates for Direct and Overlapping Governmental Entities." See following page.

Source: Hillsborough County Property Appraiser.

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**Hillsborough County, Florida
Property Tax Levied and Collected
Last Five Years
(In Thousands of Dollars)**

Fiscal Year ^(a)	Taxes Levied for the Fiscal Year ^(b)	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years ^(d)	Total Taxes Collected	
		Amount ^(c)	Percentage of Levy		Amount	Percentage of Levy
2015	\$618,412	\$615,353	99.5%	\$647	\$616,000	99.6%
2016	664,593	661,251	99.5	723	661,974	99.6
2017	715,683	712,837	99.6	540	713,377	99.7
2018	777,968	774,685	99.6	388	775,073	99.6
2019(a)	854,656	850,960	99.6	765	851,725	99.7

- (a) Since 2019 property tax rolls were not opened for collections until November 1, 2019, final data for the 2019 property tax levy is not available. Taxes levied during a fiscal year are collected in the following fiscal year. Therefore, the amounts shown as levied in fiscal year 2018 were actually received in fiscal year 2019.
- (b) The tax levy is the entire property tax due to Hillsborough County before any tax reductions are determined by the Value Adjustment Board and before any tax amounts are determined to be uncollectible due to insolvencies. The tax levy represents only the taxes due to the Hillsborough County financial reporting entity and therefore, excludes taxes due to the School Board, the city of Tampa, and certain other governmental entities.
- (c) There is a four percent early payment discount available to taxpayers who pay their property taxes in November, with the discount declining one percentage point each month thereafter. To accurately compare taxes collected to the taxes levied, discounts taken were added into the amounts collected, making them directly comparable.
- (d) Includes all delinquent tax collections received during the year regardless of the year in which the taxes were originally levied.

Source: Hillsborough County Tax Collector.

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Hillsborough County, Florida
Property Tax Millage Rates for Direct and Overlapping Governments
Last Five Fiscal Years
(Millage Rates Rounded to Nearest Thousandth)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Direct rates Countywide (BOCC):					
BOCC General Revenue	5.732	5.732	5.731	5.731	5.731
BOCC Library Service*	0.558	0.558	0.558	0.558	0.558
Environmentally sensitive lands (voted)	0.060	0.060	0.060	0.060	0.060
Total millage	<u>6.350</u>	<u>6.350</u>	<u>6.349</u>	<u>6.349</u>	<u>6.349</u>
Maximum millage per statute ^(a)	<u>10.060</u>	<u>10.060</u>	<u>10.060</u>	<u>10.060</u>	<u>10.060</u>
Unincorporated Area (BOCC):					
BOCC Municipal Service Taxing Unit	4.375	4.375	4.375	4.375	4.375
Parks and Recreation (voted)	0.026	0.026	0.026	0.026	0.026
Total millage	<u>4.401</u>	<u>4.401</u>	<u>4.401</u>	<u>4.401</u>	<u>4.401</u>
Maximum millage per statute ^(a)	<u>10.026</u>	<u>10.026</u>	<u>10.026</u>	<u>10.026</u>	<u>10.026</u>
Total direct rates (Countywide and Unincorporated Area)	<u>10.751</u>	<u>10.751</u>	<u>10.750</u>	<u>10.750</u>	<u>10.750</u>
Overlapping rates^(b)					
Countywide (Other):					
Tampa Port Authority	0.155	0.145	0.130	0.115	0.105
Southwest Florida Water Management District	0.349	0.332	0.313	0.296	0.280
School Board	7.247	6.906	6.596	6.414	6.129
Children's Board	0.459	0.459	0.459	0.459	0.459
Unincorporated Area (Other):					
Transit Authority	0.500	0.500	0.500	0.500	0.500
Municipalities:					
Tampa	5.733	5.733	6.208	6.208	6.208
Temple Terrace	6.955	7.205	6.955	6.555	6.555
Plant City	4.716	4.716	5.716	5.716	5.716
Total millage for unincorporated area within the Alafia River Basin excluding any special district assessments (for analysis only)	19.596	19.093	18.748	18.534	18.223

*Excludes City of Plant City and City of Temple Terrace

- (a) Section 200.071, Florida Statutes, states that the maximum ad valorem tax millage for either the countywide or unincorporated area (municipal services taxing unit) of the BOCC is set at 10 mills plus any voted levies.
- (b) Overlapping rates depend on whether the taxpayer resides in the unincorporated area of the County or one of the three municipalities. In addition, Countywide overlapping rates apply to all taxpayers. As a result, overlapping rates are not totaled, but total millage figures are shown at the bottom of this chart for comparisons over time or other analysis purposes.

Source: Hillsborough County Property Appraiser, www.hcpafl.org.

The following shows the total taxes levied against the ten largest taxpayers in the most recent year as well as nine years earlier. Property located within the geographic boundaries of Hillsborough County is subject to tax levies by Hillsborough County as well as several other taxing authorities. The Hillsborough County Tax Collector collects taxes for all of these taxing authorities. Taxing authorities such as the City of Tampa and the School Board are not a part of the Hillsborough County financial reporting entity. Their tax levies, however, are included in the chart below in order to show the total taxes due from each of the ten largest taxpayers. The total taxes levied by all of these taxing authorities against property located within the geographic boundaries of Hillsborough County was \$1,967,337,156 for 2017 and \$1,942,560,885 for 2008. Since 2018 property tax rolls were not opened for collections until November 1, 2018, final data for the 2018 property tax levy is not available. Taxes levied during a fiscal year are collected in the following fiscal year. Therefore, the amounts shown as levied in fiscal year 2017 were actually received in fiscal year 2018.

The following table sets forth the principal property taxpayers in Hillsborough County, Florida in 2018 and 2009:

**Hillsborough County, Florida
Principal Taxpayers**

Taxpayer	Type of Business	2018			2009		
		Taxes Levied <i>in thousands</i>	Rank	Percentage of Total Taxes Levied	Taxes Levied <i>in thousands</i>	Rank	Percentage of Total Taxes Levied
Tampa Electric Company	Electric Utility	\$47,783	1	2.2%	\$32,380	1	1.9%
Hillsborough County Aviation Authority	Airport	15,360	2	0.7	11,040	--	0.6
Frontier Communications Inc.	Telecommunications	9,366	3	0.4	--	7	--
Highwoods / Florida Holding LP	Real estate Management	8,717	4	0.4	4,391	9	0.3
Mosaic Company	Mining, fertilizer & chemicals	7,804	5	0.4	4,206	--	0.2
Post Apartment Homes LP	Real Estate	6,707	6	0.3	4,585		0.3
Westfield	Shopping Malls	6,234	7	0.3	--	--	--
Wal-Mart	Retail Sales	4,909	8	0.2	4,048		0.2
Metropolitan Life	Insurance	4,540	9	0.2	--		--
Eastgroup Properties	Real estate	4,081	10	0.2	--		--
Verizon Communications Inc.	Communications	--		--	26,455		1.5
Liberty Property	Property Management	--		--	4,913		0.3
Camden Operating LP	Real estate	--		--	6,475	8	0.4
Brighthouse Networks	Communications	--		--	3,432		0.2
		<u>\$115,501</u>		<u>5.3%</u>	<u>\$101,925</u>		<u>5.9%</u>

Source: Hillsborough County Tax Collector.

Hillsborough County, Florida
General Obligation Debt
September 30, 2020
(Amounts in Thousands)

Governmental Unit	Outstanding Debt	Percentage Applicable	Direct and Overlapping Debt
Direct Debt of Hillsborough County:			
General obligation bonds	\$112,582	100%	\$112,582
Total direct and overlapping debt			<u>\$112,582</u>

The Hillsborough County School Board, Tampa Port Authority, Children's Board, and Southwest Florida Water Management District do not have any general obligation bonds, therefore their bonds are not presented in this chart.

Note: The County does not have any "general obligation" notes, loans or capital leases.

Sources: Hillsborough County School Board, Tampa Port Authority, and Southwest Florida Water Management District.

Employees

Hillsborough County employees provide a variety of services to a population of over 1.4 million residents. As of September 2019, there were approximately 9,672 employees of Hillsborough County, Florida. County organizations and their employees are as follows: Sheriff – 3,182, Tax Collector – 374, Property Appraiser – 117, Clerk of Circuit Court – 589, Supervisor of Elections – 36, Board of County Commissioners – 5,327, and discretely presented component units – 47. Several categories of employees are represented by labor unions.

Source: Hillsborough County Civil Service Board; Hillsborough County Clerk of Circuit Court ERP Support Department

Employment Indicators

Hillsborough County has a diversified economic base, including large services, manufacturing and retail trade sectors. Hillsborough County's largest industrial sectors include the education and health services; trade, transportation and utilities; professional and business services; leisure and hospitality; and wholesale and retail trade. The principal employers serving the county are the Hillsborough County School Board and Hillsborough County Government. The employment by industry for Hillsborough County as of September 2019 is as follows:

<u>Employment By Industry</u>	<u>Employees</u>
Natural Resources and Mining	6,860
Construction	40,472
Manufacturing	28,125
Trade, Transportation, and Utilities	128,277
Information	15,777
Financial Activities	71,341
Professional and Business Services	126,906
Education and Health Services	95,350
Leisure and Hospitality	77,515
Other Services	19,207
Government	76,144
Total	<u>685,974</u>

Source: Florida Department of Economic Opportunity

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**Hillsborough County, Florida
Principal Employers
Latest Fiscal Year Compared to the Fiscal Year Nine Years Earlier**

<u>Employer</u>	<u>Type of Operation</u>	<u>2019</u>			<u>2010</u>		
		<u>Employees</u>	<u>%^(a)</u>	<u>Rank</u>	<u>Employees</u>	<u>%^(a)</u>	<u>Rank</u>
Hillsborough County School Board	Public education	24,877	3.8	1	24,700	4.6	1
MacDill Air Force Base	Military base	18,000	2.5	2	13,300	2.5	2
University of South Florida ^(b)	Education services	14,836	2.1	3	6,151	1.1	6
Tampa International Airport ^(c)	International Airport	10,500	1.5	4	7,500	1.4	4
Hillsborough County Government	Government	9,672	1.3	5	9,930	1.9	3
Publix	Supermarkets	8,060	1.1	6	5,823	1.1	8
Tampa General Hospital	Medical Facilities	8,000	1.1	7	6,020	1.1	7
Baycare Health System ^(d)	Medical Facilities	6,250*	0.9	8	4,437	0.8	9
H. Lee Moffit Cancer Center	Medical Facilities	6,100	0.8	9	4,094	0.8	12
James A. Haley - VA Hospital	Veterans hospital	4,670	0.7	10	4,100	0.8	11
AdventHealth West Florida Division ^(e)	Medical Facilities	4,660*	0.6	11	3,108	0.6	15
City of Tampa	Government	4,480	0.6	12	4,240	0.8	10
HCA West Florida Division ^(f)	Medical Facilities	3,763	0.5	13	1,300	0.2	22
US Automobile Assoc. (USAA)	Insurance	3,600	0.5	14	--	--	--
U.S. Postal Service	Postal Services	3,380*	0.5	15	3,060	0.6	16
Amazon	Order fulfillment center	3,300	0.5	16	--	--	--
Busch Entertainment Corporation	Tourist attraction	3,000	0.4	17	3,925	0.7	13
Hillsborough Community College	Education services	2,518	0.4	18	2,454	0.5	19
Tampa Electric Company	Electric utility	2,501	0.3	19	2,324	0.4	20
Verizon Communications Inc.	Telecommunications	--	--		7,458	1.4	5
Bank of America	Banks	--	--		3,682	0.7	14
SweetBay Supermarkets	Supermarkets	--	--		2,670	0.5	17
Total		<u>142,166</u>	<u>19.8</u>		<u>120,277</u>	<u>22.5</u>	

(a) Percentages shown represent the number of employees as a percent of total Hillsborough County employment. Total Hillsborough County employment for 2019 was 718,396. Total Hillsborough County employment for 2010 was 584,692.

(b) Includes USF Health Science Center.

(c) Tampa International Airport includes employees of Hillsborough County Aviation Authority, Transportation Security Administration and other federal agencies, as well as airlines and subcontractors.

(d) Includes St. Joseph's Hospital.

(e) Formerly known as Florida Hospital.

(f) Comprised of Brandon Regional Hospital, South Bay Hospital, Memorial Hospital and Tampa Community Hospital.

* Estimated

Sources: Hillsborough County City-County Planning Commission (Book of Lists)
Florida Agency for Workforce Innovation, Labor Statistics
City of Tampa
Tampa Bay Partnership

The following table shows the average civilian (non-military) labor force, the average number of individuals employed and related unemployment statistics for the County:

Calendar <u>Year</u>	Hillsborough County				Florida	National
	Labor <u>Force</u>	Number <u>Employed</u>	Number <u>Unemployed</u>	Unemployment <u>Rate</u>	Unemployment <u>Rate</u>	Unemployment <u>Rate</u>
2009	599,493	532,478	67,105	11.2%	11.1%	9.5%
2010	655,217	584,692	70,525	10.8	11.1	9.2
2011	670,127	606,938	63,189	9.4	9.9	8.8
2012	676,678	624,778	51,900	7.6	8.3	7.6
2013	680,446	636,568	43,878	6.4	7.1	7.0
2014	690,458	650,445	40,013	5.7	6.2	5.7
2015	691,104	657,897	33,207	4.9	5.4	4.9
2016	713,562	680,117	33,445	4.5	5.0	4.8
2017	734,513	707,657	26,856	3.7	4.0	4.1
2018	741,658	718,396	23,262	3.1	3.3	3.3

Sources: U.S. Bureau of Labor Market Statistics, data tools - Unadjusted Unemployment Rate
<http://www.floridajobs.org/labor-market-information/data-center/statistical-programs/local-area-unemployment-statistics>

Demographics and Economics

The following table outlines some of the general demographic and economic statistics for the County.

Hillsborough County, State of Florida and the United States Demographic and Economic Statistics 2009-2018

<u>Year</u>	<u>Population</u>	Personal Income (in thousands)	Personal Income Per Capita	Median Age	Public High School Graduation Rates	Total Public School Enrollment	Unemploy- ment Rate
2009	1,196,892	\$43,600,982	36,429	36	84.6	190,799	11.2
2010	1,229,226	48,852,046	39,742	36	86.0	193,244	10.8
2011	1,271,710	54,278,341	42,681	36	86.4	192,499	9.4
2012	1,282,040	52,741,892	41,139	36	72.6	195,198	7.7
2013	1,294,140	52,137,332	39,594	36	74.1	198,658	6.4
2014	1,316,310	54,893,552	41,703	36	73.5	201,431	5.7
2015	1,325,563	58,596,262	44,205	36	76.0	205,019	4.9
2016	1,352,797	62,630,443	46,297	36	79.1	209,414	4.7
2017	1,379,302	62,976,126	45,658	36	82.9	212,038	3.7
2018	1,408,864	67,533,935	47,935	36	85.8	211,959	2.9
	(a)	(a)	(d)	(a)	(d)	(b)	(c)

Sources: (a) Hillsborough Planning Commission for year 2009; Florida Office of Economic and Demographic Research for years 2010 forward
 (b) Hillsborough County School District Comprehensive Annual Financial Reports
 (c) Bureau of Labor Market Statistics, LAUS Program
 (d) Florida Department of Education

Banking and Finance

A total of 306 commercial and savings bank offices were located in Hillsborough County as of June 30, 2019. The following table presents commercial bank and savings institutions deposit for each year since 2010:

<u>Calendar Year</u>	<u>Commercial Bank Deposits</u>	<u>Savings Bank Deposits</u>	<u>Total Deposits</u>
2010	\$20,346,000,000	\$1,093,000,000	\$21,439,000,000
2011	22,524,000,000	556,000,000	23,080,000,000
2012	23,079,000,000	433,000,000	23,512,000,000
2013	25,193,000,000	474,000,000	25,667,000,000
2014	25,149,000,000	451,000,000	25,600,000,000
2015	27,107,465,000	365,138,000	27,472,603,000
2016	29,837,696,000	407,057,000	30,244,753,000
2017	31,132,689,000	519,059,000	31,650,748,000
2018	31,488,241,000	219,838,000	31,708,079,000
2019	30,753,666,000	219,031,000	30,972,697,000

Source: Federal Deposit Insurance Corporation

Education

Hillsborough County Public Schools is the eighth largest district in the nation and third largest in Florida. The District operates with more than 213,000 students, 25,000 employees, and a \$3.01 billion budget. Educational opportunities include: Head Start and adult education programs, pre-k through 12th grade traditional schools, magnet schools, career centers, technical education, exceptional student education, single gender middle schools, International Baccalaureate schools, and charter schools. The district is fully accredited.

Hillsborough County also has several universities and colleges. The University of South Florida serves more than 50,900 students (including campuses outside Hillsborough County) representing over 140 different countries. The University of Tampa is a private university located on approximately 100 acres of prime riverfront land in the heart of downtown Tampa. Hillsborough Community College has five primary campus locations, three satellite locations, a very active distant learning program (eCampus), and a comprehensive corporate training center. Some other colleges in the area include Florida College, Stetson University of College Law and Keller Graduate School of Management.

Sources: Tampa Bay Partnership www.tampabay.org
Hillsborough County School Board www.sdhc.k12.fl.us
Hillsborough Community College www.hccfl.edu
The University of Tampa www.ut.edu
University of South Florida www.usf.edu

Medical Facilities

There are thirteen general, specialty, and military hospitals in Hillsborough County with approximately 4,258 hospital beds and 3,955 nursing home beds. The County's medical resources include more than 5,729 licensed physicians, with specialists in all types of medicine and surgery, and 898 dentists.

Sources: Florida Department of Health; Florida Agency for Health Care Administration

Communication

Thirteen television stations serve the County. Daily newspapers include the Tampa Bay Times (which acquired The Tampa Tribune in 2016), and the Monday-Friday free tabloid called tbt*. There are also four other weekly newspapers. There are approximately 80 AM and FM radio stations that can be listened to in the County with 33 of the stations physically based in the County. Frontier and Spectrum are the primary providers for internet, telecommunications and/or cable service. There are 40 Post Offices in Hillsborough County and 22 internet providers.

Sources: https://en.wikipedia.org/wiki/Media_in_the_Tampa_Bay_Area
<https://radio-locator.com>
PostOfficeFinder.org/fl/Hillsborough/
www.broadbandnow.com/Florida.Tampa

Transportation

Tampa International Airport (TIA) is a major airport for the west central region of Florida serving primarily Hillsborough, Pinellas (which includes the cities of St. Petersburg and Clearwater), Pasco and Hernando Counties.

TIA, is one of four FAA-coded large hub airports in the state of Florida. TIA occupies approximately 3,400 acres and is primarily an origination-destination airport with a total of 59 gates. It is located five miles from downtown Tampa and is served by most major airlines which provide non-stop service to more than 56 national and international destinations, including London, Frankfurt, Zurich, Reykjavik, Toronto, Halifax, Ottawa, San Juan and Grand Cayman. Inbound and outbound passengers at TIA for the fiscal year ended September 30, 2019 totaled 22,166,049, an increase of 0.05% from the prior fiscal year. For fiscal year 2019, the top four airlines, in terms of market share, were: Southwest with 31.13%, Delta with 17.07%, American Airlines with 15.79% and United Airlines with 10.02%.

Three general aviation airports serve as reliever airports, primarily to accommodate light and medium weight aircraft in the general aviation category. These include Peter O. Knight Airport, a 139-acre facility located six miles southeast of TIA; Plant City Airport, a 199-acre facility located 22 miles east of TIA; and Tampa Executive Airport (formerly

Vandenberg Airport), a 407-acre facility located 12 miles east of TIA. In addition, there are two full service general aviation executive terminals located at the Airport.

AMTRAK provides passenger rail service to major cities throughout the United States. This rail service is provided by the Palmetto and Silver Service (the Silver Meteor and the Silver Star) which offer service between Florida, Georgia and New York City. The restored Tampa Union Station has seven northbound and seven southbound departures on AMTRAK weekly. Freight rail service is provided to the County by CSX Transportation Systems. CSX rail units possess some of the world's most technologically advanced terminal equipment and operate on regular schedules throughout the network. Major transports include coal, wood products, phosphate, chemicals, construction materials, semi-tractor trailers, automobiles, and automobile products.

The Hillsborough Transit Authority (HART) is Hillsborough County's public transportation system. HART offers local and express routes for residents and visitors alike. Local service seven days a week provides access to area shopping malls, businesses, government buildings, attractions and recreational facilities. An estimated 12.0 million riders use the system annually.

The County is also served by numerous intrastate and interstate motor common carriers, moving goods between Tampa, other points in Florida, and markets throughout the United States. Tampa is the transportation hub of the west coast of Florida with major trucking firms maintaining terminals serving Florida and major southern cities.

Three interstates and seven other major highways serve the County. All parts of Florida and bordering states to the north and west can be reached within one day of travel by truck or automobile.

Sources: Hillsborough County Aviation Authority; Amtrak, www.amtrak.com; Tampa Bay Partnership

Local Industries

Service, retail, finance, insurance, and real estate sectors lead regional and county industry. Bioscience and other high-tech industries are expanding, thanks in part to research at university and college campuses throughout the area. Manufacturing in Hillsborough County is also participating in the high-tech trend as the County is home to companies in the microelectronics, medical devices, software, and defense systems industries.

Business and Information Services. Tampa Bay has been called "Wall Street South" for the size and scope of its financial services industry. Worldwide organizations which have a major presence in Hillsborough County include JPMorgan Chase, Citigroup, Depository Trust and Clearing Corp, MetLife, Progressive Insurance and USAA Insurance. Hillsborough County is also a major player in the new industry segment called the Shared Accounting Services industry where national and international companies such as Coca

Cola Enterprises create additional value by co-locating their accounting and financial services for multiple businesses in one location.

Biomedical/Life Sciences Technologies/Health Care. Tampa Bay is a center of excellence for hospital, research and medical related firms – and the gateway to the Florida High Tech Corridor, a 23-county area that is home to more than 3,000 high-tech companies. Biomedical and life science centers of excellence in Hillsborough County include the University of South Florida, H. Lee Moffitt Cancer Center and Research Institute, and USF Health Byrd Alzheimer's Institute. In March 2012, USF Health opened its \$38 million Center for Advanced Medical Learning and Simulation (CAMLS) in downtown Tampa. CAMLS combines cutting-edge simulation with research and innovation to move the latest advances in healthcare into practice. Hillsborough County is also home to major health care plan developers and providers such as Wellcare.

Port/Maritime. With three seaports, Tampa Bay is a major entry point for domestic and international shipping. The Port of Tampa comprises nearly half of all sea borne commerce in the state, is the state's largest seaport, and is a major cruise port.

Manufacturing (Microelectronics, Medical Devices, Software, and Defense Systems). High tech manufacturing companies in the County include CAE (flight and military simulation systems), B&M Precision (implants and components for brain probes and liposuction), and systems software development companies CIBERsites (application development), Computer Associates (internet security) and Quadrant Software (electronic document distribution).

Sources: Hillsborough County Economic Development Department; Tampa Bay Partnership

Agriculture

Hillsborough County has 2,843 farms that utilize 263,664 acres, which ranks it 2nd in Florida and 28th nationally. Hillsborough County ranks as the 4th largest producer of agricultural products in the state (out of 67 counties) and 59th in the United States (out of 3,076 counties). The County is in the top 2% of agricultural counties in the country. The 263,664 acres utilized for agricultural production represents approximately 40% of the County's land area. The estimated total economic impact of agriculture and agribusiness on Hillsborough County is \$4.156 billion while employing approximately 42,000 workers.

Sources: Hillsborough County Cooperative Extension Service
Hillsborough County Economic Development Department

Port Facilities

Port Tampa Bay (Port) is Florida's largest port both in terms of cargo tonnage and geographic acreage, encompassing over 5,000 acres. The Port handled over 34 million

tons of cargo and 1,149,289 cruise passengers during fiscal year 2019. It is also one of the most diverse seaports in the country with multiple lines of business providing a solid financial footing and supporting an aggressive capital investment program for new development. Port Tampa Bay has a significant economic impact on Hillsborough County and supports over 85,000 jobs in the regional economy.

In addition to being one of the world's premier fertilizer export ports, it is also the gateway for Central Florida's energy products, construction/building materials and consumer goods. The Port is also home to one of the largest shipbuilding and repair centers in the Southeast U.S. On-dock cold storage capabilities returned to the Port in the fall of 2017, with the opening of a new 130,000 square foot trans-load warehouse facility focused on cross-docking and distribution of fruit and vegetables. The Port's cruise business is growing rapidly as well, with additional ships offering year-long service to Cuba, Mexico and the Caribbean.

Port Tampa Bay is the closest port to the huge and expanding I-4 corridor market, which is Florida's fastest growing region and home to the largest concentration of distribution centers in the state. To serve this market, the Port expanded its container terminal facilities by including two new post-Panamax cranes to complement its three existing container gantry cranes and heavy-lift mobile harbor crane. Port Tampa Bay has plans to quadruple its container terminal capacity.

Source: Tampa Port Authority, www.tampaport.com Tampa Bay Partnership, www.tampabay.org

Military Facilities

MacDill Air Force Base is located eight miles south of downtown Tampa on the Southwestern tip of the Interbay Peninsula on the west coast of Florida. The impact of its operations in fiscal year 2017 was \$3.18 billion. The 6th Air Mobility Wing hosts 28 tenant units including the 927th Air Refueling Wing which uses KC-135R Stratotankers and a C-37A Gulfstream aircraft to conduct its air mobility mission, two non-aviation units: the United States Central Command and the United States Special Operations Command and 23 other units.

Source: MacDill Air Force Base

Recreational Facilities

A variety of entertainment activities may be found in Hillsborough County including numerous parks, beaches, restaurants with international flair, excellent golf courses, racquetball courts, saltwater fishing, tennis and shopping. Recreational facilities that appeal to both County residents and visitors are either located within the County or are only a short drive away. Walt Disney World including Hollywood Studios Theme Park, Universal Studios, and Sea World are all just over an hour's drive to the east. Two thirds of the state's major attractions lie within a 100-mile radius of Tampa. Busch Gardens,

located in Tampa, is a family adventure park offering an array of fascinating attractions based on exotic encounters with the African continent. It offers an appealing blend of thrilling rides, one of the country’s premier zoos featuring more than 3,000 animals, live shows, restaurants, shops and games. Adventure Island, which is located next to Busch Gardens, features a beach volleyball complex and 15 water play areas situated on 30 acres.

Hillsborough County is home to the Tampa Bay Buccaneers of the National Football League (NFL), who were the Superbowl XXXVII Champions in 2003. The Tampa Bay Buccaneers and University of South Florida Bulls football teams play their home games at Raymond James Stadium in Tampa. Raymond James Stadium is a combination of modern stadium design and its own innovations. Raymond James Stadium has a seating capacity of 65,890, expandable to 75,000, 12,000 club seats, 195 luxury suites, and 600 points of sale for food, beverages and merchandise. Raymond James Stadium has hosted special events such as Super Bowl XXXV in January 2001 and Super Bowl XLIII in February 2009.

In the heart of downtown Tampa’s Channelside District, located between the Tampa Convention Center and the Florida Aquarium, lies the Amalie Arena, one of the premier entertainment venues in the Southeast and home of the National Hockey League’s Tampa Bay Lightning, who were the 2004 Stanley Cup Champions. The Amalie Arena also hosts many concerts, family shows and sporting events each year. In addition, the New York Yankees Major League Baseball franchise has spring training at the County’s George M. Steinbrenner Field baseball stadium. The recently renovated University of South Florida Yuengling Center is a multipurpose 10,000-seat arena located on the campus of the University of South Florida (USF) and is home to the National Collegiate Athletic Association’s USF Men’s and Women’s Basketball Teams as well as other University events. Thoroughbred horse racing is also seasonally available in the County.

Sources:	Busch Gardens, Tampa	www.buschgardens.com
	Adventure Island	www.adventureisland.com
	City of Tampa	www.tampagov.net
	Raymond James Stadium	www.raymondjames.com/stadium
	Tampa Bay Buccaneers	www.buccaneers.com
	Tampa Sports Authority	www.tampasportsauthority.com
	USF Yuengling Center	http://www.yuenglingcenter.com/arena-info

Cultural Facilities

Hillsborough County offers a variety of cultural facilities to residents and visitors. ZooTampa at Lowry Park is operated by the Lowry Park Zoological Society, an independent 501(c)(3) charitable organization committed to excellence in education, conservation and research. The Zoo is accredited by the Association of Zoos and Aquariums (AZA), and is featured among the “Top 25 Zoos in the U.S” by TripAdvisor (2015) and “10 Best Zoos in the U.S.” by Trekaroo (2015). The 205,000 sq-ft Florida Aquarium is among the top aquariums in the world and has more than 20,000 aquatic plants

and animals from Florida and around the world. The Florida Aquarium's Center for Conservation combines research and rehabilitation programs to give much needed support to animals in distress or imminent danger and ecosystems faced with both natural and man-made threats. This includes, but is not limited to propagating corals in Florida's Keys, rescuing endangered sea turtles and threatened river otters, assisting with dolphin and manatee rescues, assessing stress levels in sharks, documenting underwater cultural assets (a.k.a. shipwrecks) and raising awareness of sustainable seafood issues.

The Straz Center for the Performing Arts is located on a nine-acre site along the east bank of the Hillsborough River. As the second largest performing arts complex in the southeast after the Arsht Center in Miami, the 335,000 square-foot Straz Center provides an environment for a wide variety of world-class events. It boasts one of the nation's leading Broadway series and is nationally respected for producing grand opera, as well as presenting a wide variety of concerts, performances and events. The Tampa Convention Center, located directly on the waterfront in the heart of downtown Tampa, hosts a variety of conventions, trade shows, and other special events year-round. In 2012, the Amalie Arena hosted the Republican National Convention. The 600,000 square foot building offers 200,000 square feet of exhibit space, a 36,000 square foot ballroom, and 36 breakout rooms which total over 42,000 square feet of additional meeting space. Add to that, over 84,000 square feet of flexible space and you have the best venue for any meeting, convention or special event. After a busy day of lectures, seminars or classes, attendees are welcome to visit Ybor City or Sparkman Warf (formerly Channelside Bay Plaza) features a one acre of open space with an event lawn, biergarten and dining garden, situated in a relaxed, outdoor setting along Garrison Channel located just a few steps away.

Museums in the area include the Museum of Science and Industry (MOSI), a science and technology center encompassing over 58,000 square-feet on a 74-acre campus of exhibits and hands-on displays. MOSI is only science center in the Tampa Bay community. Features include a hurricane simulator, the Saunders planetarium, IdeaZone - a space for coding and prototype hands on projects, and the high-tech exhibit CONNECTUS. The new 60,000 square-foot Tampa Bay History Center Museum located in the Sparkman Warf district had its grand opening celebration in January 2009. Other museums in the area are the Tampa Museum of Art, the historic H. B. Plant Museum at the University of Tampa, the Contemporary Art Museum at the University of South Florida, the Scarfone/Hartley Gallery at the University of Tampa, the Veteran's Memorial Museum and Park, the Ybor City State Museum, Glazer Children's Museum, and the Florida Museum of Photographic Arts.

Graphicstudio at the University of South Florida, a member of the International Fine Print Dealers Association, practices traditional printmaking techniques including intaglio, lithography, silkscreen, and relief along with photogravure, cyanotype and pigment prints. Sculpture multiples are produced in a range of media including bronze, steel, aluminum, wood, rubber, and less traditional materials including lava (basalt) and pigmented resins.

Since its inception, the studio has invited over 100 emerging and established contemporary artists from around the world who have worked in a range of styles and media to produce more than 1,000 limited edition print and sculpture multiples. Impressions of Graphicstudio editions have been acquired by leading museums and corporate and private collections worldwide. In 1990, the National Gallery of Art in Washington D.C. established an archive of the editions that resulted in a major exhibition with an accompanying catalog documenting the history of Graphicstudio. In 2014, the Tampa Museum of Art presented a major survey exhibition also accompanied by a significant publication that focused on works produced in the last two decades.

Sources:	Straz Center for the Performing Arts	www.strazcenter.org
	City of Tampa	www.tampagov.net
	Museum of Science and Industry	www.MOSI.org
	Arts Council of Hillsborough County	www.tampaarts.com
	Zoo Tampa at Lowry Park	www.zootampa.org
	Florida Aquarium	www.flaquarium.org
	Tampa Bay History Center	www.tampabayhistorycenter.org
	Graphicstudio	www.graphicstudio.usf.edu/GS

Hillsborough County Web Site

The Hillsborough County internet web site is located at www.hcflgov.net. This site provides a convenient directory of government services and other useful information.

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APPENDIX B

**EXCERPTED PAGES FROM THE COMPREHENSIVE ANNUAL FINANCIAL
REPORT OF THE SCHOOL BOARD OF HILLSBOROUGH COUNTY,
FLORIDA
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



FISCAL YEAR ENDED
JUNE 30, 2019
TAMPA, FL





KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602-5145

Independent Auditors' Report

Honorable Chairperson and Members of the School Board
School District of Hillsborough County, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District of Hillsborough County, Florida (the District), as of and for the 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 U.S. generally accepted accounting principles; 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.

Auditors' 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. 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 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 auditors' 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 the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the contracted services fund for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5-11, the schedules of employer contributions on pages 83, 85, and 87, the schedules of employer proportionate share of net pension liability on pages 84 and 86, the schedule of net pension liability on page 88, the schedule of changes in net pension liability and related ratios on page 89, the schedule of investment returns on page 90, the schedule of changes in total liability and related ratios on page 91, and the notes to required supplementary information on pages 92 and 93 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information 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 other supplementary is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

KPMG LLP

November 22, 2019
Certified Public Accountants



Hillsborough County
PUBLIC SCHOOLS
Preparing Students for Life

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019
(Unaudited)

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements (beginning on page 15). All dollar amounts unless otherwise indicated, are expressed in thousands of dollars.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances in a manner similar to the corporate private sector. Governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

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

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

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

Key financial highlights included assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$624,540 (net position). Of this amount \$(1,111,540) represents a deficit unrestricted net position. This deficit balance was attributed to the effects of the long term liabilities, such as other post employment benefits, pension benefits and compensated absences. See notes 11 and 19 to the financial statements for additional information.

The government-wide financial statements can be found on pages 15 - 17 of this report.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds are established for various purposes and the Fund Financial Statements allow for the demonstration of sources and uses and/or budgetary compliance associated therewith (beginning on page 18). All funds of the District can be divided into three major categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

Reconciliation between the government-wide and the governmental fund financial information is necessary because of the different measurement focus (current financial resources versus economic resources); such reconciliation is reflected on the page following each statement (see pages 21 and 27). The flow of current financial resources reflects bond proceeds and interfund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation eliminates these transactions and incorporates the capital assets and long-term obligations (bonds and others) into the governmental activities column in the government-wide statements.

The District maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Contracted Services Fund, Other Debt Service Fund, Local Capital Improvement Fund and Other Capital Projects Fund that are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds

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 internal service funds to account for its group health, workers compensation, and liability self-insurance activities.

The basic proprietary fund statements can be found on pages 32 – 34.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Fiduciary Funds

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

The basic fiduciary fund statements can be found on pages 35 -36.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 37 – 82 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$624,540 at the end of the current fiscal year.

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

	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>
Current and other assets	\$ 581,709	\$ 518,941
Capital assets	<u>2,228,117</u>	<u>2,218,426</u>
Total assets	<u>2,809,826</u>	<u>2,737,367</u>
Deferred outflows of resources	<u>474,483</u>	<u>505,098</u>
Long-term liabilities outstanding	2,296,489	2,382,885
Other liabilities	<u>115,419</u>	<u>90,568</u>
Total liabilities	<u>2,411,908</u>	<u>2,473,453</u>
Deferred inflows of resources	<u>247,861</u>	<u>182,618</u>
Net position:		
Net investment in capital assets	1,413,056	1,317,830
Restricted	323,024	284,935
Unrestricted	<u>(1,111,540)</u>	<u>(1,016,371)</u>
Total Net Position	<u>\$ 624,540</u>	<u>\$ 586,394</u>

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The District's net position increased by \$38,146 from last year, due to current year operations and an overall decrease in long term liabilities.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Governmental Activities

Governmental activities increased the District's net position by \$38,146. Key elements of this increase are as follows:

	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>
Revenues:		
Program revenues:		
Charges for services	\$ 49,246	\$ 45,365
Operating grants and contributions	99,735	98,127
Capital grants and contributions	11,854	11,915
General revenues:		
Property taxes, levied for operational purposes	491,199	463,070
Property taxes, levied for capital projects	149,921	136,301
Local sales taxes	33,287	32,257
Sales tax referendum	50,113	-
Grants and contributions not restricted to specific programs	1,351,726	1,333,860
Investment earnings	12,038	6,167
Miscellaneous	93,200	82,184
Total revenues	2,342,319	2,209,246
Expenses:		
Instructional services	1,316,307	1,283,222
Instructional support services	250,513	238,662
Pupil transportation services	70,821	68,252
Operation and maintenance of plant	160,904	148,222
Non-capitalizable facilities acquisition and construction	142,492	126,098
School administration	111,524	107,534
General administration	44,433	52,182
Food services	120,865	113,706
Community services and other	56,440	63,699
Interest on long term debt	29,415	28,851
Unallocated depreciation	459	265
Total expenses	2,304,173	2,230,693
Change in net position	38,146	(21,447)
Net position beginning of year	586,394	607,841
Net position end of year	\$ 624,540	\$ 586,394

The increase in unrestricted grants and contributions revenue of \$17,866 is a result of an increase in grants awarded to the District. Property taxes increased \$41,749 during the year as a result of an increase in assessed values. The addition of a voter approved sales tax referendum added \$50,113 of revenue earmarked for school renovations and major improvements.

Expenses increased primarily due to salary increases, daily operations, and maintenance of facilities and equipment.

Financial Analysis of the District's Funds

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$463,462 an increase of \$47,338 as compared to the prior year.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$100,331, while the total fund balance was \$150,518. The fund balance of the District's General Fund increased by \$4,315 during the current fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately six percent of total general fund expenditures, while total fund balance represents approximately nine percent of that same amount. The fund balance increase of \$4,315 in the current year was due in part to a district-wide initiative to reduce expenditures and maintain consistent staffing formulas to align workforce with student needs.

The Contracted Services Fund revenue and expenditures remain equal to the prior year.

The Other Debt Service Fund increased this year over last year because there were no transfers back to the capital funds. Their fund balance usually stay the same because debt service payments are equal over the years.

The Local Capital Improvement Fund's ending fund balance of \$14,989 increased by \$3,942 over the prior year. Taxes for capital outlay were \$13,620 more this year while operational expenditures for various projects also increased \$9,358 over the last year. However, transfers out totaled \$110,249 to cover expenditures related to capital improvement, but not recorded in those funds

Other Capital Projects Fund includes the Certificates of Participation funds. Overall there was an increase of \$16,590 from the prior year fund balance of \$136,127 to a current year fund balance of \$152,717. This change was primarily due to an increase in revenue from a voter approved sales tax referendum and impact fees.

General Fund Budgetary Highlights

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

Budgeted appropriations increased \$62,448 from the original budget to the final amended budget. The increases were due to increases in the number of approved charter schools and their corresponding enrollment.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Actual expenditures were \$45,820 below the final amended expenditure budget. Unexpended appropriations of \$45,820 were composed of the following: (1) \$38,599 in restricted programs, (2) \$6,923 in other earmarked assigned funds and (3) \$298 in other unexpended budget items. The \$298 is less than half of a percent of the final budget. In the normal course of business, some of the budget is left unspent, primarily due to temporarily unfilled positions.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$2,228,117 (net of accumulated depreciation). This investment in capital assets is comprised of the following:

	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>
Land	\$ 159,328	\$ 161,410
Land improvements	95,770	96,118
Construction in progress	89,942	39,069
Improvements other than buildings	71,198	72,151
Buildings and systems	1,737,292	1,778,650
Furniture, fixtures and equipment	23,272	22,930
Leasehold improvements	6,404	6,536
Motor vehicles	43,516	40,957
Computer software	1,395	605
Total capital assets	<u>\$ 2,228,117</u>	<u>\$ 2,218,426</u>

This year's additions of \$112,603 which includes transfers from construction in progress, is comprised of several renovation projects. The total of capital assets increased due to renovation and repair funded by the voter approved sales tax referendum.

See note 5 to the financial statements for more information on the District's capital assets.

Long Term Debt

At the end of the current fiscal year the District had total borrowed and bonded debt outstanding of \$841,065 which includes unamortized bond premiums of \$57,940.

	<u>2019</u>	<u>2018</u>
Certificates of participation	674,631	715,386
Bonds payable	166,434	185,210
Total long term debt	<u>\$ 841,065</u>	<u>\$ 900,596</u>

The District's total borrowed and bonded debt decreased by \$59,531 (net of repayment of principal on outstanding debt) during the current fiscal year. The decrease is approximately equal to the payment of principal.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019
(Unaudited)

The District's bond ratings are as follows:

	<u>Sales Tax Revenue Bonds</u>
	<u>Underlying</u>
Moody's	A2
Standard & Poors	A
Fitch IBCA	A-

	<u>Certificates of Participation</u>
	<u>Underlying</u>
Moody's	Aa3
Standard & Poors	AA-
Fitch IBCA	AA

See notes 8-11 to the financial statements for more information on the District's long-term debt.

Requests for Information

This financial report is designed to provide a general overview of the School District of Hillsborough County's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Accounting Services, 901 E. Kennedy Blvd. Tampa, Florida, 33601 or call 813-272-4292.



Hillsborough County

PUBLIC SCHOOLS

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BASIC FINANCIAL STATEMENTS



Hillsborough County
PUBLIC SCHOOLS
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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

STATEMENT OF NET POSITION

JUNE 30, 2019

(dollar amounts expressed in thousands)

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
Cash	\$ 277,424	48,071
Investments	213,190	4,331
Accounts receivable, net	4,748	3,277
Due from other governmental agencies	81,068	442
Inventories	5,279	-
Other assets	-	153
Prepaid items	-	1,662
Capital assets (net of accumulated depreciation):		
Land	159,328	15,128
Land improvements	95,770	527
Construction in progress	89,942	377
Improvements other than buildings	71,198	724
Buildings and systems	1,737,292	132,378
Furniture, fixtures and equipment	23,272	6,820
Leasehold Improvements	6,404	-
Motor vehicles	43,516	131
Computer software	1,395	34
Total assets	<u>2,809,826</u>	<u>214,055</u>
DEFERRED OUTFLOWS		
Deferred charge on refunding	26,005	155
Other post employment benefit related	14,439	-
Pension related	434,039	-
	<u>474,483</u>	<u>155</u>
LIABILITIES		
Accounts payable	67,544	5,652
Construction retainage payable	4,986	-
Salaries and wages payable	708	5,239
Accrued payroll taxes and withholdings	3,017	248
Accrued interest	15,090	661
Due to other governmental agencies	6,578	920
Deposits payable	63	-
Advanced revenue	17,433	726
Other liabilities	-	11
Noncurrent liabilities:		
Due within one year	92,686	5,373
Due in more than one year	2,203,803	150,944
Total liabilities	<u>2,411,908</u>	<u>169,774</u>
DEFERRED INFLOWS		
Other post employment benefit related	37,234	-
Pension related	210,627	-
	<u>247,861</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	1,413,056	5,306
Restricted for:		
Categorical carryover programs	25,494	-
Debt service	76,234	5,337
Capital outlay	177,648	225
Non categorical carryover programs	38,983	-
Other purposes	4,665	-
Unrestricted	(1,111,540)	33,568
Total net position	<u>\$ 624,540</u>	<u>44,436</u>

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(dollar amounts expressed in thousands)**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
Primary government:		
Governmental activities:		
Instructional services	\$ 1,316,307	\$ 25,412
Instructional support services	250,513	-
Pupil transportation services	70,821	2,103
Operation and maintenance of plant	160,904	-
Non-capitalizable facilities acquisition and construction	142,492	-
School administration	111,524	-
General administration	44,433	-
Food services	120,865	21,731
Community services and other	56,440	-
Interest on long-term debt	29,415	-
Unallocated depreciation expense	459	-
Total governmental activities and primary government	<u>\$ 2,304,173</u>	<u>\$ 49,246</u>
Component units:		
Charter Schools	\$ 209,139	\$ 9,885
Total component units	<u>\$ 209,139</u>	<u>\$ 9,885</u>

General Revenues:
Property taxes, levied for operational purposes
Property taxes, levied for capital projects
Local sales taxes
Sales tax referendum
Grants and contributions not restricted
to specific programs
Investment earnings
Miscellaneous
Total general revenues
Change in net position
Net position - beginning
Net position - ending

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

Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units
\$ -	\$ -	\$ (1,290,895)	\$ -
-	-	(250,513)	-
-	-	(68,718)	-
-	-	(160,904)	-
-	9,397	(133,095)	-
-	-	(111,524)	-
-	-	(44,433)	-
99,735	-	601	-
-	-	(56,440)	-
-	2,457	(26,958)	-
-	-	(459)	-
<u>\$ 99,735</u>	<u>\$ 11,854</u>	<u>\$ (2,143,338)</u>	<u>\$ -</u>
\$ 10,994	\$ 10,545	\$ -	\$ (177,715)
<u>\$ 10,994</u>	<u>\$ 10,545</u>	<u>\$ -</u>	<u>\$ (177,715)</u>
		491,199	-
		149,921	-
		33,287	-
		50,113	-
		1,351,726	173,725
		12,038	-
		<u>93,200</u>	<u>7,925</u>
		<u>2,181,484</u>	<u>181,650</u>
		38,146	3,935
		<u>586,394</u>	<u>40,501</u>
		<u>\$ 624,540</u>	<u>\$ 44,436</u>

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

(dollar amounts expressed in thousands)

	General	Contracted Services	Other Debt Service
ASSETS			
Cash	\$ 76,435	\$ 115	\$ -
Investments	27,753	-	89,882
Accounts receivable	4,123	38	-
Due from other governmental agencies	3,417	22,024	-
Due from other funds	65,104	726	-
Inventories	4,664	-	-
Total assets	<u>181,496</u>	<u>22,903</u>	<u>89,882</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	17,916	1,879	-
Salaries and wages payable	708	-	-
Payroll deductions and withholdings	3,017	-	-
Due to other funds	2,309	20,613	-
Due to other governmental agencies	6,577	1	-
Deposits payable	38	-	-
Advanced revenue	413	410	-
Total liabilities	<u>30,978</u>	<u>22,903</u>	<u>-</u>
Fund balances:			
Nonspendable	4,665	-	-
Restricted for:			
Federal programs	-	-	-
State programs	31,209	-	-
Local programs	7,390	-	-
Debt service	-	-	89,882
Capital projects	-	-	-
Assigned for District operations	6,923	-	-
Unassigned	100,331	-	-
Total fund balances	<u>150,518</u>	<u>-</u>	<u>89,882</u>
Total liabilities and fund balances	<u>\$ 181,496</u>	<u>\$ 22,903</u>	<u>\$ 89,882</u>

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

Local Capital Improvement	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 33,607	\$ 127,953	\$ 28,632	\$ 266,742
11,586	8,600	24,013	161,834
1	8	316	4,486
61	49,541	5,551	80,594
3,961	273	1,822	71,886
-	-	615	5,279
<u>49,216</u>	<u>186,375</u>	<u>60,949</u>	<u>590,821</u>
1,793	29,307	1,478	52,373
-	-	-	708
-	-	-	3,017
32,429	4,331	2,362	62,044
-	-	-	6,578
5	20	-	63
-	-	1,753	2,576
<u>34,227</u>	<u>33,658</u>	<u>5,593</u>	<u>127,359</u>
-	-	615	5,280
-	-	38,368	38,368
-	-	-	31,209
-	-	-	7,390
-	-	1,443	91,325
14,989	152,717	14,930	182,636
-	-	-	6,923
-	-	-	100,331
<u>14,989</u>	<u>152,717</u>	<u>55,356</u>	<u>463,462</u>
<u>\$ 49,216</u>	<u>\$ 186,375</u>	<u>\$ 60,949</u>	<u>\$ 590,821</u>



Hillsborough County
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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

(dollar amounts expressed in thousands)

Total Fund Balances - Governmental Funds		\$	463,462
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			2,228,117
Deferred outflows are applicable to future periods and therefore are not reported in the funds			474,483
Deferred outflows related to refunding	26,005		
Deferred outflows related to post employment benefit	14,439		
Deferred outflows related to pension	434,039		
Deferred inflows are applicable to future periods and therefore are not reported in the funds			(247,861)
Deferred inflows related to post employment benefit	37,234		
Deferred inflows related to pension	210,627		
Internal service funds are used by management to charge the costs of certain activities such as insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			781
Long term liabilities, including unamortized bond premiums, are not due and payable in the current period and therefore, are not reported in the funds.			
Post employment benefits	170,575		
Pension	1,078,998		
Compensated absences payable	183,728		
Certificates of participation	674,631		
Bonds payable	166,434		(2,274,366)
Accrued interest on long-term liabilities is not due and payable in the current period and therefore, is not reported in the funds.			(15,090)
Accrued construction retainage payable is not due and payable in the current period and therefore, is not reported in the funds.			(4,986)
Total Net Position - Governmental Activities		\$	<u>624,540</u>

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(dollar amounts expressed in thousands)**

	General	Contracted Services	Other Debt Service
REVENUES			
Local sources:			
Ad valorem taxes	\$ 491,199	\$ -	\$ -
Local sales tax	-	-	20,776
Food services	-	-	-
Interest income	5,120	-	1,201
Other	67,768	2,653	-
Total local sources	<u>564,087</u>	<u>2,653</u>	<u>21,977</u>
State sources:			
Florida education finance program	826,474	-	-
Categorical education programs	253,934	-	-
Workforce development	26,123	-	-
Food services supplement	-	-	-
Other	24,723	435	-
Total state sources	<u>1,131,254</u>	<u>435</u>	<u>-</u>
Federal sources:			
Food services	-	-	-
Federal grants direct	3,463	8,839	-
Federal grants through state	8,194	139,238	-
Federal grants through local	-	44,781	-
Total federal sources	<u>11,657</u>	<u>192,858</u>	<u>-</u>
Total revenues	<u>1,706,998</u>	<u>195,946</u>	<u>21,977</u>
EXPENDITURES			
Current:			
Instructional services:			
Basic programs	939,834	63,752	-
Exceptional child programs	194,094	13,629	-
Adult and vocational technical programs	56,486	3,563	-
Total instructional services	<u>1,190,414</u>	<u>80,944</u>	<u>-</u>
Instructional support services:			
Pupil personnel services	76,131	15,406	-
Instructional media services	22,114	2,603	-
Instruction and curriculum development services	23,940	31,412	-
Instructional staff training services	17,557	15,029	-
Instructional related technology	35,239	477	-
Total instructional support services	<u>174,981</u>	<u>64,927</u>	<u>-</u>
Pupil transportation services	<u>68,474</u>	<u>639</u>	<u>-</u>
Operation and maintenance of plant:			
Operation of plant	127,480	317	-
Maintenance of plant	29,519	-	-
Total operation and maintenance of plant	<u>156,999</u>	<u>317</u>	<u>-</u>
School administration	<u>104,858</u>	<u>1,262</u>	<u>-</u>
General administration:			
Central services	21,240	944	-
Board of education	2,439	-	-
General administration	6,220	4,538	-
Fiscal services	6,245	464	-
Administrative technology services	154	-	-
Total general administration	<u>36,298</u>	<u>5,946</u>	<u>-</u>

Local Capital Improvement	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 149,921	\$ -	\$ -	\$ 641,120
-	62,624	-	83,400
-	-	21,732	21,732
1,609	2,691	740	11,361
541	54,254	548	125,764
<u>152,071</u>	<u>119,569</u>	<u>23,020</u>	<u>883,377</u>
-	-	-	826,474
-	-	-	253,934
-	-	-	26,123
-	-	1,364	1,364
-	15,045	12,178	52,381
-	<u>15,045</u>	<u>13,542</u>	<u>1,160,276</u>
-	-	98,523	98,523
-	-	-	12,302
-	-	-	147,432
-	-	-	44,781
-	-	<u>98,523</u>	<u>303,038</u>
<u>152,071</u>	<u>134,614</u>	<u>135,085</u>	<u>2,346,691</u>
-	-	-	1,003,586
-	-	-	207,723
-	-	-	60,049
-	-	-	<u>1,271,358</u>
-	-	-	91,537
-	-	-	24,717
-	-	-	55,352
-	-	-	32,586
-	-	-	35,716
-	-	-	<u>239,908</u>
-	-	-	69,113
-	-	-	127,797
-	-	-	29,519
-	-	-	<u>157,316</u>
-	-	-	106,120
-	-	-	22,184
-	-	-	2,439
-	-	-	10,758
-	-	-	6,709
-	-	-	154
-	-	-	<u>42,244</u>

(continued)

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(dollar amounts expressed in thousands)**

	<u>General</u>	<u>Contracted Services</u>	<u>Other Debt Service</u>
Facilities acquisition and construction	2,866	-	-
Charter school local capital improvement	-	-	-
Food services	1,276	-	-
Community services and other	19,916	36,231	-
Debt Service:			
Principal retirement	-	-	50,825
Interest	-	-	31,832
Dues, fees and other	-	-	536
Capital outlay:			
Facilities acquisition and construction	1,132	7	-
Other capital outlay	3,821	2,565	-
Total expenditures	<u>1,761,035</u>	<u>192,838</u>	<u>83,193</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(54,037)</u>	<u>3,108</u>	<u>(61,216)</u>
OTHER FINANCING SOURCES (USES):			
Premium on sale of refunding certificates of participation	-	-	9,472
Refunding certificates of participation	-	-	64,995
Payments to refunded escrow agent - certificates of participation	-	-	(74,043)
Premium on sale of refunding bonds	-	-	-
Refunding bonds issued	-	-	-
Payments to refunded escrow agent - bonds	-	-	-
Transfers in	61,157	20	65,939
Transfers out	(2,805)	(3,128)	(20)
Total other financing sources and uses	<u>58,352</u>	<u>(3,108)</u>	<u>66,343</u>
Net change in fund balances	4,315	-	5,127
Fund balances - beginning	<u>146,203</u>	<u>-</u>	<u>84,755</u>
Fund balances - ending	<u>\$ 150,518</u>	<u>\$ -</u>	<u>\$ 89,882</u>

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

Local Capital Improvement	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
27,607	22,784	1,799	55,056
-	61	-	61
-	-	116,543	117,819
-	-	-	56,147
-	-	2,245	53,070
-	-	720	32,552
-	-	13	549
12,251	83,336	2,316	99,042
-	-	881	7,267
39,858	106,181	124,517	2,307,622
112,213	28,433	10,568	39,069
-	-	-	9,472
-	-	-	64,995
-	-	-	(74,043)
-	-	62	62
-	-	392	392
-	-	(450)	(450)
1,978	-	6,792	135,886
(110,249)	(11,843)	-	(128,045)
(108,271)	(11,843)	6,796	8,269
3,942	16,590	17,364	47,338
11,047	136,127	37,992	416,124
\$ 14,989	\$ 152,717	\$ 55,356	\$ 463,462



Hillsborough County

PUBLIC SCHOOLS

Preparing Students for Life

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(dollar amounts expressed in thousands)**

Net Change in Fund Balances - Total Governmental Funds \$ 47,338

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$106,309) was more than depreciation expense (\$94,885) during the current period. 11,424

The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net position differs by the cost of assets sold. (5,518)

Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 167

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which payments of bond principal (\$53,070) and payments to refunding agent (\$74,493) was more than proceeds of (\$65,387) in the current year. 62,176

Principal retirement	53,070
Current refunding	74,493
Proceeds	(65,387)

Governmental funds report certain bond transaction as resources or uses. However, in the statement of activities these transactions are reported over the life of the debt as (\$9,472 bond premium). (9,472)

Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds: (63,194)

Postemployment health care benefits	(10,303)
Interest expense	333
Compensated absences	(14,075)
Pension	(42,442)
Amortization of bond discount and premium	3,293

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue/(net expense) of internal service funds is reported with governmental activities. (4,775)

Change in Net Position of Governmental Activities \$ 38,146

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(dollar amounts expressed in thousands)**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget - Positive (Negative)
REVENUES				
Local sources:				
Ad valorem taxes	\$ 490,339	\$ 491,199	\$ 491,199	\$ -
Interest income	2,891	160	5,120	4,960
Other	75,689	72,727	67,768	(4,959)
Total local sources	568,919	564,086	564,087	1
State sources:				
Florida education finance program	840,064	826,474	826,474	-
Categorical programs	254,270	253,934	253,934	-
Workforce development	26,122	26,123	26,123	-
Other	20,582	27,459	24,723	(2,736)
Total state sources	1,141,038	1,133,990	1,131,254	(2,736)
Federal sources:				
Federal grants direct	3,469	3,463	3,463	-
Federal grants through state	9,000	8,242	8,194	(48)
Total federal sources	12,469	11,705	11,657	(48)
Total revenues	1,722,426	1,709,781	1,706,998	(2,783)
EXPENDITURES				
Current:				
Instructional services:				
Basic programs	934,914	961,781	939,834	21,947
Exceptional child programs	193,079	194,195	194,094	101
Adult and vocational technical programs	56,188	63,338	56,486	6,852
Total instructional services	1,184,181	1,219,314	1,190,414	28,900
Instructional support services:				
Pupil personnel services	81,103	79,528	76,131	3,397
Instructional media services	21,954	22,421	22,114	307
Instruction and curriculum development services	23,067	25,405	23,940	1,465
Instructional staff training services	16,316	21,905	17,557	4,348
Instructional related technology	33,117	35,278	35,239	39
Total instructional support services	175,557	184,537	174,981	9,556
Pupil transportation services	56,421	68,554	68,474	80
Operation and maintenance of plant:				
Operation of plant	135,158	127,865	127,480	385
Maintenance of plant	25,975	29,979	29,519	460
Total operation and maintenance of plant	161,133	157,844	156,999	845
School administration	103,675	105,087	104,858	229
General administration:				
Central services	19,314	23,602	21,240	2,362
Board of education	2,875	2,439	2,439	-
General administration	6,162	6,301	6,220	81
Fiscal services	6,499	6,340	6,245	95
Administrative technology services	188	154	154	-
Total general administration	35,038	38,836	36,298	2,538

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(dollar amounts expressed in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Facilities acquisition and construction	1,686	3,364	2,866	498
Food services	853	1,277	1,276	1
Community services and other	20,910	23,089	19,916	3,173
Capital outlay:				
Facilities acquisition and construction	1,132	1,132	1,132	-
Other capital outlay	3,821	3,821	3,821	-
Total expenditures	1,744,407	1,806,855	1,761,035	45,820
Excess (deficiency) of revenues over (under) expenditures	(21,981)	(97,074)	(54,037)	43,037
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	6,116	61,157	55,041
Transfers out	(2,000)	(2,805)	(2,805)	-
Total other financing sources and uses	23,000	3,311	58,352	55,041
Net change in fund balances	1,019	(93,763)	4,315	98,078
Fund balances - beginning	140,699	100,053	146,203	46,150
Fund balances - ending	\$ 141,718	\$ 6,290	\$ 150,518	\$ 144,228

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUND - CONTRACTED SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(dollar amounts expressed in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources:				
Other	\$ 3,647	\$ 3,049	\$ 2,653	\$ (396)
Total local sources	3,647	3,049	2,653	(396)
State sources:				
Other	1,197	437	435	(2)
Total state sources	1,197	437	435	(2)
Federal sources:				
Federal grants direct	21,211	12,599	8,839	(3,760)
Federal grants through state	148,162	166,202	139,238	(26,964)
Federal grants through local	56,512	63,933	44,781	(19,152)
Total federal sources	225,885	242,734	192,858	(49,876)
Total revenues	230,729	246,220	195,946	(50,274)
EXPENDITURES				
Current:				
Instructional services:				
Basic programs	73,090	80,043	63,752	16,291
Exceptional child programs	15,602	15,416	13,629	1,787
Adult and vocational technical programs	4,117	3,874	3,563	311
Total instructional services	92,809	99,333	80,944	18,389
Instructional support services:				
Pupil personnel services	16,974	17,310	15,406	1,904
Instructional media services	3,101	3,494	2,603	891
Instruction and curriculum development services	30,414	35,658	31,412	4,246
Instructional staff training services	15,280	20,827	15,029	5,798
Instructional related technology	2,914	664	477	187
Total instructional support services	68,683	77,953	64,927	13,026
Pupil transportation services	1,063	1,059	639	420
Operation and maintenance of plant:				
Operation of plant	219	391	317	74
Total operation and maintenance of plant	219	391	317	74
School administration	1,280	1,406	1,262	144
General administration:				
Central services	10,418	1,076	944	132
General administration	6,478	6,601	4,538	2,063
Fiscal services	669	510	464	46
Total general administration	17,565	8,187	5,946	2,241

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUND - CONTRACTED SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(dollar amounts expressed in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Facilities acquisition and construction	112	39	-	39
Community services and other	46,427	52,170	36,231	15,939
Capital outlay:				
Facilities acquisition and construction	7	7	7	-
Other capital outlay	2,566	2,565	2,565	-
Total expenditures	230,731	243,110	192,838	50,272
Excess (deficiency) of revenues over (under) expenditures	(2)	3,110	3,108	(2)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	20	20	-
Transfers out	-	-	(3,128)	(3,128)
Total other financing sources and uses	-	20	(3,108)	(3,128)
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2019

(dollar amounts expressed in thousands)

	Internal Service Funds
ASSETS	
Current assets:	
Cash	\$ 10,682
Investments	51,356
Accounts receivable	262
Due from other governmental agencies	474
Due from other funds	551
Total assets	<u>63,325</u>
LIABILITIES	
Current liabilities:	
Accounts payable	15,171
Due to other funds	10,393
Advanced revenue	14,857
Estimated liability for claims	8,050
Total current liabilities	<u>48,471</u>
Noncurrent liabilities:	
Estimated liability for claims	14,073
Total noncurrent liabilities	<u>14,073</u>
Total liabilities	<u>62,544</u>
NET POSITION	
Unrestricted	781
Total net position	<u>\$ 781</u>

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(dollar amounts expressed in thousands)**

	Internal Service Funds
OPERATING REVENUES:	
Premium revenue from other funds	\$ 193,362
Other revenue	584
Total operating revenues	<u>193,946</u>
OPERATING EXPENSES:	
Salaries	532
Benefits	209
Purchased services	121
Claims, premiums and other	190,694
Total operating expenses	<u>191,556</u>
Operating income	<u>2,390</u>
NON OPERATING REVENUE:	
Interest	677
Total non-operating revenue	<u>677</u>
Income before transfers	3,067
TRANSFERS IN	2,552
TRANSFERS OUT	<u>(10,393)</u>
Change in net position	(4,774)
Total net position - beginning	<u>5,555</u>
Total net position - ending	<u>\$ 781</u>

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (dollar amounts expressed in thousands)**

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from interfund services provided	\$ 193,207
Payment to suppliers	(192,707)
Payment to employees	(741)
Other receipts	528
Net cash provided by operating activities	<u>287</u>
CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfers from other funds	2,552
Transfers to other funds	(10,944)
Due to other funds	10,344
Net cash provided by noncapital and related financing activities	<u>1,952</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	5,999
Purchase of investments	(1,508)
Interest on investments	677
Net cash provided by investing activities	<u>5,168</u>
Net increase in cash	7,407
Cash - Beginning of year	<u>3,275</u>
Cash - End of year	<u>\$ 10,682</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ 2,390
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in accounts receivable	(72)
Decrease in due from other governmental agencies	57
Decrease in accounts payable	(585)
Decrease in estimated liability for long-term claims	(1,364)
Decrease in advanced revenue	(139)
Total adjustments	<u>(2,103)</u>
Net cash provided by operating activities	<u>\$ 287</u>

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2019

(dollar amounts expressed in thousands)

	Pension Trust Fund	Agency Funds
	<hr/>	<hr/>
ASSETS		
Cash	\$ -	\$ 17,790
Investments, at fair value:		
Money market	180	-
State Board of Administration	-	42,799
U.S. Government securities	9,750	-
Total investments	<hr/> 9,930	<hr/> 42,799
Accounts receivable, net	52	-
Inventory	-	173
Total assets	<hr/> 9,982	<hr/> 60,762
LIABILITIES		
Accounts payable	-	1,043
Due to student organizations	-	17,863
Payroll deductions	-	41,856
Total liabilities	<hr/> -	<hr/> 60,762
NET POSITION		
Assets held in trust for pension benefits	9,982	-
Total net position restricted for pensions	<hr/> \$ 9,982	<hr/> \$ -

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(dollar amounts expressed in thousands)

	Pension Trust Fund
ADDITIONS	
Contributions received from employer	\$ 1,195
Investment income:	
Interest income	187
Net change in fair value of investments	153
Total investment income	340
Less investment expense	26
Net investment income	314
Total additions	1,509
DEDUCTIONS	
Benefit payments	1,838
Administrative expenses	11
Total deductions	1,849
Net decrease in net position	(340)
Total net position - beginning	10,322
Total net position - ending	\$ 9,982

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

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019
(dollar amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The School District of Hillsborough County, Florida (District) has direct responsibility for the operation, control, and supervision of the District schools and is considered a primary government for financial reporting purposes. The District is a part of the Florida system of public education. The governing body of the school district is the Hillsborough County District School Board (Board) that is composed of seven (7) elected members. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Hillsborough County.

The accompanying financial statements present the activities of the District and its component units. Criteria for determining if other entities are potential component units, which should be reported within the District's financial statements, are identified and described in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, GASB Statement No. 61, The Financial Reporting Entity – Omnibus, and GASB Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14. The application of these criteria provide for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the School Board are such that exclusion would cause the District's financial statements to be misleading or incomplete.

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

Blended Component Unit

The Hillsborough School Board Leasing Corporation (Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in note 7. The governing board of the Corporation is the same as the Board. Financial records for the Corporation are maintained by the District and District staff is responsible for the day-to-day operation of the Corporation. Due to the substantive economic relationship between the District and the Corporation, the financial activities of the Corporation are included in the accompanying financial statements of the District in the Other Capital Projects Fund. Separate financial statements of the Corporation are not published.

Discretely Presented Component Units

The component units column in the government wide financial statements includes the financial data of the District's discretely presented component units for the fiscal year ended June 30, 2019. These component units consist of the District's Charter Schools. Charter Schools are reported in a separate column to emphasize that they are legally separate from the District. While the District's officials are not financially accountable for the Charter Schools, it would be misleading to exclude them from the District's financial statements. None of the individual component units are considered to be major.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019
(dollar amounts expressed in thousands)

A. Reporting Entity (continued)

The Charter Schools are separate not-for-profit corporations organized under Section 1002.33, Florida Statutes to operate as public (as opposed to private) schools and are held responsible for prudent use of the public funds they receive. Each Charter School is a separate component unit that operates under a charter approved by their sponsor, the Board. There are forty-seven (47) Charter Schools operating in the District that meet the criteria for presentation as a discretely presented component unit.

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

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

Avant Garde Academy Westchase
13901 Sheldon Road
Tampa, FL 33625

Bell Creek Academy
13221 Boyette Road
Riverview, FL 33569

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

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

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

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

Channelside Charter School of Math &
Science
1029 E. Twiggs Street
Tampa, FL 33602

Channelside Academy Middle School
1029 E. Twiggs Street
Tampa, FL 33602

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

Creekside Charter Academy
14036 US Highway 301
Riverview, FL 33578

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

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

Florida Autism Center of Excellence
6310 E. Sligh Ave.
Tampa, FL 33617

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

Focus Academy
304 Druid Hills Road
Temple Terrace, FL 33617

Henderson Hammock Charter School
10322 Henderson Road
Tampa, FL 33625

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

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2019
 (dollar amounts expressed in thousands)

A. Reporting Entity (continued)

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

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

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

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

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

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

Learning Gate Community School
 16215 Hanna Road
 Lutz, FL 33549

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

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

Lutz Preparatory School
 17951 North US Highway 41
 Lutz, FL 33549

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

Pepin Academies
 3916 E. Hillsborough Avenue
 Tampa, FL 33624

Pivot Charter School
 3020 Falkenburg Road
 Riverview, FL 33578

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

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

SouthShore Charter Academy
 11667 Big Bend Road
 Riverview, FL 33579

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

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

Terrace Community Middle School
 11734 Jefferson Road
 Thonotosassa, FL 33592

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

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019
(dollar amounts expressed in thousands)

A. Reporting Entity (continued)

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

Valrico Lake Advantage Academy
13306 Boyette Road
Riverview, FL 33569

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

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

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

Waterset Charter School
6540 Knowledge Lane
Apollo Beach, FL 33572

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

Winthrop Charter School
6204 Scholars Hill Lane
Riverview, FL 33578

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

B. Basis of Presentation

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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B. Basis of Presentation (continued)

District's internal service funds are charges to other funds and to employees for workers compensation and insurance. Operating expenses for the internal service funds include the cost of services and administrative costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

The District reports the following major governmental funds:

General Fund - to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

Contracted Services - to account for funds from the State or Federal Government which are restricted for Federal programs.

Other Debt Service – Accounts for and reports on the payments of principal and interest for outstanding bonds and Certificates of Participation.

Local Capital Improvement – Accounts for and reports on the revenues generated from the local capital outlay property taxes.

Other Capital Projects Fund – Accounts for and reports on other miscellaneous funds from various sources including Certificates of Participation.

Additionally, the District reports the following fund types:

Internal Service Funds – to account for the District's workers' compensation, general and automobile liability self-insurance programs and the employee health insurance program.

Pension Trust Fund – to account for resources used to finance the early retirement program.

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

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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C. Measurement Focus and Basis of Accounting

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

Government-Wide Statements – The government-wide statements are presented using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows have taken place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

D. Cash

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

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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E. Investments

Investments of the general government consist of amounts placed with the State Board of Administration (Florida Prime) for participation in the State investment pool, public fund certificates of deposit and those made by the State Board of Administration from the District's bond proceeds held and administered by the State Board of Education.

District monies placed with the State Board of Administration for participation in the State investment pool represent an interest in the pool rather than ownership of specific securities. Such investments are stated at fair value. Investments of the early retirement program are also reported at fair value.

Types and amounts of investments held at year-end are further described in note 3.

F. Inventory

Inventories consist of expendable supplies and parts held for consumption in the course of District operations. Inventories at the central warehouse, maintenance, technology repair and the bus garage are stated at cost based on a moving average. Food service inventories are stated at cost based on the first-in, first-out basis, except that United States Department of Agriculture surplus commodities are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Health and Rehabilitative Services, Food Distribution Center. All other inventories are stated at cost on the last invoice price method, which approximates the first-in, first-out basis. The cost of inventories is recorded as expenditures when used rather than purchased.

G. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets acquired are recorded at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets purchased after July 1, 2004 are defined as those costing more than \$1,000 dollars and having a useful life of more than one year; those purchased before July 1, 2004 are defined as those costing more than \$750 dollars and having a useful life of more than one year. Donated assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

<u>Asset Class Description</u>	<u>Estimated Useful Lives</u>
Buildings	15-50 years
Improvements other than buildings	10-25 years
Building improvements	10-25 years
Furniture, fixtures and equipment	5-20 years
Motor vehicles	4-10 years
Audio visual materials and computer software	3-5 years

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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H. Long-Term Liabilities

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

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

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

Changes in long-term liabilities for the current year are reported in note 11.

I. Lease Obligations

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

J. State Revenue Sources

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

The District receives revenue from the State to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. The amounts not

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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J. State Revenue Sources (continued)

expended or encumbered as of the close of the fiscal year are usually carried forward into the following year to be expended for the same programs. The Department requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted for the balance of categorical educational program resources.

K. Property Taxes

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

Property taxes consist of ad valorem taxes on real and personal property within the District. Property taxes are assessed by the Hillsborough County Property Appraiser and are collected by the Hillsborough County Tax Collector.

The School Board adopted the 2018 tax levy for the 2019 fiscal year on September 11, 2018. Tax bills are mailed in October; and taxes are payable between November 1 of the year assessed and March 31 of the following year with discounts of up to four percent for early payment.

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

Property tax revenues are recognized in the government-wide financial statements in the fiscal year for which the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when the taxes are received by the District, except that revenue is accrued for taxes collected by the Hillsborough County Tax Collector at fiscal year end which have not yet been remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued.

Millages and taxes levied for the current year are presented in note 16.

L. Federal Revenue Sources

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

M. Deferred Outflows of Resources and Deferred Inflows of Resources

In the government-wide financial statements, the District records deferred outflows of resources which represent the consumption of net position by the District that is applicable to a future reporting period. At June 30, 2019, deferred outflows of resources represent the deferred charge on refunding as discussed in note 10, pension related items as discussed in note 17 and 18, and other post employee benefit related items as discussed in note 19.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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M. Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

In addition to liabilities on the government-wide financial statements, the District records deferred inflows of resources which represent an acquisition of net position that applies to future periods. At June 30, 2019, deferred inflows of resources represent the activity associated with pension related items as discussed in note 17 and other post employee benefit related items discussed in note 19.

N. Use of Estimates

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

2. BUDGET COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The District follows the procedures established by State statutes and State Board of Education rules in establishing final budget balances reported in the financial statements:

1. Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules. Original budgets are submitted to the State Commissioner of Education for approval.
2. The budget is prepared by fund, function, object and department. Management may make transfers of appropriations between departments and object. The functional level is the legal level of budgetary control and may only be amended by resolution of the Board at any Board meeting prior to the due date for the Superintendent's Annual Financial Report (State Report). Budgetary disclosure in the accompanying financial statements reflects the original and final budget, including all amendments approved for the fiscal year through September 10, 2019.
3. Budgets are prepared using the modified accrual basis as is used to account for actual transactions in the governmental funds.
4. Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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2. BUDGET COMPLIANCE AND ACCOUNTABILITY (continued)

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

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

3. CASH AND INVESTMENTS

At June 30, 2019, the District's deposits were entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

As of June 30, 2019, the District had the following investments and maturities:

Investment	Maturities	Fair Value
U.S. Treasuries	10/15/2019 - 01/31/2022	\$ 9,413
U.S. Agencies	07/01/2019 - 05/06/2021	7,660
State Board of Administration:		
Florida PRIME	28 Days	247,992
Debt service account	28 Days	237
Certificates of deposit	7/17/2019	437
Wells Fargo Advantage Treasury		
Plus Money Market	N/A	180
Total Investments		<u>\$ 265,919</u>

Investments are reflected in the financial statements as follows:

Governmental funds	\$ 161,834
Internal service funds	51,356
Fiduciary funds	
Pension trust	9,930
Agency	42,799
Total Primary Government	<u>\$ 265,919</u>

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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3. CASH AND INVESTMENTS (continued)

Interest Rate Risk

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

Credit Risk

Section 218.415(17), Florida Statutes, limits the types of investments that the District can hold. The District policy authorizes the following investments:

- (a) The State Board of Administration (SBA) Investment Pool, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided by Section 163.01, Florida Statutes.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02(26), Florida Statutes.
- (d) Direct obligations of the U.S. Treasury.
- (e) Obligations of Federal agencies, government sponsored enterprises, and instrumentalities.
- (f) Securities of, or other interest in, any open-end or closed-end management type investment company or trust registered under the Investment Company Act of 1940, 15 U.S.C. 80a-1.
- (g) Short-term obligations commonly referred to as "money market instruments" including but not limited to commercial paper, provided such obligations carry the highest credit rating from a nationally recognized rating agency.
- (h) Asset-backed securities when either a) the underlying asset is guaranteed by the issuer or b) the security carries the highest quality rating by a nationally recognized rating agency.

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

Florida PRIME is an external investment pool that is not registered with the Securities Exchange Commission (SEC), but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows funds to use amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. Accordingly, the District's investment in the Florida PRIME is reported at the account balance which is considered fair value. Florida PRIME is rated AAA by Standard & Pools.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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3. CASH AND INVESTMENTS (continued)

The District's investments in United States Agencies or Treasuries for the Pension Trust Fund were rated either AA+ by Standard and Poors or AAA by Moody's Investors Services. The remaining government securities were rated either A/AA- by Standard and Poors or A2/Aa3 by Moody's Investors Services.

The District's investments in Certificates of Deposits were in qualified public depositories.

Investments in the State Board of Administration Debt Service Account totaling \$237 are to provide for debt service payments on bonded debt issued by the State Board of Administration for the benefit of the District. These investments consist of United States Treasury securities, with maturity dates of six months or less and are reported at fair value. The District has no formal policy for managing interest rate risk or credit risk for this account, but relies on policies developed by the State Board of Administration.

Custodial Credit Risk

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

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

Of the District's investments, \$9,413 of U. S. Treasuries and \$7,660 of U.S. Agencies are not registered in the name of the District, but are held by the counterparty's trust department or agent and are not insured.

Concentration of Credit Risk

The District's investment policy has established permitted investment sectors which are designed to reduce concentration of credit risk to the District's investment portfolio. Less than 5% of the District's investments are in Government Sponsored Enterprise Securities.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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3. CASH AND INVESTMENTS (continued)

Foreign Currency Risk

The District has no investments which are exposed to foreign currency risk at June 30, 2019. The District does not have a formal investment policy that limits its investment in foreign currency.

Fair Value Measurement

The District categorizes its fair value measurement within the hierarchy established by U.S. generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following fair value measurements as of June 30, 2019:

- U.S. treasury securities of \$9,413 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs).
- U.S. agency securities of \$7,660 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs).
- Money markets of \$180 are valued using the quoted market prices (Level 1 inputs).
- Certificate of deposits of \$437 are valued using the quoted market prices (Level 1 inputs).

SBA deposits of \$248,229 are valued using the net asset value (NAV) per share as a practical expedient to estimate fair value.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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3. CASH AND INVESTMENTS (continued)

	Fair Value Measurement Using			
	June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities:				
U.S. Treasuries	\$ 9,413	\$ -	\$ 9,413	\$ -
U.S. Agencies	7,660	-	7,660	-
Total debt securities	<u>\$ 17,073</u>	<u>\$ -</u>	<u>\$ 17,073</u>	<u>\$ -</u>
Money market	180	180	-	-
Certificates of deposit	437	437	-	-
Total investments at fair value	<u>\$ 17,690</u>	<u>\$ 617</u>	<u>\$ 17,073</u>	<u>\$ -</u>
Investments measured at net asset value (NAV)				
State Board of Administration	<u>\$ 248,229</u>			
Total investments	<u>\$ 265,919</u>			

4. DUE FROM OTHER GOVERNMENTAL AGENCIES

Amounts due from other governmental agencies as of June 30, 2019 are shown below:

	General Fund	Contracted Services	Other Debt Service	Local Capital Improve- ment	Other Capital Projects Fund	Non-Major and Other Funds	Total
Federal Government:							
Miscellaneous	\$ 257	\$ 19,128	\$ -	\$ -	\$ -	\$ -	\$ 19,385
State Government:							
Food Reimbursement	-	-	-	-	-	1,471	1,471
Miscellaneous State	2,061	104	-	-	12,426	4,554	19,145
Local Government:							
Hillsborough County Board of County Commissioners	256	2,703	-	61	37,115	-	40,135
Miscellaneous	843	89	-	-	-	-	932
Total:	<u>\$ 3,417</u>	<u>\$ 22,024</u>	<u>\$ -</u>	<u>\$ 61</u>	<u>\$ 49,541</u>	<u>\$ 6,025</u>	<u>\$ 81,068</u>

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

<u>Description</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 161,410	\$ -	\$ 2,082	\$ 159,328
Land improvements-non depreciable	96,118	15	363	95,770
Construction in progress	39,069	94,100	43,227	89,942
Total capital assets not being depreciated	296,597	94,115	45,672	345,040
<u>Capital assets being depreciated:</u>				
Improvements other than buildings	227,352	6,385	1,863	231,874
Buildings and systems	2,807,933	36,833	11,049	2,833,717
Furniture, fixtures and equipment	145,827	7,977	8,923	144,881
Leashold improvements	6,788	-	-	6,788
Motor vehicles	120,560	8,588	4,810	124,338
Computer software	19,093	1,932	1,021	20,004
Total capital assets being depreciated	3,327,553	61,715	27,666	3,361,602
Less accumulated depreciation for:				
Improvements other than buildings	155,201	7,196	1,721	160,676
Buildings and systems	1,029,283	73,505	6,363	1,096,425
Furniture, fixtures, and equipment	122,897	6,893	8,181	121,609
Leasehold improvements	252	132	-	384
Motor vehicles	79,603	6,019	4,800	80,822
Computer software	18,488	1,140	1,019	18,609
Total accumulated depreciation	1,405,724	94,885	22,084	1,478,525
Total capital assets being depreciated (net)	1,921,829	(33,170)	5,582	1,883,077
Governmental Activities Capital Assets (net)	\$ 2,218,426	\$ 60,945	\$ 51,254	\$ 2,228,117

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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5. CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Instructional services	\$ 2,887
Instructional support services	2,338
Pupil transportation services	126
Operation and maintenance of plant	446
Non-capitalizable facilities acquisition and construction	87,310
School administration	129
General administration	135
Food services	1,015
Community services and other	40
Un-Allocated depreciation	<u>459</u>
Total depreciation expense	<u>\$94,885</u>

6. LINE OF CREDIT

Pursuant to the provisions of Section 1011.13, Florida Statutes, on May 1, 2018 the Board authorized the Superintendent to establish a Line of Credit Tax Anticipation Note for fiscal year 2019, in the amount of \$100,000 with Wells Fargo Bank, N.A. For the year ended June 30, 2019, no funds had been borrowed or utilized under a line-of-credit, and therefore no amounts are outstanding at June 30, 2019.

7. OPERATING LEASE

The District entered into a 10 and 15 year facility lease for Adult Education and Student Nutrition Services, respectively. The facility lease for Adult Education ends June 30, 2020 with an expected renewal. The facility lease for Student Nutrition Services ends February 28, 2032. Adult Education funds its lease with workforce dollars. Student Nutrition Services utilizes earned revenue to pay its lease. Rental expenditures in Fiscal Year 2019 for Adult Education was \$155 and Student Nutrition Services was \$395. The District has entered into other operating leases; however, they are not considered material.

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

<u>Fiscal Year Ending June 30</u>	<u>Annual Amount</u>
2020	\$ 564
2021	415
2022	425
2023	436
2024 - 2028	2,347
2029 - 2032	<u>1,961</u>
Total	<u>\$ 6,148</u>

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8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION

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

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

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

Certificates	Date of Certificates	Original Amount of Certificates	Remaining Amount of Certificates	Ground Lease Term Expiration
Series 2004 QZAB	June 8, 2004	\$ 6,131	\$ 6,131	June 07, 2020
Series 2005 QZAB	December 20, 2005	3,002	3,002	Dec. 20, 2020
Series 2010A	April 15, 2010	97,545	76,890	June 30, 2025
Series 2010 QSCB	December 21, 2010	37,935	37,935	Nov. 30, 2028
Series 2012A	April 3, 2012	124,565	69,050	June 30, 2029
Series 2014A	April 2, 2014	39,950	27,715	June 30, 2028
Series 2015A	August 20, 2015	100,625	94,655	June 30, 2031
Series 2016A	March 31, 2016	53,350	50,810	June 30, 2031
Series 2017A	May 25, 2017	32,445	30,240	June 30, 2026
Series 2017B	November 13, 2017	51,915	51,915	June 30, 2028
Series 2017C	November 13, 2017	97,380	97,380	June 30, 2023
Series 2017D	November 13, 2017	13,585	12,895	June 30, 2019
Series 2018	November 14, 2018	<u>64,995</u>	<u>64,995</u>	June 30, 2030
Totals		<u>\$ 723,423</u>	<u>\$ 623,613</u>	

The Series 2010A Certificates of Participation were issued in order to provide the funds necessary to partially refund the Series 2001A Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the Series 2001A Certificates of Participation. The Series 2012A Certificates of Participation were issued in order to provide funds necessary to partially advance refund the Series 2002 Certificates of Participation and fully refund the Series 2003B Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the Series 2002 and Series 2003B Certificates of Participation. The Series 2014A Certificates of Participation were issued in order to provide funds necessary to fully advance refund the Series 2002 Certificates of Participation and partially advance refund the Series 2004B Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the Series 2002 and Series 2004B Certificates of Participation. The Series 2015A Certificates of Participation were issued in order to refund the Series 2005A

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8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION
(continued)

and advance refund the Series 2006A Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the 2005A and 2006A Certificates of Participation. The Series 2016A Certificates of Participation were issued in order to advance refund the Series 2007 Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the 2007 Certificates of Participation. The Series 2017A Certificates of Participation were issued in order to advance refund the Series 2006B Certificates of Participation and refinance the educational facilities that the District acquired, constructed, and installed from the proceeds of the 2006B Certificates of Participation. The Series 2017B Certificates of Participation were issued in order to advance refund the Series 2012A Certificate of Participation and refinance the educational facilities that the School Board acquired, constructed and installed from the proceeds of the 2012A Certificates of Participation. The Series 2017C Certificates of Participation were issued in order to refund the Series 2008A Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed and installed from the proceeds of the 2008A Certificates of Participation. The Series 2017D Certificates of Participation were issued in order to terminate the swap associated with the Series 2008A Certificates of Participation. The series 2018 Certificates of Participation were issued in order to refund the Series 2015B Certificates of Participation and refinance the educational facilities that the school board acquired, constructed, and installed from the proceeds of the 2015B Certificates of Participation. See Note 10 for current issuances.

Due to the economic substance of the issuances of the Certificates of Participation as a financing arrangement on behalf of the Board, the financial activities of the Corporation have been blended with the financial statements of the District. For accounting purposes, due to the blending of the Corporation within the District's financial statements, basic lease payments are reflected as debt service expenditures when payable to Certificate holders.

The lease payments for the Series 2010A, Series 2012A, Series 2014A, Series 2015A, Series 2016A, Series 2017A, 2017B, 2017C, 2017D, and 2018 Certificates are payable by the District, semi-annually, on July 1 and January 1 at interest rates of 3.00 to 5.00 percent, 4.00 to 5.00 percent, 2.56 percent, 2.00 to 5.00 percent, 5.00 percent, 4.00 to 5.00 percent, 5.00 percent, 5.00 percent, 1.80 to 1.98, and 5.00 percent respectively. The lease payments for the Series 2004-QZAB, 2005-QZAB and 2010-QSCB Certificates are due June 7, 2020, December 20, 2020 and December 1, 2028, respectively. There is no interest to be paid on the QZABs or QSCB, as the certificate holders receive Federal Tax Credits in lieu of interest payments. The District is required to reserve a portion of the lease payments each year.

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8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION
 (continued)

The following is a schedule by years of future minimum lease payments under the lease agreements as of June 30:

Fiscal Year Ending June 30	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 69,488	\$ 43,101	\$ 26,387
2021	64,949	40,132	24,817
2022	62,189	39,180	23,009
2023	62,289	41,175	21,114
2024	62,239	43,115	19,124
2025 - 2029	348,358	285,735	62,623
2030 - 2034	138,981	131,175	7,806
Total Minimum Lease Payments	\$ 808,493	\$ 623,613	\$ 184,880

9. BONDS PAYABLE

Bonds payable at June 30, 2019 were as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity to:
State School Bonds:			
Series 2010-A	\$ 2,245	3.0 - 5.0	2030
Series 2011-A	845	3.0 - 5.0	2023
Series 2014-A	1,512	2.0 - 5.0	2025
Series 2014-B	501	2.0 - 5.0	2021
Series 2017-A	4,777	3.0 - 5.0	2028
Series 2019	392	5.0	2029
District Revenue Bonds:			
Series 2015 Capital Improvement & Racetrack Revenue Refunding	4,835	2.0 - 4.0	2033
Series 2015A Sales Tax Refunding	13,720	1.4	2020
Series 2015B Sales Tax Refunding	65,195	3.0 - 5.0	2027
Series 2017A Sales Tax Refunding	65,490	2.49	2027
Total Bonds Payable	\$ 159,512		

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9. BONDS PAYABLE (continued)

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

STATE SCHOOL BONDS

These bonds are issued by the State Board of Education (SBE) on behalf of the District. The bonds mature serially and are fdissecured by a pledge of part of the District's portion of State-assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these issues. Principal and interest payments, investment of Debt Service Fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration.

DISTRICT REVENUE BONDS

Series 2015 Capital Improvement and Racetrack Revenue Refunding Bonds

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

Sales Tax Revenue Bonds Series 2015A, 2015B and 2017A

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

Annual requirements to amortize all bonded debt outstanding as of June 30, 2019, are as follows:

TOTAL STATE BOARD of EDUCATION BONDS			
Fiscal Year Ending June 30	Total	Principal	Interest
2020	\$ 2,115	\$ 1,652	\$ 463
2021	1,634	1,238	396
2022	1,668	1,334	334
2023	1,563	1,291	272
2024	1,343	1,129	214
2025 - 2029	3,848	3,443	405
2030	192	185	7
Total Debt Service Payments	\$ 12,363	\$ 10,272	\$ 2,091

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9. BONDS PAYABLE (continued)

TOTAL DISTRICT REVENUE BONDS

Fiscal Year Ending June 30	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 21,202	\$ 16,145	\$ 5,057
2021	20,949	16,395	4,554
2022	20,931	17,145	3,786
2023	20,915	17,935	2,980
2024	20,890	18,755	2,135
2025 - 2029	64,029	61,255	2,774
2030 - 2033	1,718	1,610	108
Total Debt Service Payments	\$ 170,634	\$ 149,240	\$ 21,394

10. DEFEASED DEBT

On November 14, 2018, the District issued \$64,995 Certificates of Participation, Series 2018 at a premium with an interest rate of 5.00%. The proceeds were used to fully refund \$73,990 principal amount of the District's Series 2015B Certificates of Participation. The amount of \$74,043 of the net proceeds (after payment of \$475) of issuance costs) were placed in an irrevocable trust to provide for future debt service payments of the refunded amount of the Series 2015B Certificates of Participation. As a result, \$73,990 of the Series 2015B are considered defeased and the liability for these certificates has been removed from long term debt. Accordingly, the trust account assets and liability for that portion of the Series 2015B are not included in the District's financial statements. As a result of the refunding, the District reduced its total debt service requirements by \$73,990 which resulted in an economic loss of \$53.

On January 17, 2019, the State Board of Education issued Series 2019A SBE Refunding Bonds in the amount of \$392 at a premium, with an interest rate of 5.0% on behalf of the District. The amount of \$450 of the net proceeds (after payment of \$4 in underwriter fees and other issuance costs) were placed in an irrevocable trust to refund the 2009A bonds that mature on or after January 1, 2020 and were called for redemption on January 22, 2019. As a result of the refunding, the District reduced its total debt service requirement by \$445 which resulted in an economic loss of \$5.

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11. CHANGES IN LONG TERM LIABILITIES

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

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due in One Year
Estimated liability for long term claims	\$ 23,487	\$ 6,052	\$ 7,416	\$ 22,123	\$ 8,050
Post employment benefits	160,196	10,379	-	170,575	-
Compensated absences	169,654	50,860	36,786	183,728	13,006
Net pension liability					-
State - FRS	729,291	-	22,729	706,562	-
State - HIS	385,423	-	25,570	359,853	10,732
Early Retirement Program	14,238	-	1,655	12,583	-
Certificate of participation	667,808	64,995	109,190	623,613	43,101
Bonds payable	177,435	392	18,315	159,512	17,797
TOTAL	\$ 2,327,532	\$ 132,678	\$ 221,661	\$ 2,238,549	\$ 92,686
Plus unamortized bond premium					
				51,018	
				6,922	
				\$ 2,296,489	

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

12. FUND BALANCE REPORTING

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

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

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12. FUND BALANCE REPORTING (continued)

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

Restricted – fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed – fund balance that contain self-imposed constraints by the Board, (the District's highest level of decision-making authority). The Board has not established a policy to commit fund balance, therefore no such balance is reported.

Assigned – fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The District has a policy approved by the Board that designates administrative staff (the Superintendent and Chief Business Officer) to determine the assignments.

Unassigned – fund balance of the general fund that is not constrained for a particular purpose.

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

Nonspendable – The District has inventories totaling \$5,280 that are classified as nonspendable.

Spendable – The District has classified the spendable fund balances as restricted, assigned and unassigned. The District currently has no funds classified as committed.

Restricted:

Federal Laws, Florida Statutes and local constraints require that certain revenues be specifically used for certain expenditures. These funds have been included in the restricted category of fund balances. The restricted fund balances total is \$350,928 and represent \$38,368 for Federal programs, \$31,209 for State programs, \$7,390 for Local programs, \$91,325 for Debt Service and \$182,636 for Capital Projects.

Assigned:

The District has set aside certain spendable fund balances in the amount of \$6,923 for Seminole Heights Elementary (formerly known as Lee Elementary) insurance dollars, and the shortage of funding for the safe schools initiative.

Unassigned:

The District has a policy that requires it to maintain a contingency fund balance in its operating fund of no less than 5 percent of the annual revenues. The District has \$100,331 in unassigned fund balance. At the end of the fiscal year the unassigned fund balance in the general fund is 5.88 percent of total general fund revenues.

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

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13. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Funds</u>	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General	\$ 65,104	\$ 2,309
Contracted Services	726	20,613
Other Debt Service	-	-
Local Capital Improvement	3,961	32,429
Other Capital Projects	273	4,331
Non-Major Governmental Funds	1,822	2,362
Internal Service Funds	551	10,393
Total	<u>\$ 72,437</u>	<u>\$ 72,437</u>

The majority of interfund receivables and payables are established during the closing period. The receivable in the general fund is for payback of direct/indirect charges for June 30, 2019 and temporary loans to contracted services for cost reimbursement grants. The amounts in local capital improvement, other capital projects fund and non-major funds are mostly due to the movement of expenditures between capital project funds. The amount in the internal service fund is due to movement of revenue to other funds. The amounts payable are expected to be paid within a reasonable period of time.

14. INTERFUND TRANSFERS

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

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 61,157	\$ 2,805
Contracted Services	20	3,128
Other Debt Service	65,939	20
Local Capital Improvement	1,978	110,249
Other Capital Projects	-	11,843
Non-Major Governmental Funds	6,792	-
Internal Service Funds	2,552	10,393
Total	<u>\$ 138,438</u>	<u>\$ 138,438</u>

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

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15. STATE REVENUE SOURCES

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

<u>Sources</u>	<u>Amount</u>
Florida Education Finance Program	\$ 826,474
Workforce Development	26,123
Categorical Education Programs	253,934
Capital Outlay and Debt Service (motor vehicle license tax)	11,698
Food Service Supplement	1,364
Mobile Home License Tax	626
State Board of Education Bond Interest	156
Sales Tax Distribution (previously called pari-mutuel tax)	446
Discretionary Lottery Funds	756
Miscellaneous	38,699
Total	<u>\$ 1,160,276</u>

16. PROPERTY TAXES

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

<u>General Fund</u>	<u>Millage Levied</u>	<u>Taxes Levied</u>
Non-voted School Tax:		
Required Local Effort	4.166	\$ 433,450
Discretionary Local Effort	0.748	77,825
 <u>Capital Projects Funds</u>		
Non-voted Tax:		
Local Capital Improvements	1.500	156,067
Total	<u>6.414</u>	<u>\$ 667,342</u>

17. STATE RETIREMENT PROGRAMS

a. Summary of Significant Accounting Policies

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

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17. STATE RETIREMENT PROGRAMS (continued)

b. General Information about the FRS Pension Plan

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

Essentially all regular employees of participating employers are eligible and must enroll as members of the FRS Pension Plan. Employees in the FRS Pension Plan vest at six years of service if enrolled in the plan prior to July 1, 2011. Enrollment after July 1, 2011 requires eight years of service to vest. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. For enrollees prior to July 1, 2011, FRS Pension Plan benefit payments are based on the member's highest 5-year average annual salary (average final compensation) times the number of years of service. Enrollees after July 1, 2011 have benefit payments based on the member's highest 8 year average annual salary. For Regular Class members enrolled before July 1, 2011, the annual final compensation is multiplied by a percentage ranging from 1.60 percent at age 62 or with 30 years of service, to 1.68 percent at age 65 or with 33 years of service. Regular Class members enrolled after July 1, 2011 have an annual final compensation multiplied by a percentage ranging from 1.60 at age 65 or with 33 years of service to 1.68 percent at age 68 or with 36 years of service. Members are eligible for early retirement after 6 years of service, however, normal benefits are reduced by 5 percent for each year a member retires before age 62. As described in note 18, the District administers a single-employer retirement program that under certain conditions covers the difference in benefits between normal and early retirement.

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

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

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

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17. STATE RETIREMENT PROGRAMS (continued)

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

The contribution rates for the FRS Pension Plan are established by Section 121.71, Florida Statutes, and may be amended by the State of Florida. As of June 30, 2019, the contribution rates were as follows:

<u>Class or Plan</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
Florida Retirement System, Regular (HA)	3.00	8.26
Florida Retirement System, County Elected Officers (HI)	3.00	48.70
Florida Retirement System, Senior Management Service Class (HM)	3.00	24.06
Florida Retirement System, Special Risk (HB)	3.00	24.50
Teachers' Retirement System, Plan E (IE)	6.25	11.90
Florida Retirement System, Reemployed Retiree (UA)	n/a	5.16
DROP	n/a	14.03

Notes: (A)

Employer rates include the post-retirement health insurance supplement, which remained the same from the prior year. As of July 1, 2018 the supplement was 1.66 percent.

The District's contributions to the FRS Pension Plan, net of employee contributions, for the fiscal year ended June 30, 2019, totaled \$71,543. This amount is equal to the required contributions for the fiscal year. Effective July 1, 2011, all members of FRS Pension Plan, except for DROP participants and reemployed retirees who are not eligible for renewed membership, are required to contribute 3 percent of their compensation to the FRS Pension Plan. Amounts collected by the District, and remitted to the FRS Pension Plan, for employee contributions are not considered employer contributions by the FRS Pension Plan.

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to FRS Pension Plan

At June 30, 2019, the District reported a liability of \$706,562 for its proportionate share of the FRS Pension Plan 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 FRS Pension Plan's net pension liability was based on a projection of the District's long term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2018. At June 30, 2018, the District's proportionate share was 2.36 percent, which was a decrease of 0.11 percentage-points from its proportionate share of 2.47 percent measured as of June 30, 2017.

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17. STATE RETIREMENT PROGRAMS (continued)

For the year ended June 30, 2019, the District recognized pension expense of \$107,571 for the FRS Pension Plan. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions for the FRS Pension Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 59,856	\$ 2,173
Changes in assumptions	221,440	37,120
Difference between projected and actual earnings on pension plan investments	-	63,035
Changes in proportion and differences between District contributions and proportionate share of contributions	6,651	42,722
District contributions subsequent to the measurement date	71,543	-
Total	<u>\$ 359,490</u>	<u>\$ 145,050</u>

The deferred outflows of resources related to the FRS Pension Plan totaling \$71,543 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported for the FRS Pension Plan as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount Recognized</u>
2020	\$ 79,815
2021	50,134
2022	(783)
2023	6,128
2024	4,847
Thereafter	2,756
Total	<u>\$ 142,897</u>

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17. STATE RETIREMENT PROGRAMS (continued)

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

Valuation date	July 1, 2018
Measurement date	June 30, 2018
Discount rate	7.00%
Long-term expected rate of return, net of investment expense	7.00%
Inflation	2.60%
Salary increase, including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Entry Age

The long-term expected rate of return was decreased from 7.10% to 7.00% and the active member mortality assumption was updated.

The actuarial assumptions that determined the total pension liability of the FRS Pension Plan as of June 30, 2018, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Long-term expected rate of return. The long-term expected rate of return assumption of 7.00 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.40 percent, consistent with the currently articulated real return target in the current Florida State Board of Administration’s investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; and 2) a long-term average annual inflation assumption of 2.60 percent as adopted in October 2018 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 7.00 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 7.00 percent reported investment return assumption differs from the 7.40 percent investment return assumption chosen by the 2018 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards.

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17. STATE RETIREMENT PROGRAMS (continued)

Asset Class	Target Allocation	Annual Arithmetic Rate of Return
Cash	1.00%	2.90%
Fixed Income	18.00%	4.40%
Global Equity	54.00%	7.60%
Real Estate (Property)	11.00%	6.60%
Private Equity	10.00%	10.70%
Strategic Investment	6.00%	6.00%
Total	100.00%	

Discount rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.00 percent and is based on a projection of cash flows that assumed that employee contributions will be made at the current contribution rate and that contributions from participating members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability of the FRS Pension Plan calculated using the discount rate of 7.00 percent. Also presented is what the District's proportionate share of the FRS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the FRS Pension Plan net pension liability	\$1,289,505	\$706,562	\$222,393

Pension plan fiduciary net position. Detailed information about the FRS Pension Plan's fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report. The comprehensive annual financial report of the FRS is available by mail at: State of Florida, Division of Retirement, Department of Management Services, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399; by telephone toll free (844) 377-1888 or (850) 907-6500; by e-mail at rep@dms.myflorida.com; or at the Division's Web site (<http://www.dms.myflorida.com>).

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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17. STATE RETIREMENT PROGRAMS (continued)

d. General Information about the Health Insurance Subsidy (HIS)

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

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

For fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are a minimum of \$30 but not more than \$150 monthly per Florida Statutes 112.363.

HIS contributions. The HIS Pension Plan is funded by required contributions from FRS participating employers. The funds are deposited in a separate trust fund and consequently paid from that trust fund. Employer contributions are a percentage of gross compensation for all FRS members. For the fiscal year ended June 30, 2018, the contribution rate was 1.66 percent of payroll per Florida Statutes 112.363. Employees do not contribute to this plan.

The District's contributions to the HIS Pension Plan totaled \$18,398 for the fiscal year ended June 30, 2019.

e. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIS Pension Plan

At June 30, 2019, the District reported a liability of \$359,853 for its proportionate share of the HIS Pension Plan 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 HIS Pension Plan's net pension liability was based on a projection of the District's long term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2018. At June 30, 2018, the District's proportionate share was 3.40 percent, which was a decrease of 0.20 percentage-points from its proportionate share of 3.60 percent measured as of June 30, 2017. It is estimated that \$10,732 of the liability is current and due within one year.

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17. STATE RETIREMENT PROGRAMS (continued)

For the year ended June 30, 2019, the District recognized pension expense of \$25,794 for the HIS Pension Plan. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions for the HIS Pension Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,509	\$ 611
Changes in assumptions	40,020	38,047
Difference between projected and actual earnings on pension plan investments	217	-
Changes in proportion and differences between District contributions and proportionate share of contributions	10,156	26,919
District contributions subsequent to the measurement date	18,398	-
Total	<u>\$ 74,300</u>	<u>\$ 65,577</u>

The deferred outflows of resources related to the HIS Pension Plan totaling \$18,398 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported for the HIS Pension Plan as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount Recognized
2020	\$ 3,969
2021	3,951
2022	1,076
2023	(3,531)
2024	(9,193)
Thereafter	(5,947)
Total	<u>\$ (9,675)</u>

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17. STATE RETIREMENT PROGRAMS (continued)

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

Valuation date	July 1, 2018
Measurement date	June 30, 2018
Discount rate	3.87%
Inflation	2.60%
Salary increase, including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Entry Age

The discount rate increased from 3.58 percent to 3.87 percent.

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability of the HIS Pension Plan calculated using the discount rate of 3.87 percent. Also presented is what the District's proportionate share of the HIS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the HIS Pension Plan net pension liability	\$409,851	\$359,853	\$318,176

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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17. STATE RETIREMENT PROGRAMS (continued)

Pension plan fiduciary net position. Detailed information about the HIS Pension Plan's fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report. The comprehensive annual financial report of the FRS is available by mail at: State of Florida, Division of Retirement, Department of Management Services, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399; by telephone toll free (844) 377-1888 or (850) 907-6500; by e-mail at rep@dms.myflorida.com; or at the Division's Web site (<http://www.dms.myflorida.com>).

18. EARLY RETIREMENT PROGRAM

a. Summary of Significant Accounting Policies

Pension. The Early Retirement Plan (Plan) is accounted for as a pension trust fund; therefore it is accounted for in substantially the same manner as a proprietary fund with an economic resources measurement focus and the accrual basis of accounting. Employer contributions are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Plan assets are valued at fair value, based on quoted market prices, for financial statement purposes.

Separate Statements are not issued for the Plan.

b. General Information about the Early Retirement Program

Plan description. As authorized by Section 1012.985, Florida Statutes, the Board implemented the Plan, effective August 1, 1984. The Plan is a single-employer defined benefit plan. The purpose of the Plan is to provide eligible District employees, who elect to retire under the early retirement provisions of the FRS, described in Note 17, with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age of 62. The District entered into an agreement with Wells Fargo Bank, N.A., designating the bank as the investment manager and custodian (Trustee) for the Plan assets. The Agreement also provides that monthly benefits be paid by the Trustee.

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

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

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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18. EARLY RETIREMENT PROGRAM (continued)

Employees covered by benefit terms. Based on an actuarial report as of June 30, 2019, employee membership data related to the Plan was as follows:

Retirees and beneficiaries currently receiving benefits	<u>502</u>
There are no longer any active plan participants.	

Contributions. The District's Early Retirement Program was established by the Board on August 1, 1984. On July 1, 2010, the Plan was closed to any new participants. Pursuant to the Plan Agreement, no contribution shall be required or permitted from any member. The District's annual contribution to the pension trust is determined through the budgetary process and with reference to actuarially determined contributions. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate of \$1,149 is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution is designed to accumulate sufficient assets to pay benefits when due. As of June 30, 2019, the actuarial study shows a net pension liability of \$12,583 in accordance with GASB 68.

Total contributions from the District to the Plan in fiscal year 2019 amounted to \$1,195.

c. Net Pension Liability

In fiscal year ending in 2019, the net pension liability decreased by \$1,655 for a liability in the amount of \$12,583.

Total pension liability	\$	22,565
Plan fiduciary net position		9,982
Net pension liability	<u>\$</u>	<u>12,583</u>
Plan fiduciary net position as a percentage of the total pension liability		44.24%

The Net Pension Liability of \$12,583 is recorded as a long term liability on the Statement of Net Position in the Government-wide Financial Statements.

The computation of the total pension liability for fiscal 2019 was based on the same (a) benefit provisions, (b) actuarial funding method, and (c) other significant factors as used to determine annual required contributions in the previous year.

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

Valuation Date	July 1, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Aggregate

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18. EARLY RETIREMENT PROGRAM (continued)

Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	2.75%, net of investment expense, including inflation
Projected Salary Increases	N/A
Rate of Inflation Adjustment	2.50%
Discount Rate	2.75%

Mortality rates were based on the RP-2000 Generational, 100 percent Annuitant White Collar-Female, Scale BB, 50 percent Annuitant White Collar/50 percent Annuitant Blue Collar – Male, Scale BB.

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

The Plan's investments at June 30, 2019, consisted of the following:

	Balance June 30, 2019	Percentage of Plan Net Position
U.S. Treasury Notes and Bonds	\$ 5,014	50.23%
U.S. Agencies	4,736	47.45%
Money Market	180	1.80%
Accrued Income	52	0.52%
Total	\$ 9,982	100.00%

Long-term expected rate of return. The long-term expected rate of return on pension plan investments was validated using Aon's (the District's actuary) e-tool model assuming general inflation of 2.5 percent, which is a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

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18. EARLY RETIREMENT PROGRAM (continued)

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-term Expected real rate of return</u>
Government Fixed Income	98%	0.4%
Cash	2%	0.3%

Rate of return. For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.75 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

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

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

d. Total Pension Liability

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

<u>Total Pension Liability</u>	<u>2019</u>
Service cost	\$ -
Interest cost	591
Changes of benefit terms	-
Differences between expected and actual experience	(243)
Changes of assumptions	(506)
Benefit payments, including refunds of contributions	(1,837)
Net change in total pension liability	<u>(1,995)</u>
Total pension liability (beginning)	<u>24,560</u>
Total pension liability (ending)	<u>\$ 22,565</u>

Discount rate. The discount rate used to measure the total pension liability was 2.75 percent and is an increase from the prior year. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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18. EARLY RETIREMENT PROGRAM (continued)

rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the District, calculated using the discount rate of 2.75 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.75 percent) and 1-percentage point higher (3.75 percent) than the current rate.

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
District's net pension liability	\$14,728	\$12,583	\$10,740

e. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Plan

At June 30, 2019, the District reported a liability of \$12,583 for the Plan net pension liability. The liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's net pension liability was based on a projection of the Plan relative to the projected contributions during the fiscal year ended June 30, 2019. For the year ended June 30, 2019, the District recognized a pension gain of \$199 for the Plan.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ -
Assumption changes	-	-
Net difference between expected and actual earnings on pension plan investments	249	
Total	\$ 249	\$ -

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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18. EARLY RETIREMENT PROGRAM (continued)

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

	Year Ending June 30	
2020	\$	132
2021		96
2022		33
2023		(12)
2024		-
Total	\$	249

At June 30, 2019, the following schedule details the pension amounts for all plans.

Aggregate Pension Amounts - All Plans	
Net pension liabilities	\$ 1,078,998
Deferred outflows of resources for pensions	434,039
Deferred inflows of resources for pensions	210,627
Pension expense	133,166

19. POST EMPLOYMENT HEALTH CARE BENEFITS

a. General Information about the Plan

Plan description. The Postemployment Health Care Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and eligible dependents may continue to participate in the District's health and hospitalization plan for medical and prescription drug coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. Separate financial statements for the OPEB Plan are not issued.

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19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

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

Plan Type	Staff HMO	Select HMO	Coverage 1 st Local	Coverage 1 st National		HDHP PPO	
Deductible	\$250	\$500	\$1,250	\$1,250	\$3,250	\$2,750	\$3,900
Coinsurance	100%	100%	100%	100%	70%	90%	60%
Copyment	\$15	\$30	\$25	\$25	\$0	\$0	\$0
Out of pocket limit	\$3,500	\$5,000	\$4,000	\$4,000	\$4,500	\$6,650	\$13,300

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

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

Participants	Staff HMO	Select HMO	Coverage 1 st Local	Coverage 1 st National	HDHP PPO
Individual	\$689	\$720	\$591	\$622	\$602
Retiree plus spouse	\$1,288	\$1,345	\$1,097	\$1,153	\$1,123

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

Employees covered by benefit terms. At June 30, 2019, the following employees were covered by the benefit terms:

Retirees or dependents receiving benefits	821
Active employees or dependents receiving benefits	25,397

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

b. Total OPEB Liability

The District's total OPEB liability of \$170,575 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

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19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

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

Valuation date	June 30, 2019
Measurement date	June 30, 2019
Actuarial cost method	Entry age
Inflation	2.5 percent
Salary increases	4.00 percent
Payroll growth	3.00 percent
Discount rate	3.50 percent
Healthcare cost trend rates	6.6% pre 65 and 7.0% post 65 for 2018-2019 decreasing to 4.5% for 2028 and later years
Retirees' share of benefit-Related costs	45 percent of projected health insurance premiums for retirees

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

For the healthy decrement, mortality rates were based on the Pub TH-2010 employees and healthy annuitants mortality table projected generationally using Scale MP-2018. For the disabled decrement, rates were based on the Pub NS-2010 disabled retirees mortality table projected generationally using Scale MP-2018.

c. Changes in the Total OPEB Liability

<u>Total OPEB Liability</u>	<u>2019</u>
Service cost	\$ 11,073
Interest	6,531
Differences between expected and actual experience	(17,873)
Changes in assumptions	15,722
Benefit payments	(5,074)
Net change in total OPEB liability	<u>10,379</u>
Total OPEB Liability (Beginning)	<u>160,196</u>
Total OPEB Liability (Ending)	<u><u>\$ 170,575</u></u>

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19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

Changes of assumptions reflect a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019.

Funded Status and Funding Progress. As of June 30, 2019, the most recent valuation date, the total OPEB Plan liability was \$170,575, and assets held in trust were \$0, resulting in a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$1,108,000 and the ratio of the total OPEB Plan liability to the covered payroll was 15.39 percent. The OPEB Plan contribution requirements of the District and OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB Plan expense or the total OPEB Plan liability, and the OPEB Plan is financed on a pay-as-you-go basis.

Actuarial Assumptions and Methods. The District selected the economic, demographic and health care claim cost assumptions and prescribed them for use for purposes of compliance with GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). The method used to calculate the service cost and accumulated postretirement benefit obligation for determining OPEB Plan expense is the entry age normal cost methods. Under this cost method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working life time as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay each year. The Normal Cost is equal to the prorated cost for the year of the valuations. Benefit obligations and expense/(income) are calculated under U.S. Generally Accepted Accounting Principles as set forth in GASB 75. The total OPEB liability represents the actuarial present value of benefits based on the entry age normal cost method as of the measurement date reflecting all normal costs over the period when benefits were earned. The OPEB Plan expense is the annual amount to be recognized in the statement of activities as the cost of OPEB Plan benefits for this plan for the period ending June 30, 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$191,980	\$170,575	\$152,034

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
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19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates (6.6 percent pre 65 and 7.0 percent post 65 decreasing to 4.5 percent), 1-percentage-point higher (7.6 percent pre 65 and 8.0 percent post 65 decreasing to 5.5 percent), or 1-percentage point lower (5.6 percent pre 65 and 6.0 percent post 65 decreasing to 3.5 percent):

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$143,614	\$170,575	\$204,770

d. OPEB Plan Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB Plan

For the year ended June 30, 2019, the District recognized an OPEB Plan expense of \$15,377. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ 26,869
Changes of assumption or other inputs	14,439	10,365
Total	\$ 14,439	\$ 37,234

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19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	
2020	\$ (2,227)
2021	(2,227)
2022	(2,227)
2023	(2,227)
2024	(2,227)
Thereafter	(11,660)
Total	\$ (22,795)

20. RISK MANAGEMENT

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

Settled claims resulting from the risks described above have not exceeded commercial insurance coverage for the past five fiscal years.

A liability in the amount of \$22,123 was actuarially determined using a discount rate of 2.0 percent to cover reported and unreported insurance claims payable at June 30, 2019. It is estimated that \$8,050 of the liability is current and due within one year. The remaining \$14,073 will be due in future years.

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

	Beginning-of-Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2017 – 2018	\$ 24,448	\$ 6,051	\$ (7,012)	\$ 23,487
2018—2019	23,487	6,052	(7,416)	22,123

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20. RISK MANAGEMENT (continued)

Claims and judgments are generally liquidated by the internal service funds that are funded by the general fund and special revenue funds.

21. COMMITMENTS AND CONTINGENCIES

Construction Contract Commitments

The following is a summary of major construction contract commitments remaining at June 30, 2019:

DETAIL LISTING OF CONSTRUCTION IN PROGRESS

Description	Project Authorization	Expended as of June 30, 2019	Committed
Elementary	\$ 21,956	\$ 978	\$ 20,978
Middle	26,704	1,591	25,113
Senior High	74,750	24,813	49,937
Major Renovation	100,139	40,849	59,290
Total	<u>\$ 223,549</u>	<u>\$ 68,231</u>	<u>\$ 155,318</u>

Litigation

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

Grants and Contracts

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

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SUPPLEMENTAL FLORIDA RETIREMENT SYSTEM PENSION INFORMATION
LAST 10 FISCAL YEARS*
(dollar amounts expressed in thousands)
(UNAUDITED)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 58,610	\$ 67,371	\$ 61,990	\$ 64,502	\$ 67,274
Contributions in relation to the contractually required contribution	\$ (58,610)	\$ (67,371)	\$ (61,990)	\$ (64,502)	\$ (67,274)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 930,149	\$ 985,387	\$ 988,184	\$ 985,656	\$ 946,041
Contributions as a percentage of covered-employee payroll	6.30%	6.84%	6.27%	6.54%	7.11%

*The amounts presented for each fiscal year were determined as of 6/30

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

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditor's report

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF EMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY
SUPPLEMENTAL FLORIDA RETIREMENT SYSTEM PENSION INFORMATION
LAST 10 FISCAL YEARS*
(dollar amounts expressed in thousands)
(UNAUDITED)

	<u>2015</u>		<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>
Proportion of the net pension liability	2.68%		2.76%		2.54%		2.47%		2.36%
District's proportionate share of the net pension liability	\$ 163,260	\$	356,916	\$	964,676	\$	729,291	\$	706,562
District's covered payroll	\$ 930,149	\$	985,387	\$	988,184	\$	985,656	\$	946,041
Districts proportionate share of the net pension liability as a percentage of its covered-employee payroll	17.55%		36.22%		97.62%		73.99%		74.69%
Plan fiduciary net position as a percentage of the total pension liability	96.09%		92.00%		84.88%		83.89%		84.26%

*The amounts presented for each fiscal year were determined as of 6/30

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

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditor's report

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SUPPLEMENTAL HEALTH INSURANCE SUBSIDY PROGRAM INFORMATION
LAST 10 FISCAL YEARS*
(dollar amounts expressed in thousands)
(UNAUDITED)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 12,270	\$ 14,294	\$ 19,006	\$ 19,067	\$ 18,429
Contributions in relation to the contractually required contribution	\$ (12,270)	\$ (14,294)	\$ (19,006)	\$ (19,067)	\$ (18,429)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,064,283	\$ 1,134,992	\$ 1,145,024	\$ 1,149,179	\$ 1,110,759
Contributions as a percentage of covered-employee payroll	1.15%	1.26%	1.66%	1.66%	1.66%

*The amounts presented for each fiscal year were determined as of 6/30

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

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditor's report

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF EMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY
SUPPLEMENTAL HEALTH INSURANCE SUBSIDY PROGRAM INFORMATION
LAST 10 FISCAL YEARS*
(dollar amounts expressed in thousands)
(UNAUDITED)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Proportion of the net pension liability	3.58%	3.74%	3.71%	3.60%	3.40%
District's proportionate share of the net pension liability	\$ 334,898	\$ 381,345	\$ 432,150	\$ 385,423	\$ 359,853
District's covered payroll	\$ 1,064,283	\$ 1,134,992	\$ 1,145,024	\$ 1,149,179	\$ 1,110,759
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	31.47%	33.60%	37.74%	33.54%	32.40%
Plan fiduciary net position as a percentage of the total pension liability	0.99%	0.50%	0.97%	1.64%	2.15%

*The amounts presented for each fiscal year were determined as of 6/30

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

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditor's report

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
EARLY RETIREMENT PENSION TRUST
(dollar amounts expressed in thousands)
(UNAUDITED)**

Fiscal Year Ended <u>June 30,</u>	Actuarially Determined <u>Contribution</u>	Annual Actual <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered Employee <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2008	\$ 3,690	\$ 3,756	\$ (66)	\$ 40,602	9.25%
2009	2,063	1,802	261	31,812	5.66%
2010	2,252	2,451	(199)	22,677	10.81%
2011	1,317	1,764	(447)	N/A	N/A
2012	1,342	880	462	N/A	N/A
2013	1,382	1,383	(1)	N/A	N/A
2014	1,403	1,401	2	N/A	N/A
2015	1,095	1,411	(316)	N/A	N/A
2016	1,054	1,115	(61)	N/A	N/A
2017	1,147	1,185	(38)	N/A	N/A
2018	1,150	1,170	(20)	N/A	N/A
2019	1,170	1,195	(25)	N/A	N/A

See accompanying notes to required supplementary information.

Unaudited – see accompanying independent auditors' report.

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF NET PENSION LIABILITY
EARLY RETIREMENT PENSION TRUST
(dollar amounts expressed in thousands)
(UNAUDITED)**

FISCAL YEAR ENDED JUNE 30	Total Pension Liability	Plan Fiduciary Net Position	District's Net Pension Liability (Asset)	Plan Fiduciary Net Position As a Percentage Of The Total Pension Liability	Covered Payroll	District's Net Pension Liability (Asset) as a Percentage Of Covered Payroll
2014	\$ 26,619	\$ 13,002	\$ 12,455	48.84%	N/A	N/A
2015	26,452	12,459	13,993	47.10%	N/A	N/A
2016	27,141	11,833	15,308	43.60%	N/A	N/A
2017	25,785	11,034	14,751	42.79%	N/A	N/A
2018	24,560	10,322	14,238	42.03%	N/A	N/A
2019	22,565	9,982	12,583	44.24%	N/A	N/A

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

See accompanying notes to required supplementary information.

Unaudited – see accompanying independent auditors' report.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
EARLY RETIREMENT PENSION TRUST
LAST 10 FISCAL YEARS
(dollar amounts expressed in thousands)
(UNAUDITED)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total pension liability						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	958	855	891	654	621	591
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(97)	(9)	(89)	(78)	45	(243)
Changes of assumptions	-	2,180	1,846	-	-	(506)
Benefit payments, including refunds of member contributions	(2,023)	(2,031)	(1,959)	(1,932)	(1,892)	(1,837)
Net change in total pension liability	<u>(1,162)</u>	<u>995</u>	<u>689</u>	<u>(1,356)</u>	<u>(1,226)</u>	<u>(1,995)</u>
Total pension liability - beginning	<u>26,619</u>	<u>25,457</u>	<u>26,452</u>	<u>27,141</u>	<u>25,786</u>	<u>24,560</u>
Total pension liability - ending (a)	<u>\$ 25,457</u>	<u>\$ 26,452</u>	<u>\$ 27,141</u>	<u>\$ 25,785</u>	<u>\$ 24,560</u>	<u>\$ 22,565</u>
Plan fiduciary net position						
Contributions - employer	\$ 1,356	\$ 1,411	\$ 1,115	\$ 1,185	\$ 1,170	\$ 1,195
Contributions - member	-	-	-	-	-	-
Net investment income	80	122	260	(11)	21	340
Benefit payment, including refunds of member contributions	(2,023)	(2,031)	(1,959)	(1,932)	(1,892)	(1,838)
Administrative expense	(13)	(45)	(42)	(41)	(11)	(37)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>(600)</u>	<u>(543)</u>	<u>(626)</u>	<u>(799)</u>	<u>(712)</u>	<u>(340)</u>
Plan fiduciary net position - beginning	<u>13,602</u>	<u>13,002</u>	<u>12,459</u>	<u>11,833</u>	<u>11,034</u>	<u>10,322</u>
Plan fiduciary net position - ending (b)	<u>\$ 13,002</u>	<u>\$ 12,459</u>	<u>\$ 11,833</u>	<u>\$ 11,034</u>	<u>\$ 10,322</u>	<u>\$ 9,982</u>
Net pension liability (asset) - ending (a)-(b)	<u>\$ 12,455</u>	<u>\$ 13,993</u>	<u>\$ 15,308</u>	<u>\$ 14,751</u>	<u>\$ 14,238</u>	<u>\$ 12,583</u>
Plan fiduciary net position as a percentage of the total pension liability	51.07%	47.10%	43.60%	42.79%	42.03%	44.24%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Districts' net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

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

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF INVESTMENT RETURNS
EARLY RETIREMENT PENSION TRUST
LAST 10 FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	Money Weighted Rate of Investment Return
2014	3.50%
2015	3.50%
2016	2.50%
2017	2.50%
2018	2.50%
2019	2.75%

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

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditors' report

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF CHANGES IN TOTAL LIABILITY AND RELATED RATIOS
OTHER POST EMPLOYMENT BENEFITS
LAST 10 FISCAL YEARS
(dollar amounts expressed in thousands)
(UNAUDITED)

	<u>2018</u>	<u>2019</u>
Total OPEB liability		
Service cost	\$ 11,940	\$ 11,073
Interest	6,477	6,531
Changes of benefit terms	-	-
Differences between expected and actual experience	(12,514)	(17,873)
Changes of assumptions	(12,407)	15,722
Benefit payments	(4,508)	(5,074)
Net change in total OPEB liability	<u>(11,012)</u>	<u>10,379</u>
Total OPEB liability - beginning	<u>171,208</u>	<u>160,196</u>
Total OPEB liability - ending	<u>\$ 160,196</u>	<u>\$ 170,575</u>
Covered employee payroll	\$ 1,110,759	\$ 1,108,182
Total OPEB liability as a percentage of covered employee payroll	14.42%	15.39%

Changes in assumptions and other inputs include the change in the discount rate from 3.87 percent as of the beginning of the measurement period to 3.50 percent as of the end of the measurement period. This change is reflected in the Schedule of Changes in Total OPEB Plan Liability

There are no assets accumulated in a trust to pay related benefits.

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

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditors' report

**SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR
 FLORIDA RETIREMENT SYSTEM PENSION AND HEALTH INSURANCE SUBSIDY
 PROGRAM
 June 30, 2019
 (UNAUDITED)**

The following are relevant to the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) Program:

- 1) Actuarial assumptions for defined benefit plans are reviewed annually by the Florida Retirement System. The FRS Pension Plan has a valuation performed annually, whereas the HIS Program has a valuation performed biennially which was updated for GASB reporting in the year a valuation was not performed. The most recent experience study for the pension plan was completed in 2014 for the period July 1, 2008 through June 30, 2013.
- 2) Method and assumptions used in calculation of actuarially determined contribution:

FRS Pension Plan

Valuation Date	July 1, 2018
Actuarial Cost Method	Entry Age

Actuarial Assumptions:

Discount Rate	7.00%
Investment Rate of Return	7.40%
Projected Salary Increases	3.25%
Rate of Inflation Adjustment	2.60%

Mortality assumption:

Generational RP-2000 with Projection Scale BB Tables

HIS Program

Valuation Date	July 1, 2018
Actuarial Cost Method	Entry Age

Actuarial Assumptions:

Discount Rate	3.87%
Investment Rate of Return	N/A
Projected Salary Increases	3.25%
Rate of Inflation Adjustment	2.60%

Mortality assumption:

Generational RP-2000 with Projection Scale BB Tables



KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602-5145

Independent Auditors' 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

Honorable Chairperson and Members of the School Board
School District of Hillsborough County, Florida:

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 components units, each major fund, and the aggregate remaining fund information of the School District of Hillsborough County, Florida (the District) as of and for the 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 November 22, 2019. 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 the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

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, 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*.

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.

KPMG LLP

November 22, 2019

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APPENDIX C

**EXCERPTED PAGES FROM THE SUPERINTENDENT'S
ANNUAL FINANCIAL REPORT (UNAUDITED)
OF THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2020

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements (beginning on page 2).

Overview of the Financial Statements

The MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances in a manner similar to the corporate private sector. Governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

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

The Statement of Activities (see page 3) presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying obligation/event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities and/or component units.

The government-wide financial statements include not only the District but its component unit as well. The Hillsborough School Board Leasing Corporation, although legally separate, functions for all practical purposes, as a department of the District, and therefore has been included as an integral part of the primary government. The District has other component units that, due to the timing of the issuance of the Superintendent's Annual Financial Report, are not included in the basic financial statements. Several public charter schools for which the District is financially accountable are not included.

Key financial highlights included assets and deferred outflows of resources exceeding its liabilities and deferred inflows of resources by \$605,222,512.08 (net position). Of this amount \$(1,296,575,045.35) represents a deficit unrestricted net position. This deficit balance was attributed to increases in long-term liabilities such as other post-employment benefits, compensated absences, and pension (FRS and Pension Trust). See notes 11, 17, 18 and 19 to the financial statements for additional information.

The government-wide financial statements can be found on pages 2 - 3 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2020

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds are established for various purposes and the Fund Financial Statements allow for the demonstration of sources and uses and/or budgeting compliance associated therewith (beginning on page 4). All funds of the District can be divided into three major categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

Reconciliation between the government-wide and the governmental fund financial information is necessary because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 5 and 7). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column in the Government-wide statements.

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

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

Proprietary Funds

The District maintains 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 internal service funds to account for its group health insurance, workers compensation, and liability self-insurance activities. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2020

The basic proprietary fund statements can be found on pages 8 – 10.

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-1 through 18-61 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an entities financial position. In the case of the District, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$605,222,512.08 at the end of the current fiscal year.

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

	Governmental Activities 2020	Governmental Activities 2019
Current and other assets	\$ 518,449,981.28	\$ 581,710,429.89
Capital assets	<u>2,359,085,880.06</u>	<u>2,228,116,512.88</u>
Total assets	<u>2,877,535,861.34</u>	<u>2,809,826,942.77</u>
Deferred outflows	<u>459,414,142.59</u>	<u>474,536,955.05</u>
Long-term liabilities outstanding	2,371,603,192.34	2,296,489,847.73
Other liabilities	<u>130,855,676.39</u>	<u>115,422,494.50</u>
Total liabilities	<u>2,502,458,868.73</u>	<u>2,411,912,342.23</u>
Deferred inflows	<u>229,268,623.12</u>	<u>247,912,358.17</u>
Net position:		
Net Investment in Capital Assets	1,613,591,692.11	1,413,056,434.15
Restricted	288,205,865.32	323,024,460.53
Unrestricted	<u>(1,296,575,045.35)</u>	<u>(1,111,541,697.26)</u>
Total Net Position	<u>\$ 605,222,512.08</u>	<u>\$ 624,539,197.42</u>

An additional portion of the District's Net Position represents resources that are subject to external restrictions on how they may be used. The District's net position decreased by \$19,316,685.34 from last year, due to current year operations and an overall increase in long term liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2020

Governmental Activities

Governmental activities decreased the District's net position by \$19,316,685.34. Key elements of this decrease are as follows:

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>
Revenues:		
Program revenues:		
Charges for services	\$ 40,662,831.80	\$ 49,246,439.30
Operating grants and contributions	95,815,217.56	99,735,199.92
Capital grants and contributions	8,532,487.44	11,854,203.43
General revenues:		
Property taxes, levied for operational Purposes	502,573,170.30	491,198,782.81
Property taxes, levied for capital projects	162,752,745.97	149,920,705.34
Local sales taxes	158,831,209.47	83,400,233.95
Grants and contributions not restricted to specific programs	1,394,397,743.30	1,351,725,745.67
Investment earnings	7,674,853.88	12,037,450.76
Miscellaneous	80,135,426.19	93,200,322.81
Total revenues	\$ <u>2,451,375,685.91</u>	\$ <u>2,342,319,083.99</u>
Expenses:		
Instruction	1,441,469,303.31	1,316,307,017.38
Pupil personnel services	106,497,688.30	94,847,824.66
Instructional media services	27,006,889.67	25,634,582.43
Instruction and curriculum development	63,979,655.50	57,125,781.05
Instructional staff training services	43,174,345.95	34,354,918.11
Instruction related technology	40,037,755.77	38,549,651.20
Board	3,452,222.68	2,509,693.04
General administration	12,718,590.30	11,045,908.15
School administration	121,734,999.23	111,524,177.96
Facilities acquisition and construction	175,065,363.43	142,492,417.99
Fiscal services	7,226,596.78	7,059,482.37
Food services	119,938,503.34	120,864,886.34
Central services	25,864,242.84	23,648,340.25
Pupil transportation services	68,643,037.02	70,821,430.32
Operation of plant	132,693,768.42	130,484,364.83
Maintenance of plant	33,392,084.93	30,420,144.98
Administrative Technology Services	181,681.22	169,923.68
Community services	20,092,380.79	56,439,777.87
Interest on long-term debt	27,334,828.82	29,414,797.45
Unallocated depreciation	188,432.95	459,049.49
Total expense	<u>2,470,692,371.25</u>	<u>2,304,174,169.55</u>
Change in net position	(19,316,685.34)	38,144,914.44
Net position beginning of year	<u>624,539,197.42</u>	<u>586,394,282.98</u>
Net position end of year	\$ <u><u>605,222,512.08</u></u>	\$ <u><u>624,539,197.42</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2020

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

Financial Analysis of the District's Funds

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

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

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

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$70,816,845.16, while total fund balance was \$118,237,819.99. The fund balance of the District's General Fund decreased by \$32,279,942.89 during the current fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents four percent of total General Fund expenditures, while total fund balance represents six percent of that same amount. The fund balance decrease of \$32,279,942.89 in the current year was primarily due to additional expenditures and a reduction in local revenue related to the pandemic.

The Special Revenues Fund (Other Federal Programs) revenue and expenditures remain equal to the prior year.

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

The Capital Improvement Fund's ending fund balance of \$12,513,742.56 decreased \$2,474,822.52 from the prior year. Taxes for capital outlay were \$15,058,718.41 more this year; however, operational expenditures increased \$24,370,352.02 over last year. This was attributed to new construction, major renovation, repair and purchase of school buses. In addition, transfers out totaled \$105,375,243.57 to cover expenditures related to Capital Improvement, but not recorded in those funds.

Other Capital Projects Fund had a decrease in fund balance of \$35,507,081.20 from a prior year fund balance of \$152,716,446.57 to a current year fund balance of \$117,209,365.37. This change was primarily due to an increase in expenditures related to new construction, major renovation, repair and purchase of school buses.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2020

General Fund Budgetary Highlights

During the fiscal year, the District revises its budget and brings amendments to the Board on a monthly basis. These amendments are needed to adjust to actual revenues and direct resources where needed. The Board approves the final amendment to the budget after year-end.

The General Fund final budget appropriations increased \$63.2 million from the original budget to the final amended budget. The increases were due to increases in the number of approved charter schools and their corresponding enrollment.

Actual expenditures were \$59.4 million below the final amended expenditure budget. Unexpended appropriations of \$59.4 million were composed of the following: (1) \$38.7 million in restricted programs, (2) \$4.6 million categorized as nonspendable, (3) \$4.1 in assigned for turnaround supplemental services and (4) \$12 million in other unexpended budget items.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$2,359,085,880.06 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, construction in progress, improvements other than buildings, buildings and systems, furniture, fixtures and equipment, motor vehicles, and computer equipment.

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>
Land	\$ 159,883,408.50	\$ 159,327,667.18
Land improvements	95,769,611.31	95,769,611.31
Construction in progress	122,269,344.26	89,941,802.94
Improvements other than buildings	78,937,838.51	71,198,210.13
Buildings and systems	1,833,941,562.85	1,743,695,910.40
Furniture, fixtures and equipment	20,357,728.06	23,272,199.96
Motor vehicles	47,568,668.46	43,516,337.40
Computer software	357,718.11	1,394,773.56
Total capital assets	<u>\$ 2,359,085,880.06</u>	<u>\$ 2,218,426,037.34</u>

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

See note #5 to the financial statements for more information on the District's capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2020

Long Term Debt

At the end of the current fiscal year the District had borrowed and bonded debt outstanding of \$777,801,165.32, which is net of un-amortized bond premiums of (\$65,478,165.32).

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

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

The District has been given the following bond ratings:

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

See notes 8-11 to the financial statements for more information on the District's long-term debt.

Requests for Information

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

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY
STATEMENT OF NET POSITION
June 30, 2020

	Account Number	Primary Government	
		Governmental Activities	Total
ASSETS			
Cash and Cash Equivalents	1110	216,500,010.12	216,500,010.12
Investments	1160	169,994,315.47	169,994,315.47
Taxes Receivable, Net	1120		0.00
Accounts Receivable, Net	1131	6,824,953.21	6,824,953.21
Interest Receivable on Investments	1170		0.00
Due From Other Agencies	1220	118,991,970.61	118,991,970.61
Due From Insurer	1180		0.00
Deposits Receivable	1210		0.00
Internal Balances			0.00
Cash with Fiscal/Service Agents	1114		0.00
Section 1011.13, F.S. Loan Proceeds	1420		0.00
Leases Receivable	1425		0.00
Inventory	1150	6,138,731.87	6,138,731.87
Prepaid Items	1230		0.00
Long-Term Investments	1460		0.00
Prepaid Insurance Costs	1430		0.00
Other Postemployment Benefits Asset	1410		0.00
Pension Asset	1415		0.00
<i>Capital Assets</i>			
Land	1310	159,883,408.50	159,883,408.50
Land Improvements - Nondepreciable	1315	95,769,611.31	95,769,611.31
Construction in Progress	1360	122,269,344.26	122,269,344.26
Nondepreciable Capital Assets		377,922,364.07	377,922,364.07
Improvements Other Than Buildings	1320	247,534,673.80	247,534,673.80
Less Accumulated Depreciation	1329	(168,596,835.29)	(168,596,835.29)
Buildings and Fixed Equipment	1330	3,005,211,416.23	3,005,211,416.23
Less Accumulated Depreciation	1339	(1,171,269,853.38)	(1,171,269,853.38)
Furniture, Fixtures and Equipment	1340	140,490,601.60	140,490,601.60
Less Accumulated Depreciation	1349	(120,132,873.54)	(120,132,873.54)
Motor Vehicles	1350	126,844,833.58	126,844,833.58
Less Accumulated Depreciation	1359	(79,276,165.12)	(79,276,165.12)
Property Under Leases	1370		0.00
Less Accumulated Amortization	1379		0.00
Audiovisual Materials	1381		0.00
Less Accumulated Depreciation	1388		0.00
Computer Software	1382	18,465,990.03	18,465,990.03
Less Accumulated Amortization	1389	(18,108,271.92)	(18,108,271.92)
Depreciable Capital Assets, Net		1,981,163,515.99	1,981,163,515.99
Total Capital Assets		2,359,085,880.06	2,359,085,880.06
Total Assets		2,877,535,861.34	2,877,535,861.34
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated Decrease in Fair Value of Hedging Derivatives	1910		0.00
Net Carrying Amount of Debt Refunding	1920	32,306,977.37	32,306,977.37
Pension	1940	379,247,032.22	379,247,032.22
Other Postemployment Benefits	1950	47,860,133.00	47,860,133.00
Asset Retirement Obligation	1960		0.00
Total Deferred Outflows of Resources		459,414,142.59	459,414,142.59

LIABILITIES			
Cash Overdraft	2125		0.00
Accrued Salaries and Benefits	2110	1,780,202.23	1,780,202.23
Payroll Deductions and Withholdings	2170	3,675,735.38	3,675,735.38
Accounts Payable	2120	68,975,243.54	68,975,243.54
Sales Tax Payable	2260	3,210.24	3,210.24
Current Notes Payable	2250		0.00
Accrued Interest Payable	2210	13,091,082.59	13,091,082.59
Deposits Payable	2220	289,491.34	289,491.34
Due to Other Agencies	2230	9,270,861.63	9,270,861.63
Due to Fiscal Agent	2240		0.00
Pension Liability	2115		0.00
Other Postemployment Benefits Liability	2116		0.00
Judgments Payable	2130		0.00
Construction Contracts Payable	2140		0.00
Construction Contracts Payable - Retained Percentage	2150	11,620,895.56	11,620,895.56
Estimated Unpaid Claims - Self-Insurance Program	2271		0.00
Estimated Liability for Claims Adjustment	2272		0.00
Estimated Liability for Arbitrage Rebate	2280		0.00
Unearned Revenues	2410	22,148,953.88	22,148,953.88
<i>Long-Term Liabilities:</i>			
<i>Portion Due Within One Year:</i>			
Notes Payable	2310		0.00
Obligations Under Leases	2315		0.00
Bonds Payable	2320	23,679,176.74	23,679,176.74
Liability for Compensated Absences	2330	12,992,933.83	12,992,933.83
Lease-Purchase Agreements Payable	2340	96,295,988.58	96,295,988.58
Estimated Liability for Long-Term Claims	2350	7,388,935.77	7,388,935.77
Net Other Postemployment Benefits Obligation	2360		0.00
Net Pension Liability	2365	11,326,304.50	11,326,304.50
Estimated PECO Advance Payable	2370		0.00
Other Long-Term Liabilities	2380		0.00
Derivative Instrument	2390		0.00
Estimated Liability for Arbitrage Rebate	2280		0.00
Due Within One Year		151,683,339.42	151,683,339.42
<i>Portion Due After One Year:</i>			
Notes Payable	2310		0.00
Obligations Under Leases	2315		0.00
Bonds Payable	2320	123,821,000.00	123,821,000.00
Liability for Compensated Absences	2330	184,648,702.81	184,648,702.81
Lease-Purchase Agreements Payable	2340	534,005,000.00	534,005,000.00
Estimated Liability for Long-Term Claims	2350	13,221,809.23	13,221,809.23
Net Other Postemployment Benefits Obligation	2360	208,572,211.00	208,572,211.00
Net Pension Liability	2365	1,155,651,129.88	1,155,651,129.88
Estimated PECO Advance Payable	2370		0.00
Other Long-Term Liabilities	2380		0.00
Derivative Instrument	2390		0.00
Estimated Liability for Arbitrage Rebate	2280		0.00
Due in More than One Year		2,219,919,852.92	2,219,919,852.92
Total Long-Term Liabilities		2,371,603,192.34	2,371,603,192.34
Total Liabilities		2,502,458,868.73	2,502,458,868.73
DEFERRED INFLOWS OF RESOURCES			
Accumulated Increase in Fair Value of Hedging Derivatives	2610		0.00
Deficit Net Carrying Amount of Debt Refunding	2620		0.00
Deferred Revenue	2630		0.00
Pension	2640	181,511,902.12	181,511,902.12
Other Postemployment Benefits	2650	47,756,721.00	47,756,721.00
Total Deferred Inflows of Resources		229,268,623.12	229,268,623.12

NET POSITION			
Net Investment in Capital Assets	2770	1,613,591,692.11	1,613,591,692.11
<i>Restricted For:</i>			
Categorical Carryover Programs	2780	35,171,286.77	35,171,286.77
Food Service	2780	40,459,060.99	40,459,060.99
Debt Service	2780	71,259,676.81	71,259,676.81
Capital Projects	2780	136,730,714.49	136,730,714.49
Other Purposes	2780	4,585,126.26	4,585,126.26
Unrestricted	2790	(1,296,575,045.35)	(1,296,575,045.35)
Total Net Position		605,222,512.08	605,222,512.08

The notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
						Governmental Activities	Business-Type Activities	Total	
<i>Governmental Activities:</i>									
Instruction	5630	1,441,469,303.11	20,890,367.11			(1,420,578,936.20)		(1,420,578,936.20)	
Student Support Services	6130	106,497,688.30				(106,497,688.30)		(106,497,688.30)	
Instructional Media Services	6230	27,006,839.67				(27,006,839.67)		(27,006,839.67)	
Instruction and Curriculum Development Services	6306	63,979,655.50				(63,979,655.50)		(63,979,655.50)	
Instructional Staff Training Services	6406	43,174,345.95				(43,174,345.95)		(43,174,345.95)	
Instruction-Related Technology	6500	40,037,755.77				(40,037,755.77)		(40,037,755.77)	
Board	7100	3,452,222.58				(3,452,222.68)		(3,452,222.68)	
General Administration	7200	12,718,590.30				(12,718,590.30)		(12,718,590.30)	
School Administration	7300	121,734,999.23				(121,734,999.23)		(121,734,999.23)	
Facilities Acquisition and Construction	7400	175,665,363.43			6,452,433.49	(168,612,930.03)		(168,612,930.03)	
Fiscal Services	7500	7,226,596.78				(7,226,596.78)		(7,226,596.78)	
Food Services	7600	11,928,503.34	17,445,615.68	95,815,217.56		(6,677,670.10)		(6,677,670.10)	
Central Services	7700	25,864,242.84				(25,864,242.84)		(25,864,242.84)	
Student Transportation Services	7800	68,643,037.02	2,326,849.01			(66,316,188.01)		(66,316,188.01)	
Operation of Plant	7900	132,693,768.42				(132,693,768.42)		(132,693,768.42)	
Maintenance of Plant	8100	33,392,084.93				(33,392,084.93)		(33,392,084.93)	
Administrative Technology Services	8200	181,681.22				(181,681.22)		(181,681.22)	
Community Services	9100	20,092,380.79				(20,092,380.79)		(20,092,380.79)	
Interest on Long-Term Debt	9200	27,334,828.82			2,082,054.04	(25,254,774.78)		(25,254,774.78)	
Unallocated Depreciation/Amortization Expense		188,432.95				(188,432.95)		(188,432.95)	
Total Governmental Activities		2,470,692,371.25	40,662,331.80	95,815,217.56	8,532,487.44	(2,325,681,834.45)		(2,325,681,834.45)	
<i>Business-Type Activities:</i>									
Self-Insurance Consortium							0.00	0.00	
Daycare Operations							0.00	0.00	
Other Business-Type Activity							0.00	0.00	
Total Business-Type Activities		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total Primary Government		2,470,692,371.25	40,662,331.80	95,815,217.56	8,532,487.44	(2,325,681,834.45)	0.00	(2,325,681,834.45)	
<i>Component Units:</i>									
Major Component Unit Name		0.00	0.00	0.00	0.00				0.00
Major Component Unit Name		0.00	0.00	0.00	0.00				0.00
Total Non-governor Component Units		0.00	0.00	0.00	0.00				0.00
Total Component Units		0.00	0.00	0.00	0.00				0.00

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes	
Property Taxes, Levied for Debt Service	
Property Taxes, Levied for Capital Projects	
Local Sales Taxes	
Grants and Contributions Not Restricted to Specific Programs	
Investment Earnings	
Miscellaneous	
Special Items	
Extraordinary Items	
Transfers	
Total General Revenues, Special Items, Extraordinary Items and Transfers	
Change in Net Position	
Net Position, July 1, 2019	
Adjustments to Net Position	
Net Position, June 30, 2020	

502,573,170.30		502,573,170.30	0.00
		0.00	0.00
162,752,745.97		162,752,745.97	0.00
158,831,209.47		158,831,209.47	0.00
1,394,397,743.30		1,394,397,743.30	0.00
7,674,853.88		7,674,853.88	0.00
80,135,426.19		80,135,426.19	0.00
		0.00	0.00
		0.00	0.00
		0.00	0.00
2,306,365,149.11	0.00	2,306,365,149.11	0.00
(19,316,685.34)	0.00	(19,316,685.34)	0.00
624,539,197.42		624,539,197.42	0.00
		0.00	0.00
605,222,512.08	0.00	605,222,512.08	0.00

The notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	Account Number	General 100	Other Federal Programs 420	Other Debt Service 290	Nonvoted Capital Improvement Fund 370
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and Cash Equivalents	1110	73,838,210.83	720,177.20	39,268.13	27,568,567.82
Investments	1160	2,448,941.98	0.00	62,750,838.00	12,255,757.46
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	5,739,167.40	2,131.50	0.00	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	6,068,755.70	43,215,169.75	0.00	15,002.26
Due From Budgetary Funds	1141	73,144,773.18	1,080,634.32	0.00	8,685,627.14
Due From Insurer	1180	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	303,775.99	3,454.00	0.00	0.00
Cash with Fiscal/Service Agencies	1114	0.00	0.00	0.00	0.00
Inventory	1150	4,585,126.26	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00	0.00
Total Assets		166,128,751.34	45,021,566.77	62,790,106.13	48,524,954.68
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
Total Deferred Outflows of Resources		0.00	0.00	0.00	0.00
Total Assets and Deferred Outflows of Resources		166,128,751.34	45,021,566.77	62,790,106.13	48,524,954.68
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	1,780,120.37	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	3,675,735.38	0.00	0.00	0.00
Accounts Payable	2120	18,190,446.63	2,784,776.76	0.00	1,990,297.10
Sales Tax Payable	2260	3,210.24	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00
Deposits Payable	2220	126,887.44	2,248.90	0.00	134,255.66
Due to Other Agencies	2230	9,270,301.58	560.05	0.00	0.00
Due to Budgetary Funds	2161	13,479,619.68	40,049,677.42	0.00	33,886,659.36
Due to Internal Funds	2162	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00	0.00
Unearned Revenue	2410	1,364,610.03	2,184,303.64	0.00	0.00
Unavailable Revenue	2410	0.00	0.00	0.00	0.00
Total Liabilities		47,890,931.35	45,021,566.77	0.00	36,011,212.12
DEFERRED INFLOWS OF RESOURCES					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00	0.00
Total Deferred Inflows of Resources		0.00	0.00	0.00	0.00
FUND BALANCES					
<i>Nonspendable:</i>					
Inventory	2711	4,585,126.26	0.00	0.00	0.00
Prepaid Amounts	2712	0.00	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00	0.00
Total Nonspendable Fund Balances	2710	4,585,126.26	0.00	0.00	0.00
<i>Restricted for:</i>					
Economic Stabilization	2721	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	35,171,286.77	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	62,790,106.13	0.00
Capital Projects	2726	0.00	0.00	0.00	12,513,742.56
Restricted for Local	2729	3,541,298.85	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
Total Restricted Fund Balances	2720	38,712,585.62	0.00	62,790,106.13	12,513,742.56
<i>Committed to:</i>					
Economic Stabilization	2731	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
Total Committed Fund Balances	2730	0.00	0.00	0.00	0.00
<i>Assigned to:</i>					
Special Revenue	2741	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00
Assigned for Turnaround Supplemental Services	2749	4,123,262.95	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
Total Assigned Fund Balances	2740	4,123,262.95	0.00	0.00	0.00
Total Unassigned Fund Balances	2750	70,816,845.16	0.00	0.00	0.00
Total Fund Balances	2700	118,237,819.99	0.00	62,790,106.13	12,513,742.56
Total Liabilities, Deferred Inflows of Resources and Fund Balances		166,128,751.34	45,021,566.77	62,790,106.13	48,524,954.68

The notes to financial statements are an integral part of this statement.
ESE 145

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	Account Number	Other Capital Projects 390	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and Cash Equivalents	1110	66,843,289.28	41,107,090.25	210,116,603.51
Investments	1160	20,258,958.26	33,749,465.45	131,463,961.15
Taxes Receivable, Net	1120	0.00	0.00	0.00
Accounts Receivable, Net	1131	117,580.31	462,677.66	6,321,556.87
Interest Receivable on Investments	1170	0.00	0.00	0.00
Due From Other Agencies	1220	60,769,503.09	8,923,539.81	118,991,970.61
Due From Budgetary Funds	1141	182,170.55	498,390.98	83,591,596.17
Due From Insurer	1180	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	307,229.99
Cash with Fiscal/Service Agents	1114	0.00	0.00	0.00
Inventory	1150	0.00	1,553,605.61	6,138,731.87
Prepaid Items	1230	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00
Total Assets		148,171,501.49	86,294,769.76	556,931,650.17
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00
Total Deferred Outflows of Resources		0.00	0.00	0.00
Total Assets and Deferred Outflows of Resources		148,171,501.49	86,294,769.76	556,931,650.17
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Cash Overdraft	2125	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	81.86	1,780,202.23
Payroll Deductions and Withholdings	2170	0.00	0.00	3,675,735.38
Accounts Payable	2120	27,639,028.29	1,511,316.10	52,115,864.88
Sales Tax Payable	2260	0.00	0.00	3,210.24
Current Notes Payable	2250	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00
Deposits Payable	2220	21,681.54	4,315.99	289,389.53
Due to Other Agencies	2230	0.00	0.00	9,270,861.63
Due to Budgetary Funds	2161	3,301,426.29	2,247,432.52	92,964,815.27
Due to Internal Funds	2162	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00
Unearned Revenue	2410	0.00	1,883,406.91	5,432,320.58
Unavailable Revenue	2410	0.00	0.00	0.00
Total Liabilities		30,962,136.12	5,646,553.38	165,532,399.74
DEFERRED INFLOWS OF RESOURCES				
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00
Total Deferred Inflows of Resources		0.00	0.00	0.00
FUND BALANCES				
<i>Nonspendable:</i>				
Inventory	2711	0.00	1,553,605.61	6,138,731.87
Prepaid Amounts	2712	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00
Total Nonspendable Fund Balances	2710	0.00	1,553,605.61	6,138,731.87
<i>Restricted for:</i>				
Economic Stabilization	2721	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	38,905,455.38	38,905,455.38
State Required Carryover Programs	2723	0.00	0.00	35,171,286.77
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00
Debt Service	2725	0.00	21,560,653.27	84,350,759.40
Capital Projects	2726	117,209,365.37	18,628,502.12	148,351,610.05
Restricted for Local	2729	0.00	0.00	3,541,298.85
Restricted for	2729	0.00	0.00	0.00
Total Restricted Fund Balances	2720	117,209,365.37	79,094,610.77	310,320,410.45
<i>Committed to:</i>				
Economic Stabilization	2731	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00
Total Committed Fund Balances	2730	0.00	0.00	0.00
<i>Assigned to:</i>				
Special Revenue	2741	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00
Assigned for Turnaround Supplemental Services	2749	0.00	0.00	4,123,262.95
Assigned for	2749	0.00	0.00	0.00
Total Assigned Fund Balances	2740	0.00	0.00	4,123,262.95
Total Unassigned Fund Balances	2750	0.00	0.00	70,816,845.16
Total Fund Balances	2700	117,209,365.37	80,648,216.38	391,399,250.43
Total Liabilities, Deferred Inflows of Resources and Fund Balances		148,171,501.49	86,294,769.76	556,931,650.17

The notes to financial statements are an integral part of this statement.
ESE 145

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	Account Number	General 100	Other Federal Programs 420	Other Debt Service 290	Nonvoted Capital Improvement Fund 370
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and Cash Equivalents	1110	73,838,210.83	720,177.20	39,268.13	27,568,567.82
Investments	1160	2,448,941.98	0.00	62,750,838.00	12,255,757.46
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	5,739,167.40	2,131.50	0.00	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	6,068,755.70	43,215,169.75	0.00	15,002.26
Due From Budgetary Funds	1141	73,144,773.18	1,080,634.32	0.00	8,685,627.14
Due From Insurer	1180	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	303,775.99	3,454.00	0.00	0.00
Cash with Fiscal/Service Agents	1114	0.00	0.00	0.00	0.00
Inventory	1150	4,585,126.26	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00	0.00
Total Assets		166,128,751.34	45,021,566.77	62,790,106.13	48,524,954.68
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
Total Deferred Outflows of Resources		0.00	0.00	0.00	0.00
Total Assets and Deferred Outflows of Resources		166,128,751.34	45,021,566.77	62,790,106.13	48,524,954.68
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	1,780,120.37	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	3,675,735.38	0.00	0.00	0.00
Accounts Payable	2120	18,190,446.63	2,784,776.76	0.00	1,990,297.10
Sales Tax Payable	2260	3,210.24	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00
Deposits Payable	2220	126,887.44	2,248.90	0.00	134,255.66
Due to Other Agencies	2230	9,270,301.58	560.05	0.00	0.00
Due to Budgetary Funds	2161	13,479,619.68	40,049,677.42	0.00	33,886,659.36
Due to Internal Funds	2162	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00	0.00
Unearned Revenue	2410	1,364,610.03	2,184,303.64	0.00	0.00
Unavailable Revenue	2410	0.00	0.00	0.00	0.00
Total Liabilities		47,890,931.35	45,021,566.77	0.00	36,011,212.12
DEFERRED INFLOWS OF RESOURCES					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00	0.00
Total Deferred Inflows of Resources		0.00	0.00	0.00	0.00
FUND BALANCES					
<i>Nonspendable:</i>					
Inventory	2711	4,585,126.26	0.00	0.00	0.00
Prepaid Amounts	2712	0.00	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00	0.00
Total Nonspendable Fund Balances	2710	4,585,126.26	0.00	0.00	0.00
<i>Restricted for:</i>					
Economic Stabilization	2721	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	35,171,286.77	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	62,790,106.13	0.00
Capital Projects	2726	0.00	0.00	0.00	12,513,742.56
Restricted for Local	2729	3,541,298.85	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
Total Restricted Fund Balances	2720	38,712,585.62	0.00	62,790,106.13	12,513,742.56
<i>Committed to:</i>					
Economic Stabilization	2731	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
Total Committed Fund Balances	2730	0.00	0.00	0.00	0.00
<i>Assigned to:</i>					
Special Revenue	2741	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00
Assigned for Turnaround Supplemental Services	2749	4,123,262.95	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
Total Assigned Fund Balances	2740	4,123,262.95	0.00	0.00	0.00
Total Unassigned Fund Balances	2750	70,816,845.16	0.00	0.00	0.00
Total Fund Balances	2700	118,237,819.99	0.00	62,790,106.13	12,513,742.56
Total Liabilities, Deferred Inflows of Resources and Fund Balances		166,128,751.34	45,021,566.77	62,790,106.13	48,524,954.68

The notes to financial statements are an integral part of this statement.
ESE 145

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	Account Number	Other Capital Projects 390	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and Cash Equivalents	1110	66,843,289.28	41,107,090.25	210,116,603.51
Investments	1160	20,258,958.26	33,749,465.45	131,463,961.15
Taxes Receivable, Net	1120	0.00	0.00	0.00
Accounts Receivable, Net	1131	117,580.31	462,677.66	6,321,556.87
Interest Receivable on Investments	1170	0.00	0.00	0.00
Due From Other Agencies	1220	60,769,503.09	8,923,539.81	118,991,970.61
Due From Budgetary Funds	1141	182,170.55	498,390.98	83,591,596.17
Due From Insurer	1180	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	307,229.99
Cash with Fiscal/Service Agents	1114	0.00	0.00	0.00
Inventory	1150	0.00	1,553,605.61	6,138,731.87
Prepaid Items	1230	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00
Total Assets		148,171,501.49	86,294,769.76	556,931,650.17
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00
Total Deferred Outflows of Resources		0.00	0.00	0.00
Total Assets and Deferred Outflows of Resources		148,171,501.49	86,294,769.76	556,931,650.17
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Cash Overdraft	2125	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	81.86	1,780,202.23
Payroll Deductions and Withholdings	2170	0.00	0.00	3,675,735.38
Accounts Payable	2120	27,639,028.29	1,511,316.10	52,115,864.88
Sales Tax Payable	2260	0.00	0.00	3,210.24
Current Notes Payable	2250	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00
Deposits Payable	2220	21,681.54	4,315.99	289,389.53
Due to Other Agencies	2230	0.00	0.00	9,270,861.63
Due to Budgetary Funds	2161	3,301,426.29	2,247,432.52	92,964,815.27
Due to Internal Funds	2162	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00
Unearned Revenue	2410	0.00	1,883,406.91	5,432,320.58
Unavailable Revenue	2410	0.00	0.00	0.00
Total Liabilities		30,962,136.12	5,646,553.38	165,532,399.74
DEFERRED INFLOWS OF RESOURCES				
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00
Total Deferred Inflows of Resources		0.00	0.00	0.00
FUND BALANCES				
<i>Nonspendable:</i>				
Inventory	2711	0.00	1,553,605.61	6,138,731.87
Prepaid Amounts	2712	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00
Total Nonspendable Fund Balances	2710	0.00	1,553,605.61	6,138,731.87
<i>Restricted for:</i>				
Economic Stabilization	2721	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	38,905,455.38	38,905,455.38
State Required Carryover Programs	2723	0.00	0.00	35,171,286.77
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00
Debt Service	2725	0.00	21,560,653.27	84,350,759.40
Capital Projects	2726	117,209,365.37	18,628,502.12	148,351,610.05
Restricted for Local	2729	0.00	0.00	3,541,298.85
Restricted for	2729	0.00	0.00	0.00
Total Restricted Fund Balances	2720	117,209,365.37	79,094,610.77	310,320,410.45
<i>Committed to:</i>				
Economic Stabilization	2731	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00
Total Committed Fund Balances	2730	0.00	0.00	0.00
<i>Assigned to:</i>				
Special Revenue	2741	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00
Assigned for Turnaround Supplemental Services	2749	0.00	0.00	4,123,262.95
Assigned for	2749	0.00	0.00	0.00
Total Assigned Fund Balances	2740	0.00	0.00	4,123,262.95
Total Unassigned Fund Balances	2750	0.00	0.00	70,816,845.16
Total Fund Balances	2700	117,209,365.37	80,648,216.38	391,399,250.43
Total Liabilities, Deferred Inflows of Resources and Fund Balances		148,171,501.49	86,294,769.76	556,931,650.17

The notes to financial statements are an integral part of this statement.
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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
For the Fiscal Year Ended June 30, 2020**

Total Fund Balances - Governmental Funds		\$ 391,399,250.43
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,359,085,880.06
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		-
Deferred outflows are not available to pay for current period expenditures and therefore are deferred in the funds		459,414,142.59
Deferred inflows are not available to pay for current period expenditures and therefore are deferred in the funds		(229,268,623.12)
Derivative instrument liability is not due and payable in the current period and therefore is not reported in the funds.		-
Internal service funds are used by management to charge the costs of certain activities such as insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		296,287.61
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
Post Employment Benefits	208,572,211.00	
Pension	1,166,977,434.38	
Compensated Absences Payable	197,641,636.64	
Certificates of Participation	630,300,988.58	
Bonds Payable	147,500,176.74	(2,350,992,447.34)
Accrued interest on long-term liabilities is not due and payable in the current period and therefore, is not reported in the funds.		(13,091,082.59)
Accrued retainage payable is not due and payable in the current period and therefore is not reported in the funds.		(11,620,895.56)
Total Net Position - Governmental Activities		<u>\$ 605,222,512.08</u>

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

	Account Number	General 100	Other Federal Programs 420	Other Debt Service 290	Nonvoted Capital Improvement Fund 370
REVENUES					
Federal Direct	3100	3,429,162.11	6,993,036.26	0.00	0.00
Federal Through State and Local	3200	7,458,634.74	181,882,004.22	0.00	0.00
State Sources	3300	1,174,870,849.62	1,105,926.39	0.00	0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	502,731,067.85	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	162,752,745.97
Local Sales Taxes	3418, 3419	0.00	0.00	23,363,750.36	0.00
Charges for Service - Food Service	345X	0.00	0.00	0.00	0.00
Impact Fees	3496	0.00	0.00	0.00	0.00
Other Local Revenue		65,855,849.22	293,601.58	546,928.42	4,376,338.30
Total Local Sources	3400	568,586,917.07	293,601.58	23,910,678.78	167,129,084.27
Total Revenues		1,754,345,563.54	190,274,568.45	23,910,678.78	167,129,084.27
EXPENDITURES					
<i>Current:</i>					
Instruction	5000	1,243,227,582.95	106,575,165.27	0.00	0.00
Student Support Services	6100	84,981,560.94	13,593,502.89	0.00	0.00
Instructional Media Services	6200	22,294,820.70	2,695,731.30	0.00	0.00
Instruction and Curriculum Development Services	6300	24,879,146.78	33,473,926.87	0.00	0.00
Instructional Staff Training Services	6400	22,761,975.71	17,543,514.96	0.00	0.00
Instruction-Related Technology	6500	44,640,333.52	1,087,463.25	0.00	0.00
Board	7100	3,257,601.75	0.00	0.00	0.00
General Administration	7200	5,747,259.64	6,334,922.66	0.00	0.00
School Administration	7300	110,053,195.03	1,639,337.01	0.00	0.00
Facilities Acquisition and Construction	7410	3,355,340.30	84,045.93	0.00	0.00
Fiscal Services	7500	6,880,384.98	80,199.72	0.00	0.00
Food Services	7600	1,156,391.08	174,198.34	0.00	0.00
Central Services	7700	23,609,773.79	542,556.97	0.00	0.00
Student Transportation Services	7800	63,249,569.53	827,005.48	0.00	0.00
Operation of Plant	7900	125,549,221.95	305,080.78	0.00	0.00
Maintenance of Plant	8100	31,399,119.52	63,180.83	0.00	0.00
Administrative Technology Services	8200	146,097.37	0.00	0.00	0.00
Community Services	9100	15,488,188.80	3,974,591.95	0.00	0.00
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710	0.00	0.00	58,966,000.00	0.00
Interest	720	0.00	0.00	31,289,021.03	0.00
Dues and Fees	730	0.00	0.00	916,548.15	0.00
Other Debt Service	791	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420	7,846,290.36	0.00	0.00	64,228,663.22
Charter School Local Capital Improvement	7430	0.00	0.00	0.00	0.00
Other Capital Outlay	9300	1,515,406.75	1,292,322.77	0.00	0.00
Total Expenditures		1,842,039,261.45	190,286,746.98	91,171,569.18	64,228,663.22
Excess (Deficiency) of Revenues Over (Under) Expenditures		(87,693,697.91)	(12,178.53)	(67,260,890.40)	102,900,421.05
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	3710	0.00	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	133,230,000.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	14,598,252.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760	0.00	0.00	(152,866,424.27)	0.00
Transfers In	3600	58,709,458.61	12,178.53	62,912,548.27	0.00
Transfers Out	9700	(3,295,703.59)	0.00	(2,138.01)	(105,375,243.57)
Total Other Financing Sources (Uses)		55,413,755.02	12,178.53	57,872,237.99	(105,375,243.57)
SPECIAL ITEMS					
		0.00	0.00	0.00	0.00
EXTRAORDINARY ITEMS					
		0.00	0.00	0.00	0.00
Net Change in Fund Balances		(32,279,942.89)	(0.00)	(9,388,652.41)	(2,474,822.52)
Fund Balances, July 1, 2019	2800	150,517,762.88	0.00	72,178,758.54	14,988,565.08
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2020	2700	118,237,819.99	(0.00)	62,790,106.13	12,513,742.56

The notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

	Account Number	Other Capital Projects 390	Other Governmental Funds	Total Governmental Funds
REVENUES				
Federal Direct	3100	0.00	0.00	10,422,198.37
Federal Through State and Local	3200	0.00	94,470,782.87	283,811,421.83
State Sources	3300	18,303,891.36	10,231,160.73	1,204,511,828.10
<i>Local Sources:</i>				
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	0.00	502,731,067.85
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	162,752,745.97
Local Sales Taxes	3418, 3419	135,467,459.11	0.00	158,831,209.47
Charges for Service - Food Service	345X	0.00	17,445,615.68	17,445,615.68
Impact Fees	3496	34,882,069.76	0.00	34,882,069.76
Other Local Revenue		6,643,212.79	1,833,832.67	79,549,762.98
Total Local Sources	3400	176,992,741.66	19,279,448.35	956,192,471.71
Total Revenues		195,296,633.02	123,981,391.95	2,454,937,920.01
EXPENDITURES				
<i>Current:</i>				
Instruction	5000	0.00	0.00	1,349,802,748.22
Student Support Services	6100	0.00	0.00	98,575,063.83
Instructional Media Services	6200	0.00	0.00	24,990,552.00
Instruction and Curriculum Development Services	6300	0.00	0.00	58,353,073.65
Instructional Staff Training Services	6400	0.00	0.00	40,305,490.67
Instruction-Related Technology	6500	0.00	0.00	45,727,796.77
Board	7100	0.00	0.00	3,257,601.75
General Administration	7200	0.00	0.00	12,082,182.30
School Administration	7300	0.00	0.00	111,692,532.04
Facilities Acquisition and Construction	7410	240,836.15	0.00	3,680,222.38
Fiscal Services	7500	0.00	0.00	6,960,584.70
Food Services	7600	0.00	113,033,197.05	114,363,786.47
Central Services	7700	0.00	0.00	24,152,330.76
Student Transportation Services	7800	0.00	0.00	64,076,575.01
Operation of Plant	7900	0.00	0.00	125,854,302.73
Maintenance of Plant	8100	0.00	0.00	31,462,300.35
Administrative Technology Services	8200	0.00	0.00	146,097.37
Community Services	9100	0.00	0.00	19,462,780.75
<i>Debt Service: (Function 9200)</i>				
Redemption of Principal	710	0.00	1,932,000.00	60,898,000.00
Interest	720	0.00	740,155.44	32,029,176.47
Dues and Fees	730	0.00	25,136.09	941,684.24
Other Debt Service	791	142,869.59	0.00	142,869.59
<i>Capital Outlay:</i>				
Facilities Acquisition and Construction	7420	217,306,328.48	2,812,568.23	292,193,850.29
Charter School Local Capital Improvement	7430	0.00	0.00	0.00
Other Capital Outlay	9300	0.00	963,895.48	3,771,625.00
Total Expenditures		217,690,034.22	119,506,952.29	2,524,923,227.34
Excess (Deficiency) of Revenues Over (Under) Expenditures		(22,393,401.20)	4,474,439.66	(69,985,307.33)
OTHER FINANCING SOURCES (USES)				
Issuance of Bonds	3710	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	1,686,000.00	1,686,000.00
Premium on Refunding Bonds	3792	0.00	294,617.62	294,617.62
Discount on Refunding Bonds	892	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	133,230,000.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	14,598,252.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760	0.00	(1,973,414.22)	(154,839,838.49)
Transfers In	3600	0.00	3,108,779.46	124,742,964.87
Transfers Out	9700	(13,113,680.00)	0.00	(121,786,765.17)
Total Other Financing Sources (Uses)		(13,113,680.00)	3,115,982.86	(2,074,769.17)
SPECIAL ITEMS				
		0.00	0.00	0.00
EXTRAORDINARY ITEMS				
		0.00	0.00	0.00
Net Change in Fund Balances		(35,507,081.20)	7,590,422.52	(72,060,076.50)
Fund Balances, July 1, 2019	2800	152,716,446.57	73,057,793.86	463,459,326.93
Adjustments to Fund Balances	2891	0.00	0.00	0.00
Fund Balances, June 30, 2020	2700	117,209,365.37	80,648,216.38	391,399,250.43

The notes to financial statements are an integral part of this statement.
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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	(72,060,076.50)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets (\$226,891,717.84) was more than depreciation expense (\$98,540,071.50) during the current period.	128,351,646.34
The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net position differs by the change in fund balances by the cost of assets sold.	(4,102,346.51)
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	85,170.95
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which payments of bond principal (\$60,898,000) and payments to refunding agent (\$154,839,838.49) was more than the proceeds of (\$134,916,000.00) in the current year.	80,821,838.49
Governmental funds report certain bond transaction as resources or uses. However, in the statement of activities these transactions are reported over the life of the debt as (\$14,598,252.00 bond premium).	(14,598,252.00)
Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds:	
Postemployment health care benefits	(15,100,646.00)
Interest expense (including arbitrage rebate)	1,999,109.98
Compensated absences	(13,913,198.93)
Pension	(219,897,285.86)
Amortization of bond discount, premium, loss on refunding	3,342,330.97
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.	(484,828.55)
Change in Net Position of Governmental Activities	(19,316,685.34)

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

DISTRICT SCHOOLBOARD OF HILLSBOROUGH COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Account Number	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Cash and Cash Equivalents	1110	6,422,674.74
Investments	1160	38,491,086.19
Accounts Receivable, Net	1131	196,166.35
Interest Receivable on Investments	1170	0.00
Due From Other Agencies	1220	0.00
Due From Insurer	1180	0.00
Due From Budgetary Funds	1141	12,387,783.45
Deposits Receivable	1210	0.00
Cash with Fiscal/Service Agents	1114	0.00
Inventory	1150	0.00
Prepaid Items	1230	0.00
Total current assets		57,497,710.73
Noncurrent assets:		
Section 1011.13, F.S., Loan Proceeds	1420	0.00
Leases Receivable	1425	0.00
Long-Term Investments	1460	0.00
Prepaid Insurance Costs	1430	0.00
Other Postemployment Benefits Asset	1410	0.00
Pension Asset	1415	0.00
<i>Capital Assets:</i>		
Land	1310	0.00
Land Improvements - Nondepreciable	1315	0.00
Construction in Progress	1360	0.00
Nondepreciable Capital Assets		0.00
Improvements Other Than Buildings	1320	0.00
Accumulated Depreciation	1329	0.00
Buildings and Fixed Equipment	1330	0.00
Accumulated Depreciation	1339	0.00
Furniture, Fixtures and Equipment	1340	0.00
Accumulated Depreciation	1349	0.00
Motor Vehicles	1350	0.00
Accumulated Depreciation	1359	0.00
Property Under Leases	1370	0.00
Accumulated Amortization	1379	0.00
Computer Software	1382	0.00
Accumulated Amortization	1389	0.00
Depreciable Capital Assets, Net		0.00
Total Capital Assets		0.00
Total noncurrent assets		0.00
Total Assets		57,497,710.73
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00
Net Carrying Amount of Debt Refunding	1920	0.00
Pension	1940	0.00
Other Postemployment Benefits	1950	0.00
Asset Retirement Obligation	1960	0.00
Total Deferred Outflows of Resources		0.00
LIABILITIES		
Current liabilities:		
Cash Overdraft	2125	0.00
Accrued Salaries and Benefits	2110	0.00
Payroll Deductions and Withholdings	2170	0.00
Accounts Payable	2120	16,859,378.66
Sales Tax Payable	2260	0.00
Accrued Interest Payable	2210	0.00
Deposits Payable	2220	101.81
Due to Other Agencies	2230	0.00
Due to Budgetary Funds	2161	3,014,564.35
Pension Liability	2115	0.00
Other Postemployment Benefits Liability	2116	0.00
Judgments Payable	2130	0.00
Estimated Unpaid Claims - Self-Insurance Program	2271	20,610,745.00
Estimated Liability for Claims Adjustment	2272	0.00
Total current liabilities		40,484,789.82
Long-term liabilities:		
Unearned Revenues	2410	33,575,911.96
Obligations Under Leases	2315	0.00
Liability for Compensated Absences	2330	0.00
Estimated Liability for Long-Term Claims	2350	0.00
Net Other Postemployment Benefits Obligation	2360	0.00
Net Pension Liability	2365	0.00
Other Long-Term Liabilities	2380	0.00
Total long-term liabilities		33,575,911.96
Total Liabilities		74,060,701.78
DEFERRED INFLOWS OF RESOURCES		
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00
Deficit Net Carrying Amount of Debt Refunding	2620	0.00
Deferred Revenues	2630	0.00
Pension	2640	0.00
Other Postemployment Benefits	2650	0.00
Total Deferred Inflows of Resources		0.00
NET POSITION		
Net Investment in Capital Assets	2770	0.00
Restricted for	2780	296,287.61
Unrestricted	2790	0.00
Total Net Position		296,287.61

The notes to financial statements are an integral part of this statement. ESE 145

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

	Account Number	Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Charges for Services	3481	193,785,615.85
Charges for Sales	3482	0.00
Premium Revenue	3484	11,179,200.59
Other Operating Revenues	3489	324,112.64
Total Operating Revenues		205,288,929.08
OPERATING EXPENSES		
Salaries	100	461,809.38
Employee Benefits	200	188,563.62
Purchased Services	300	175,605.25
Energy Services	400	0.00
Materials and Supplies	500	0.00
Capital Outlay	600	0.00
Other	700	202,446,521.14
Depreciation and Amortization Expense	780	0.00
Total Operating Expenses		203,272,499.39
Operating Income (Loss)		2,016,429.69
NONOPERATING REVENUES (EXPENSES)		
Investment Income	3430	415,156.42
Gifts, Grants and Bequests	3440	0.00
Other Miscellaneous Local Sources	3495	39,785.04
Loss Recoveries	3740	0.00
Gain on Disposition of Assets	3780	0.00
Interest	720	0.00
Miscellaneous	790	0.00
Loss on Disposition of Assets	810	0.00
Total Nonoperating Revenues (Expenses)		454,941.46
Income (Loss) Before Operating Transfers		2,471,371.15
Transfers In	3600	3,049,493.00
Transfers Out	9700	(6,005,692.70)
SPECIAL ITEMS		0.00
EXTRAORDINARY ITEMS		0.00
Change In Net Position		(484,828.55)
Net Position, July 1, 2019	2880	781,116.16
Adjustments to Net Position	2896	0.00
Net Position, June 30, 2020	2780	296,287.61

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

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	11,214,877.38
Receipts from interfund services provided	184,934,475.00
Payments to suppliers	(201,972,759.28)
Payments to employees	(650,373.00)
Payments for interfund services used	0.00
Other receipts (payments)	395,670.78
Net cash provided (used) by operating activities	(6,078,109.12)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Subsidies from operating grants	0.00
Transfers from other funds	2,796,814.61
Transfers to other funds	(14,258,242.91)
Net cash provided (used) by noncapital financing activities	(11,461,428.30)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt	0.00
Capital contributions	0.00
Proceeds from disposition of capital assets	0.00
Acquisition and construction of capital assets	0.00
Principal paid on capital debt	0.00
Interest paid on capital debt	0.00
Net cash provided (used) by capital and related financing activities	0.00
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	12,865,181.63
Interest and dividends received	415,156.42
Purchase of investments	0.00
Net cash provided (used) by investing activities	13,280,338.05
Net increase (decrease) in cash and cash equivalents	(4,259,199.37)
Cash and cash equivalents - July 1, 2019	10,681,874.11
Cash and cash equivalents - June 30, 2020	6,422,674.74
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	2,044,496.73
<i>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</i>	
Depreciation/Amortization expense	0.00
Commodities used from USDA program	0.00
<i>Change in assets and liabilities:</i>	
(Increase) decrease in accounts receivable	67,449.89
(Increase) decrease in interest receivable	0.00
(Increase) decrease in due from insurer	0.00
(Increase) decrease in deposits receivable	0.00
(Increase) decrease in due from other funds	(10,710,495.35)
(Increase) decrease in due from other agencies	473,713.25
(Increase) decrease in inventory	0.00
(Increase) decrease in prepaid items	0.00
(Increase) decrease in pension	0.00
Increase (decrease) in salaries and benefits payable	0.00
Increase (decrease) in payroll tax liabilities	0.00
Increase (decrease) in accounts payable	1,688,592.86
Increase (decrease) in cash overdraft	0.00
Increase (decrease) in judgments payable	0.00
Increase (decrease) in sales tax payable	0.00
Increase (decrease) in accrued interest payable	0.00
Increase (decrease) in deposits payable	0.00
Increase (decrease) in due to other funds	11,718.00
Increase (decrease) in due to other agencies	0.00
Increase (decrease) in unearned revenues	1,859,354.50
Increase (decrease) in pension	0.00
Increase (decrease) in other postemployment benefits	0.00
Increase (decrease) in estimated unpaid claims - Self-Insurance Prog.	(1,512,939.00)
Increase (decrease) in estimated liability for claims adjustment	0.00
Total adjustments	(8,122,605.85)
Net cash provided (used) by operating activities	(6,078,109.12)
Noncash investing, capital and financing activities:	
Borrowing under capital lease	0.00
Contributions of capital assets	0.00
Purchase of equipment on account	0.00
Capital asset trade-ins	0.00
Net Increase/(Decrease) in the fair value of investments	0.00
Commodities received through USDA program	0.00

The notes to financial statements are an integral part of this statement.
ESE 145

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	Account Number	Total Pension Trust Funds 87X	Total Custodial Funds 89X
ASSETS			
Cash and Cash Equivalents	1110	0.00	17,171,546.18
Investments	1160	9,509,645.35	45,153,022.09
Accounts Receivable, Net	1131	0.00	0.00
Pension Contributions Receivable	1132	37,281.90	
Interest Receivable on Investments	1170	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00
Due From Other Agencies	1220	0.00	0.00
Inventory	1150		252,422.24
Total Assets		9,546,927.25	62,576,990.51
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	
Pension	1940	0.00	
Other Postemployment Benefits	1950	0.00	
Total Deferred Outflows of Resources		0.00	
LIABILITIES			
Cash Overdraft	2125	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	44,296,095.06
Accounts Payable	2120	0.00	333,568.73
Internal Accounts Payable	2290	0.00	17,947,326.72
Due to Other Agencies	2230	0.00	
Due to Budgetary Funds	2161	0.00	0.00
Total Liabilities		0.00	62,576,990.51
DEFERRED INFLOWS OF RESOURCES			
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	
Pension	2640	0.00	
Other Postemployment Benefits	2650	0.00	
Total Deferred Inflows of Resources		0.00	
NET POSITION			
Restricted for:			
Pensions	2785	9,546,927.25	0.00
Postemployment benefits other than pensions	2785	0.00	0.00
Other purposes	2785	0.00	0.00
Individuals, organizations and other governments	2785	0.00	0.00
Total Net Position		9,546,927.25	0.00

The notes to financial statements are an integral part of this statement.
ESE 145

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2020

	Account Number	Total Pension Trust Funds 87X
ADDITIONS		
Miscellaneous	3495	
<i>Contributions:</i>		
Employer		1,090,000.00
Plan Members		0.00
Gifts, Grants and Bequests	3440	0.00
Total Contributions		1,090,000.00
<i>Investment Income:</i>		
Interest on Investments	3431	171,068.54
Gain on Sale of Investments	3432	0.00
Net Increase (Decrease) in the Fair Value of Investments	3433	152,025.54
Total Investment Income		323,094.08
Less Investment Expense		0.00
Net Investment Income		323,094.08
Total Additions		1,413,094.08
DEDUCTIONS		
Salaries	100	0.00
Employee Benefits	200	1,811,535.10
Purchased Services	300	36,858.79
Other	700	0.00
Refunds of Contributions		0.00
Administrative Expenses		0.00
Total Deductions		1,848,393.89
Change In Net Position		(435,299.81)
Net position-beginning	2885	9,982,227.06
Adjustments to Net Position	2896	0.00
Net position-ending	2785	9,546,927.25

The notes to financial statements are an integral part of this statement.
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NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The School District of Hillsborough County, Florida (District) has direct responsibility for the operation, control, and supervision of the District schools and is considered a primary government for financial reporting purposes. The District is a part of the Florida system of public education. The governing body of the school district is the Hillsborough County District School Board (Board) that is composed of seven (7) elected members. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Hillsborough County.

The accompanying financial statements present the activities of the Board and its component units. Criteria for determining if other entities are potential component units, which should be reported within the District's financial statements, are identified and described in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units GASB Statement No. 61, The Financial Reporting Entity – Omnibus and GASB Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14. The application of these criteria provides for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the School Board are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based on the application of these criteria, the following component units are included within the District School Board's reporting entity:

Blended Component Unit The Hillsborough School Board Leasing Corporation (Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in note 7. The governing board of the Corporation is the same as the District School Board. Financial records for the Corporation are maintained by

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the District and District staff is responsible for the day-to-day operation of the Corporation. Due to the substantive economic relationship between the Hillsborough County District School Board and the Corporation, the financial activities of the Corporation are included in the accompanying financial statements of the School Board in the Other Capital Projects Fund. Separate financial statements of the Corporation are not published.

Discretely Presented Component Units

For the purpose of presentation of this report, the Superintendent's Annual Financial Report (SAFR), there are no discretely presented component units reported.

The SAFR is required by the Department of Education to report certain financial aspects of the District to them. At the time this report was due to the State no component units had provided financial data.

When the audit of the district is completed, the Comprehensive Annual Financial Report (CAFR) will be published. In the CAFR, the inclusion of discretely presented component units will be determined by the application of appropriate criteria of the GASB.

B. Basis of Presentation

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

Government-Wide Financial Statements

Government-wide financial statements include a Statement of Net Position and a Statement of Activities that display information about the primary government (District School Board) and its component units. These financial statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal service fund activities. The effect of interfund activities has not been eliminated in the Statement of Activities.

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the District School Board's functions. The expense of individual functions is compared to the revenues generated by the function (for instance, through user charges or intergovernmental grants). Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The District reports the following major governmental funds:

General Fund - to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

Special Revenue Fund-Other - to account for financial resources of certain federal grant program resources.

Other Debt Service Fund – Accounts for and reports on various bond revenue and principal and interest payments, including the Certificates of Participation.

Local Capital Improvement – Accounts for and reports on the revenues generated from the local capital outlay property taxes.

Other Capital Projects Fund – Accounts for and reports on other miscellaneous funds from various sources.

Additionally, the District reports the following fund types:

Internal Service Funds – to account for the District's workers' compensation, general and automobile liability self-insurance programs and the employee health insurance program.

Pension Trust Fund – to account for resources used to finance the early retirement program.

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting

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

Government-Wide Statements – The government-wide statements are presented using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows have taken place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

judgements, and compensated absences, which are recognized as expenditures to the extent they have matured.

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

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

D. Cash

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

E. Investments

Investments of the general government consist of amounts placed with the State Board of Administration for participation in the State investment pool, those made by the State Board of Administration from the District's bond proceeds held and administered by the State Board of Education, and those made locally.

District monies placed with the State Board of Administration for participation in the State investment pool represent an interest in the pool rather than ownership of specific securities. Such

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

investments are stated at fair value. Investments of the early retirement program are reported at fair value.

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

F. Inventory

Inventories consist of expendable supplies and equipment held for consumption in the course of District operations. Inventories at the central warehouse, maintenance, technology repair, and the bus garage are stated at cost basis on a moving average. Food service inventories are stated at cost based on the first-in, first-out basis, except that United States Department of Agriculture surplus commodities are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Health and Rehabilitative Services, Food Distribution Center. All other inventories are stated at cost on the last invoice price method, which approximates the first-in, first-out basis. The cost of inventories is recorded as expenditures when used rather than purchased.

G. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets acquired are recorded at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets purchased after July 1, 2004 are defined as those costing more than \$1,000 and having a useful life of more than one year. Donated assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest costs incurred during construction are not capitalized as

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

part of the cost of construction. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class Description	Estimated Useful Lives
Buildings	15-50 years
Improvements other than Buildings	10-25 years
Building Improvements	10-25 years
Furniture, Fixtures and Equipment	5-10 years
Motor Vehicles	4-10 years
Audio Visual Materials and Computer Software	3-5 years

H. Long-Term Liabilities

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

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

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

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

I. Lease Obligations

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

J. State 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 (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the Board determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTE and related data and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of nine (9) months following the date of original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions of or additions to revenues in the year when the adjustments are made.

The District receives revenue from the State to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. The money not expended or

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

encumbered as of the close of the fiscal year is usually carried forward into the following year to be expended for the same programs. The Department requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is reserved for the unencumbered balance of categorical educational program resources.

K. Property Taxes

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

Property taxes consist of ad valorem taxes on real and personal property within the District. Property taxes are assessed by the Hillsborough County Property Appraiser and are collected by the Hillsborough County Tax Collector.

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

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

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

June 30 would not be material, delinquent taxes receivable are not accrued.

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

L. Federal Revenue Sources

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

M. Deferred Outflows of Resources and Deferred Inflows of Resources

In the government-wide financial statements the District records deferred outflows of resources which represent the consumption of net position by the District that is applicable to a future reporting period. At June 30, 2020 deferred outflows of resources represent activity associated with the deferred charge on refunding as discussed in note 10, pension related items as discussed in notes 17-18, and other post employment benefits items discussed in note 19.

In addition to liabilities on the government-wide financial statements, the District records deferred inflows of resources which represent an acquisition of net position that applies to future periods. At June 30, 2020 deferred inflows of resources represent activity associated with the deferred gain on refunding as discussed in note 10, pension related items as discussed in notes 17-18, and other post employee benefits discussed in note 19.

N. Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

2. BUDGET COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The School Board follows the procedures established by State statutes and State Board of Education rules in establishing final budget balances reported in the financial statements:

1. Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules. Original budgets are submitted to the State Commissioner of Education for approval.
2. The budget is prepared by fund, function, object and department. Management may make transfers of appropriations between departments and objects. The functional level is the legal level of budgetary control and may only be amended by resolution of the Board at any Board meeting prior to the due date for the Superintendent's Annual Financial Report (State Report). Budgetary disclosure in the accompanying financial statements reflects the original and final budget including all amendments approved for the fiscal year through September 08, 2020.
3. Budgets are prepared using the modified accrual basis as is used to account for actual transactions in the governmental funds.
4. Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

2. BUDGET COMPLIANCE AND ACCOUNTABILITY (continued)

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

3. CASH AND INVESTMENTS

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

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

Investment	Maturities	Fair Value
United States Treasuries	09/30/2020 - 03/15/2023	\$ 7,453,736.50
United States Agencies	09/28/2020 - 04/20/2023	1,562,532.00
Commercial Paper	12/1/2020	2,806,668.84
Local Government Investment Pools		
Florida PRIME	53 Days	206,611,632.60
Florida Palm	53 Days	5,046,431.72
State Board of Administration	53 Days	198,952.10
Certificates of Deposit	7/16/2020	444,384.17
Wells Fargo Advantage Treasury Plus Money Market	N/A	493,376.85
Total Investments Reporting Entity		<u>\$ 224,617,714.78</u>

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

3. CASH AND INVESTMENTS (continued)

Investments are reflected in the financial statement as follows:

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

Interest Rate Risk

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

Credit Risk

Section 218.415(17) Florida Statutes, authorizes the District to invest or reinvest any surplus public funds in their control or possession in:

- (a) The State Board of Administration (SBA) Investment Pool, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided by F.S. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes.
- (d) Direct obligations of the U.S. Treasury.

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

3. CASH AND INVESTMENTS (continued)

- (e) Obligations of Federal agencies, government sponsored enterprises, and instrumentalities.
- (f) Securities of, or other interest in, any open-end or closed-end management type investment company or trust registered under the Investment Company Act of 1940, 15 U.S. C 80a-1.
- (g) Short-term obligations commonly referred to as "money market instruments" including but not limited to commercial paper, provided such obligations carry the highest credit rating from a nationally recognized rating agency.
- (h) Asset-backed securities when either a) the underlying asset is guaranteed by the issuer or b) the security carries the highest quality rating by a nationally recognized rating agency.

The District's investment in the SBA consists of Florida PRIME.

Florida PRIME is an external investment pool that is not registered with the Securities Exchange Commission (SEC), but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows funds to use amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. Accordingly, the District's investment in the Florida PRIME is reported at the account balance which is considered fair value. Florida PRIME is rated AAAM by Standard & Pools.

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

The District's investments in Certificates of Deposits were in qualified public depositories.

Investments in the State Board of Administration Debt Service Account totaling \$198,952.10 to provide for debt service payments on bonded debt issued by the State Board of Administration for the benefit of the District. These investments consist of United States Treasury securities, with maturity dates of six months or less and are reported at fair value. The District has no formal policy for managing interest rate risk or credit risk for this account, but relies on policies developed by the State Board of Administration.

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

3. CASH AND INVESTMENTS (continued)

Custodial Credit Risk

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

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

Of the District's investments, \$7,453,736.50 in U. S. Treasuries and \$1,562,532.00 in U.S.

Agencies are not registered in the name of the District, are held by the counterparty's trust department or agent and are not insured.

Concentration of Credit Risk

The District's investment policy has established permitted investment sectors which are designed to reduce concentration of credit risk of the District's investment portfolio.

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

3. CASH AND INVESTMENTS (continued)

Foreign Currency Risk

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

Fair Value Measurement

The District categorizes its fair value measurement within the hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following fair value measurements as of June 30, 2020:

- U.S. Treasury securities of \$7,453,736.50 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs).
- U.S. Agency securities of \$1,562,532.00 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs).
- Commercial paper of \$2,806,668.84 are valued using the quoted market prices (Level 2 inputs).
- Money markets of \$493,376.85 are valued using the quoted market prices (Level 1 inputs).
- Certificates of deposit of \$444,384.17 are valued using the quoted market prices (Level 1 inputs).
- State board of administration and Local government investment pools are \$211,857,016.42 are valued using the quoted market prices (Level 1 inputs).

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

3. CASH AND INVESTMENTS (continued)

	6/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Treasuries	\$ 7,453,736.50		7,453,736.50	-
U.S. Agencies	1,562,532.00		1,562,532.00	-
Total debt securities	9,016,268.50		9,016,268.50	-
Commercial paper	2,806,668.84		2,806,668.84	
Money market	493,376.85	493,376.85		-
Certificates of deposit	444,384.17	444,384.17		-
Total investments by fair value	12,760,698.36	937,761.02	11,822,937.34	-
Investments measure at the net asset value (NAV)				
State Board of Administration & Local Government Investment Pools value	211,857,016.42			
	<u>\$ 224,617,714.78</u>			

4. DUE FROM OTHER AGENCIES

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

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

<u>Description</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$159,327,667.18	555,741.32	-	\$159,883,408.50
Land Improvements-Non Depreciable	95,769,611.31	-	-	95,769,611.31
Construction in Progress	89,941,802.94	220,029,154.70	187,701,613.35	122,269,344.29
Total Capital Assets Not Being Depreciated	\$345,039,081.43	220,584,896.02	187,701,613.35	\$377,922,364.10
<u>Capital Assets Being Depreciated:</u>				
Improvements Other Than Buildings	231,873,951.07	16,426,690.04	765,967.34	247,534,673.77
Buildings and Systems	2,833,716,720.31	170,719,182.02	6,012,492.97	2,998,423,409.36
Furniture, Fixtures and Equipment	144,881,021.68	3,959,110.60	8,349,530.68	140,490,601.60
Leasehold Improvements	6,788,006.87	-	-	6,788,006.87
Motor Vehicles	124,338,221.03	11,227,258.08	8,720,645.53	126,844,833.58
Computer Software	20,003,669.90	27,980.00	1,565,659.87	18,465,990.03
Total Capital Assets Being Depreciated	3,361,601,590.86	202,360,220.74	25,414,296.39	3,538,547,515.21
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	160,675,740.94	8,027,529.94	106,435.59	168,596,835.29
Buildings & Systems	1,096,424,971.15	75,463,986.88	1,134,554.49	1,170,754,403.54
Furniture, Fixtures, And Equipment	121,608,821.72	6,707,799.91	8,183,748.09	120,132,873.54
Leasehold Improvements	383,845.63	7,158,931.77	8,704,650.28	-1,161,872.88
Motor Vehicles	80,821,883.63	131,604.21	-	80,953,487.84
Computer Software	18,608,896.34	1,050,218.79	1,550,843.21	18,108,271.92
Total Accumulated Depreciation	1,478,524,159.41	98,540,071.50	19,680,231.66	1,557,383,999.25
Total Capital Assets Being Depreciated (Net)	1,883,077,431.45	103,820,149.24	5,734,064.73	1,981,163,515.96
Governmental Activities Capital Assets (Net)	\$2,228,116,512.88	\$324,405,045.26	\$193,435,678.08	\$2,359,085,880.06

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

5. CAPITAL ASSETS (continued)

Depreciation expense charged to governmental functions are:

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

6. REVOLVING LINE OF CREDIT

Pursuant to the provisions of Section 1011.13, Florida Statutes, on June 11, 2019 the Board authorized the Superintendent to establish a Line of Credit Tax Anticipation Note for fiscal year 2020, in the amount of \$100,000,000 with Wells Fargo Bank, N.A. The outstanding principal amount of the Note shall bear interest with an indicative rate equal to 80 percent of one month London Interbank Offered Rate (LIBOR) plus 65 basis points. This line-of-credit allows the Board to borrow funds if established revenues (cash) are lagging behind expenditures such as weekly payrolls and weekly vendor payments. The Note is secured by a pledge of anticipated ad valorem tax proceeds. This Note would be repaid in full in ninety days from the first draw. The Note shall not exceed \$100,000,000 at any time. For the year ended June 30, 2020, no funds had been borrowed or utilized under this line-of-credit, and therefore no amounts are outstanding at June 30, 2020.

7. OPERATING LEASES

The District entered into a 10- and 15-year facility lease for Adult Education and Student Nutrition Services. The facility lease for Adult Education ended June 30, 2020. The facility lease Student

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

7. OPERATING LEASES (continued)

Nutrition Services ends February 28, 2032. Adult Education funds their lease with workforce dollars. Student Nutrition Services utilizes earned revenue to pay their lease. The current portion of rental expenditures in Fiscal Year 2020 for Adult Education was \$159,613 and Student Nutrition Services was \$404,444. The District does have other operating leases that are not material.

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

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

8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION

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

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION (continued)

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

Certificates	Date of Certificates	Original Amount of Certificates	Ground Lease Term
Series 2005 QZAB Project	December 20, 2005	3,002,000	December 20, 2020
Series 2010 QSCB Projects	December 21, 2010	37,935,000	November 30, 2028
Series 2014A Projects	April 2, 2014	39,950,000	June 30, 2026
Series 2015A Projects	August 20, 2015	100,625,000	June 30, 2031
Series 2016A Projects	March 31, 2016	53,350,000	June 30, 2031
Series 2017A Projects	May 25, 2017	32,445,000	June 30, 2026
Series 2017B Projects	November 13, 2017	51,915,000	June 30, 2028
Series 2017C Projects	November 13, 2017	97,380,000	June 30, 2023
Series 2018 Projects	November 14, 2018	64,995,000	June 30, 2030
Series 2020A Projects	May 21, 2020	56,700,000	June 30, 2029
Series 2020B Projects	May 21, 2020	76,530,000	June 30, 2027
Total		<u>\$ 614,827,000</u>	

The Series 2010A Certificates of Participation were issued in order to provide the funds necessary to partially refund the Series 2001A Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed and installed from the proceeds of the Series 2001A Certificates of Participation. The Series 2012A Certificates of Participation were issued in order to provide funds necessary to partially advance refund the Series 2002 Certificates of Participation and fully refund the Series 2003B Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed and installed from the proceeds of the Series 2002 and Series 2003B Certificates of Participation. The Series 2014A Certificates of Participation were issued in order to provide funds necessary to fully advance refund the Series 2002 Certificates of Participation and partially advance refund the Series 2004B Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed and installed from the proceeds of the

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION (continued)

Series 2002 and Series 2004B Certificates of Participation. The Series 2015A Certificates of Participation were issued in order to refund the Series 2005A and advance refund the Series 2006A Certificates of Participation and refinance the educational facilities that the school board acquired, constructed, and installed from the proceeds of the 2005A and 2006A Certificates of Participation. The Series 2016A Certificates of Participation were issued in order to advance refund the Series 2007 Certificates of Participation and refinance the educational facilities that the school board acquired, constructed, and installed from the proceeds of the 2007 Certificates of Participation. See Note 10 for current issuances. The Series 2017A Certificates of Participation were issued in order to advance refund the Series 2006B Certificates of Participation and refinance the educational facilities that the school board acquired, constructed, and installed from the proceeds of the 2006B Certificates of Participation. The Series 2017B Certificates of Participation were issued in order to advance refund the Series 2012A Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed and installed from the proceeds of the 2012A Certificates of Participation. The Series 2017C Certificates of Participation were issued in order to refund the Series 2008A Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed and installed from the proceeds of the 2008A Certificates of Participation. The Series 2018 Certificates of Participation were issued in order to refund the Series 2015B Certificates of Participation and refinance the educational facilities that the school board acquired, constructed, and installed from the proceeds of the 2015B Certificates of Participation. The Series 2020A Certificates of Participation were issued in order to refund the Series 2010A Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed and installed from the proceeds of the 2010A Certificates of Participation. The Series 2020B Certificates of Participation were issued in order to refund the Series 2012A Certificates of Participation and

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION (continued)

refinance the educational facilities that the School Board acquired, constructed and installed from the proceeds of the 2012A Certificates of Participation.

Due to the economic substance of the issuances of the Certificates of Participation as a financing arrangement on behalf of the Board, the financial activities of the Corporation have been blended in with the financial statements of the District. For accounting purposes, due to the blending of the Corporation within the District's financial statements, basic lease payments are reflected as debt service expenditures when payable to Certificate holders.

The lease payments for the Series 2010A, Series 2012A, Series 2014A, Series 2015A, Series 2016A, 2017A, 2017B, 2017C, 2018, 2020A and 2020B. Certificates are payable by the District, semi-annually, on July 1 and January 1 at interest rates of 3.00 to 5.00 percent, 4.00 to 5.00 percent 2.56 percent, 2.00 to 5.00 percent, 5.00 percent, 4.00 to 5.00 percent, 5.00 percent, 5.00 percent, 1.80 to 1.98, 5.00 percent, 5.00 percent and 1.26 to 2.19 percent respectively. The lease payments for the Series 2004-QZAB, 2005-QZAB and 2010-QSCB Certificates are due June 7, 2020, December 20, 2020 and December 1, 2028, respectively. There is no interest to be paid on the QZABs or QSCB, as the certificate holders receive Federal Tax Credits in lieu of interest payments. The District is required to reserve a portion of the lease payments each year. The following is a schedule by years of future minimum lease payments under the lease agreements as of June 30:

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

9. BONDS PAYABLE

Bonds payable at June 30, 2020 were as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity to:
State School Bonds			
Series 2011-A	660,000.00	3.0 - 5.0	2023
Series 2014-A	1,268,000.00	2.0 - 5.0	2025
Series 2017-A	4,355,000.00	3.0 - 5.0	2028
Series 2019-A	367,000.00	5.0	2029
Series 2020-A	1,686,000.00	5.0	2030
District Revenue Bonds			
Series 2015 Capital Improvement & Refunding	4,555,000.00	2.0 - 4.0	2033
Series 2015B Sales Tax Refunding	65,195,000.00	3.0 - 5.0	2026
Series 2017A Sales Tax Refunding	63,345,000.00	2.49	2027
Total Bonds Payable	<u>\$ 141,431,000.00</u>		

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

State School Bonds

These bonds are issued by the State Board of Education (SBE) on behalf of the District. The bonds mature serially and are secured by a pledge of part of the District's portion of State-assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these issues. Principal and interest payments, investment of Debt Service Fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration.

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

9. BONDS PAYABLE (continued)

DISTRICT REVENUE BONDS

Series 2015 Capital Improvement and Racetrack Revenue Refunding Bonds

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

Sales Tax Revenue Bonds, Series 2015B and 2017A

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

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

TOTAL SBE BONDS

Fiscal Year Ending June 30	Total	Principal	Interest
2021	1,604,887.86	1,215,000.00	389,887.86
2022	1,599,050.00	1,267,000.00	332,050.00
2023	1,527,100.00	1,254,000.00	273,100.00
2024	1,313,040.00	1,094,000.00	219,040.00
2025	1,060,340.00	896,000.00	164,340.00
2026-2030	2,881,940.00	2,610,000.00	271,940.00
Total Debt Service Payments	<u>\$9,986,357.86</u>	<u>\$8,336,000.00</u>	<u>\$1,650,357.86</u>

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

9. BONDS PAYABLE (continued)

TOTAL DISTRICT REVENUE BONDS

Fiscal Year Ending June 30	Total	Principal	Interest
2020	20,949,473.01	16,395,000.00	4,554,473.01
2021	20,930,840.76	17,145,000.00	3,785,840.76
2022	20,915,414.51	17,935,000.00	2,980,414.51
2023	20,890,032.51	18,755,000.00	2,135,032.51
2024	21,053,578.01	19,625,000.00	1,428,578.01
2025-2029	43,407,175.42	42,015,000.00	1,392,175.42
2030-2033	1,286,843.75	1,225,000.00	61,843.75
Total Debt Service Payments	<u>\$ 149,433,357.97</u>	<u>\$ 133,095,000.00</u>	<u>\$ 16,338,357.97</u>

10. DEFEASED DEBT

On May 21, 2020 the District issued \$56,700,000 Certificates of Participation, Series 2020A at a premium with an interest rate of 5.00%. The proceeds were used to fully refund \$73,800,000 principal amount of the District's Series 2010A Certificates of Participation. \$75,472,280 of the net proceeds (after payment of \$394,937 of issuance costs) were placed in an irrevocable trust to provide for future debt service payment of the refunded amount of the Series 2010A Certificates of Participation.

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

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

10. DEFEASED DEBT (continued)

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

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

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

On January 14, 2020 the State Board of Education issued Series 2020A SBE Refunding Bonds in the amount of \$1,686,000 at a premium, with an interest rate of 5.0%, on behalf of the District. The amount of \$1,973,414.22 of the net proceeds (after payment of 9,837 in underwriter's fees and other issuance costs) were placed in an irrevocable trust to refund the 2010A bonds that mature on or after January 1, 2021 and were called for redemption on January 15, 2020.

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

11. CHANGES IN LONG TERM DEBT

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due in One Year
Estimated Liability for Long Term claims	\$ 22,123,684.00	6,226,184.94	7,739,123.94	\$20,610,745.00	\$ 7,388,935.77
Post Employment Benefits	170,574,805.00	37,997,406.00	-	208,572,211.00	-
Compensated Absences Payable	183,728,437.69	46,391,672.77	32,478,473.82	197,641,636.64	12,992,933.83
Net Pension Liability					
State - FRS	706,561,721.00	76,721,760.00	-	783,283,481.00	-
State - HIS	359,852,899.00	10,856,015.38	-	370,708,914.38	11,326,304.50
Early Retirement Program	12,582,689.00	402,350.00	-	12,985,039.00	-
Certificate of Participation	623,613,000.00	133,230,000.00	185,951,000.00	570,892,000.00	36,887,000.00
Bonds Payable	159,512,000.00	1,686,000.00	19,767,000.00	141,431,000.00	17,610,000.00
TOTAL	\$ 2,238,549,235.69	313,511,389.09	\$245,935,597.76	\$2,306,125,027.02	\$ 86,205,174.10

Plus unamortized bond premium

 Certificates of Participation 59,408,988.58

 Bonds payable 6,069,176.74

Total Long-Term Debt \$ 2,371,603,192.34

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

11. CHANGES IN LONG TERM DEBT (continued)

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

12. FUND BALANCE REPORTING

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

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

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

Restricted – fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

12. FUND BALANCE REPORTING (continued)

Committed – fund balance that contain self-imposed constraints by the Board, (the district's highest level of decision-making authority). The Board has not established a policy to commit fund balance, therefore no such balance is reported.

Assigned – fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The District has a policy No. 6100 approved by the Board that designates administrative staff (the Superintendent and Chief Business Officer) to determine the assignments.

Unassigned – fund balance of the general fund that is not constrained for a particular purpose.

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

Nonspendable – The District has inventories totaling \$6,138,731.87 that are classified as nonspendable.

Spendable – The District has classified the spendable fund balances as restricted, assigned and unassigned. The District currently has no funds classified as committed.

Restricted for Federal, State and Local Programs, Debt Service and Capital Projects:

Federal Laws, Florida Statutes and local constraints require that certain revenues be specifically used for certain expenditures. These funds have been included in the restricted category of fund balances. The restricted fund balance totals \$310,320,410.45 and represents \$38,905,455.38 for Federal programs, \$35,171,286.77 for State programs, and \$3,541,298.85 for Local programs, \$84,350,759.40 for Debt Service and \$148,351,610.05 for Capital Projects.

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

12. FUND BALANCE REPORTING (continued)

Assigned for School Operations:

The District has set aside certain spendable fund balances in the amount of \$4,123,262.95 for turnaround supplemental services.

Unassigned:

The District has \$70,816,845.16 in unassigned fund balance. At the end of the fiscal year the unassigned fund balance in the general fund is 3.91% of total general fund revenues.

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

13. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Funds</u>	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General	\$ 73,144,773.18	\$ 13,479,619.68
Contracted Services - Spec. Rev.	1,080,634.32	40,049,677.42
Other Debt Services	-	-
Local Capital Improvement	8,685,627.14	33,886,659.36
Other Capital Projects	182,170.55	3,301,426.29
Non-Major Governmental Funds		
Non-major	\$ 498,390.98	\$ 2,247,432.52
Internal Service	12,387,783.45	3,014,564.35
Total	<u>\$ 95,979,379.62</u>	<u>\$ 95,979,379.62</u>

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

13. INTERFUND RECEIVABLES AND PAYABLES (continued)

The majority of interfund receivables and payables are established during the closing period. The receivable in the general fund is for payback of direct/indirect charges for June of the prior fiscal year. The amounts in local capital improvement, other capital project funds and non-major funds is mostly due to the movements of expenditures between capital project funds. The amount in the internal service fund is due to movement of revenue to other funds. The amounts payable are expected to be paid within a reasonable period of time.

14. INTERFUND TRANSFERS

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 58,709,458.61	\$ 3,295,703.59
Contracted Services	12,178.53	-
Other Debt Service	62,912,548.27	2,138.01
Local Capital Improvement	-	105,375,243.57
Other Capital Projects	-	13,113,680.00
Non-Major Governmental Funds	3,108,779.46	
Internal Service Funds	3,049,493.00	6,005,692.70
Total	<u>\$ 127,792,457.87</u>	<u>\$ 127,792,457.87</u>

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

15. STATE REVENUE SOURCES

The following is a schedule of the Districts state revenue for the 2020 fiscal year:

<u>Sources</u>	<u>Amount</u>
Florida Education Finance Program	\$ 886,605,865.00
Workforce Development	27,967,434.00
Categorical Education Programs	255,472,457.36
Capital Outlay and Debt Service	6,085,059.63
Food Service Supplement	1,376,471.00
Mobile Home License Tax	600,688.09
State Board of Education Bond Interest	234,510.67
Pari-Mutuel Tax	446,500.00
Discretionary Lottery Funds	226,954.00
Miscellaneous	<u>23,060,509.04</u>
Total	<u>\$ 1,202,076,448.79</u>

16. PROPERTY TAXES

The following is a summary of millages and taxes levied in the 2020 tax roll for the fiscal year

2020:

<u>General Fund</u>	<u>Millage Levied</u>	<u>Taxes Levied</u>
Non-voted School Tax:		
Required Local Effort	3.881	\$ 422,573,671.09
Discretionary Local Effort	0.748	81,444,242.71
<u>Capital Projects Funds</u>		
Non-voted Tax:		
Local Capital Improvements	1.500	163,324,016.14
Total	<u>6.129</u>	<u>\$ 667,341,929.94</u>

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

17. STATE RETIREMENT PROGRAMS

a. Summary of Significant Accounting Policies

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

b. General Information about the Pension Plan

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

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

17. STATE RETIREMENT PROGRAMS (continued)

2011, have benefit payments based on the member's highest 8-year average annual salary. For regular class members enrolled before July 1, 2011, the annual final compensation is multiplied by a percentage ranging from 1.60 percent at either 62 or with 30 years of service to 1.68 percent at age 65 or with 33 years of service. Regular class members enrolled after July 1, 2011, have an annual final compensation multiplied by a percentage ranging from 1.60 at age 65 or with 33 years of service to 1.68 percent at age 68 or with 36 years of service. Members are eligible for early retirement after 6 years of service, however, normal benefits are reduced by 5 percent for each year a member retires before age 62. As described in note 18, the District administers a single-employer retirement program that under certain conditions covers the difference in benefits between normal and early retirement.

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

A Deferred Retirement Option Program (DROP) was established effective July 1, 1998. It permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with a Florida Retirement System employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

Eligible FRS members may elect to participate in FRS Investment Plan in lieu of the Defined Benefit Plan. District employees participating in DROP are not eligible to participate in the Investment Plan. This plan is funded by employer contributions that are

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

17. STATE RETIREMENT PROGRAMS (continued)

based on salary and membership class (Regular, Elected County Officers, etc.) Contributions are directed to individual member accounts, and the ultimate benefit depends in part on the performance of investment funds chosen. Employees in the FRS Investment Plan vest after one year of service.

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

The contribution rates for the Plan are established by section 121.71 of the Florida State Statutes, and may be amended, by the State of Florida. As of June 30, 2020, the contribution rates were as follows:

<u>Class or Plan</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
Florida Retirement System, Regular (HA)	3.00	8.47
Florida Retirement System, County Elected Officers (HI)	3.00	48.82
Florida Retirement System, Senior Management Service Class (HM)	3.00	25.41
Florida Retirement System, Special Risk (HB)	3.00	25.48
Teachers' Retirement System, Plan E (IE)	6.25	11.90
Florida Retirement System, Reemployed Retiree (UA)	n/a	5.22
Drop	n/a	14.60

Notes: (A)

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

The District's contributions to the FRS Pension Plan, net of employee contributions, for the fiscal year ending June 30, 2020, totaled \$71,922,342.00. This amount is equal to the required contributions for the fiscal year. Effective July 1, 2011, all members of FRS, except for DROP participants and reemployed retirees who are not eligible for renewed membership, are required to contribute 3 percent of their compensation to FRS. Amounts collected by the District, and remitted to the Plan for employee contributions, are not considered employer contributions for the Plan.

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

17. STATE RETIREMENT PROGRAMS (continued)

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a liability of \$783,283,481 for its proportionate share of the FRS Pension Plan net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2019. At June 30, 2019, the District's proportionate share was 2.27 percent, which was a decrease of 0.09 percent from its proportionate share of 2.36 percent measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$177,142,729 for the FRS Pension Plan. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions for the FRS Pension Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 46,458,783	\$ 486,099
Changes in Assumptions	183,858,349	27,810,752
Difference between projected and actual earnings on pension plan investments	-	47,429,312
Changes in proportion and differences between District contributions and proportionate share of contributions	3,202,483	44,792,059
District contributions subsequent to the measurement date	71,922,342	-
Total	<u>\$ 305,441,957</u>	<u>\$ 120,518,222</u>

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

17. STATE RETIREMENT PROGRAMS (continued)

The deferred outflows of resources related to pensions totaling \$71,922,342 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported for the FRS Pension plan as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount Recognized
2021	\$ 60,070,387
2022	10,644,371
2023	17,413,424
2024	16,265,206
2025	6,900,592
Thereafter	1,707,413
Total	<u>\$ 113,001,393</u>

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

Valuation date	July 1, 2019
Measurement date	June 30, 2019
Discount rate	6.90%
Long-term expected rate of return, Net of investment expense	6.90%
Inflation	2.60%
Salary increase, including inflation	3.25%
Mortality	PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018
Actuarial cost method	Entry Age

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

17. STATE RETIREMENT PROGRAMS (continued)

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

Long-term expected rate of return. The long-term expected rate of return assumption of 6.90 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.30 percent, consistent with the currently articulated real return target in the current Florida State Board of Administration's investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; and 2) a long-term average annual inflation assumption of 2.60 percent as adopted in October 2019 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.90 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 6.90 percent reported investment return assumption differs from the 7.20 percent investment return assumption chosen by the 2019 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards.

Asset Class	Target Allocation	Annual Arithmetic Rate of Return
Cash	1.00%	3.3%
Fixed Income	18.00%	4.1%
Global Equity	54.00%	8.0%
Real Estate (Property)	10.00%	6.7%
Private Equity	11.00%	11.2%
Strategic Investments	6.00%	5.9%
Total	100%	

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

17. STATE RETIREMENT PROGRAMS (continued)

Discount rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.90 percent and is based on a projection of cash flows that assumed that employee contributions will be made at the current contribution rate and that contributions from participating members will be made at statutorily required rates, actuarially determined.

Based on those assumptions, the FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability of the FRS Pension Plan calculated using the discount rate of 6.90 percent. Also presented is what the District's proportionate share of the FRS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the FRS Pension Plan net pension liability	\$1,354,036,304	\$783,283,481	\$306,608,330

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

17. STATE RETIREMENT PROGRAMS (continued)

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

d. General Information about the Health Insurance Subsidy (HIS)

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

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

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

HIS contributions. The HIS Pension Plan is funded by required contributions from FRS participating employers. The funds are deposited in a separate trust fund and

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

17. STATE RETIREMENT PROGRAMS (continued)

consequently, paid from that trust fund. Employer contributions are a percentage of gross compensation for all FRS members. For the fiscal year ended June 30, 2020, the contribution rate was 1.66 percent of payroll per Florida Statutes 112.363. Employees do not contribute to this plan. The District's contributions to the HIS Pension Plan totaled \$19,416,522 for the fiscal year ended June 30, 2020.

e. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIS Pensions

At June 30, 2020, the District reported a liability of \$370,708,914 for its proportional share of the HIS Pension Plan net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2019. At June 30, 2019, the District's proportionate share was 3.31 percent, which was a decrease of 0.09 percent from its proportionate share of 3.40 percent measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$28,432,181 for the HIS Pension Plan. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions for the HRS Pension Plan from the following sources:

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

17. STATE RETIREMENT PROGRAMS (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,502,674	\$ 453,921
Changes in Assumptions	42,924,591	30,298,726
Difference between projected and actual earnings on pension plan investments	239,213	-
Changes in proportion and differences between District contributions and proportionate share of contributions	6,435,954	29,971,182
District contributions subsequent to the measurement date	1,941,622	-
Total	<u>\$ 56,044,054</u>	<u>\$ 60,723,829</u>

The deferred outflows of resources related to pensions totaling \$1,941,622 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported for the HIS Pension plan as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

17. STATE RETIREMENT PROGRAMS (continued)

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

Valuation date	July 1, 2018
Measurement date	June 30, 2019
Discount rate	3.50%
Long-term expected rate of return, Net of investment expense	N/A
Inflation	2.60%
Salary increase, including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Entry Age

The actuarial assumptions that determined the total pension liability of the HIS Pension Plan as of June 30, 2019, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018. The only change was the discount rate. The discount rate decreased from 3.87% to 3.50%. This change will continue to allow FRS to meet or exceed its assumed investment return in future years.

Discount rate. Because the HIS pension Plan is funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The discount rates used at the two dates differ due to changes in the applicable municipal bond index.

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

17. STATE RETIREMENT PROGRAMS (continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability of the HIS Pension Plan calculated using the discount rate of 3.50 percent. Also presented is what the District's proportionate share of the HIS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
District's proportionate share of the HIS Pension Plan net pension liability	\$423,183,230	\$370,708,914	\$327,003,751

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

18. EARLY RETIREMENT PROGRAM

a. Summary of Significant Accounting Policies

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

18. EARLY RETIREMENT PROGRAM (continued)

Plan assets are valued at fair value, based on quoted market prices, for financial statement purposes. Separate Statements are not issued for the Plan.

b. General Information about the Early Retirement Program

Plan Description: As authorized by Section 1012.985, Florida Statutes, the Board implemented an Early Retirement Plan (Plan), effective August 1, 1984. The Plan is a single-employer defined benefit plan. The purpose of the Plan is to provide eligible District employees, who elect to retire under the early retirement provisions of the Florida Retirement System, described in Note 17, with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age of 62. The School Board entered into an agreement with Wells Fargo Bank, N.A., designating the Bank as the Investment Manager and Custodian (Trustee) for the Plan assets. The Agreement also provides that monthly benefits be paid by the Trustee.

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

Benefits provided. The amount of the monthly benefit will be equal to the reduction imposed on the retirement benefit by the Florida Retirement System due to early retirement. The benefit amount will be based on the initial benefit amount determined by the Florida

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

18. EARLY RETIREMENT PROGRAM (continued)

Retirement System prior to any cost of living adjustments and once established will remain unchanged, unless a specific increase is authorized by the Board.

Employees covered by benefit terms. Based on an actuarial report as of June 30, 2020 employee membership data related to the Plan was as follows:

Retirees and beneficiaries currently receiving benefits	<u>492</u>
Active Plan Participants: There are no longer any active plan participants.	

Contributions. The District's Early Retirement Program was established by the Board on August 1, 1984. On July 1, 2010, the plan was closed to any new participants. Pursuant to the Plan Agreement, no contribution shall be required or permitted from any member. The District's annual contribution to the pension trust is determined through the budgetary process and with reference to actuarial determined contributions. The board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution is designed to accumulate sufficient assets to pay benefits when due. Total contributions to the Plan in fiscal year 2020 amounted to \$1,090,000.

c. Net Pension Liability

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

18. EARLY RETIREMENT PROGRAM (continued)

Total pension liability	\$ 22,531,966.00
Plan fiduciary net position	<u>9,546,927.00</u>
Net pension liability	<u>\$ 12,985,039.00</u>
Plan fiduciary net position as a percentage of the total pension liability	42.37%

The Net Pension Liability of \$12,985,039 was added as a long-term liability on the Statement of Net Position in the Government-wide Financial Statements. The plan fiduciary net position represents 42.37% of the total pension liability.

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

Actuarial assumptions. Significant assumptions and other inputs used to measure the annual required contribution are:

Valuation Date	July 1, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Aggregate
Asset Valuation Method	Market Value

Actuarial Assumptions:

Investment Rate of Return	2.25%
Projected Salary Increases	0%
Rate of Inflation Adjustment	2.5%

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

18. EARLY RETIREMENT PROGRAM (continued)

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

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

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

Long-term expected rate of return. The long-term expected rate of return on pension plan investment was confirmed appropriate using Aon's (The District's actuary) e-tool model assuming general inflation of 2.50%, which is a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

18. EARLY RETIREMENT PROGRAM (continued)

percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-term Expected real rate of return</u>
Government Fixed Income	95%	0.0%
Cash	5%	-0.1%

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

Receivables. The pension plan does not have receivables from long-term contracts with the District contribution.

Allocated insurance contracts. The pension plan has not allocated insurance contracts that are excluded from pension plan assets.

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

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

d. Total Pension Liability

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

18. EARLY RETIREMENT PROGRAM (continued)

Total Pension Liability	2020
Service cost	\$ -
Interest cost	595,796
Changes of benefit terms	-
Differences between expected and actual	355,517
Changes of assumptions	827,272
Benefit payments, including refunds of contributions	<u>(1,811,535)</u>
Net change in total pension liability	<u>(32,950)</u>
Total pension liability (beginning)	<u>22,564,916</u>
Total pension liability (ending)	<u>\$ 22,531,966</u>

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the District, calculated using the discount rate of 2.25 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.25 percent) and 1-percentage point higher (3.25 percent) than the current rate.

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
District's net pension liability	\$15,130,027	\$12,985,039	\$11,147,862

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

18. EARLY RETIREMENT PROGRAM (continued)

e. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a liability of \$12,985,039 for the Early Retirement Plan net pension liability. The liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's net pension liability was based on a projection of the pension plan relative to the projected contributions during the fiscal year ended June 30, 2020.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	\$ -	\$ -
Assumption changes	-	-
Net difference between expected and actual earnings on pension plan investments	68,907	-
Total	<u>\$ 68,907</u>	<u>\$ -</u>

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

	<u>Year Ending June 30</u>
2021	\$ 84,005
2022	21,638
2023	(24,948)
2024	(11,788)
2025	-
Thereafter	-
Total	<u>\$ 68,907</u>

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

19. POST EMPLOYMENT HEALTH CARE BENEFITS

a. General Information about the Plan

Plan description. The Postemployment Health Care Benefits Plan is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and eligible dependents may continue to participate in the District's health and hospitalization plan for medical and prescription drug coverage. As of May 1, 2020, the District had 25,902 active participants and 753 retirees and eligible dependents in the plan. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. Separate financial statements for the Plan are not issued.

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

Plan Type	Staff HMO	Select HMO	Coverage 1 st Local	Coverage 1 st National		HDHP PPO	
Deductible	\$250	\$500	\$1,250	\$1,250	\$3,250	\$2,750	\$3,900
Coinsurance	100%	100%	100%	100%	70%	90%	60%
Copayment	\$15	\$30	\$25	\$25	\$0	\$0	\$0
Out of pocket limit	\$3,500	\$5,000	\$4,000	\$4,000	\$4,500	\$6,650	\$13,300

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

In addition to the plans described above, Medicare eligible retirees have the option to participate in a Medicare Advantage plan offered by Aetna. The employer has no liability for this plan because retirees pay the full cost with no cost sharing. Medicare eligible retirees coordinate benefits with Medicare on a "Coordination of Benefits" basis. That is, the plan pays up to the amount it would pay as primary payer, except that it will not pay benefits already paid by Medicare (which is actually the primary payer) or if the retiree elects not to participate in Medicare Parts A and B, the hypothetical amount Medicare would have paid. Spouses of retirees or surviving spouses of retirees of the School District who meet retirement criteria, and received pension benefits at termination may elect medical coverage. Retirees pay the full cost of dental and vision with no employer cost sharing in the implicit subsidy between active employees and retirees. Retirees pay the full cost with no implicit subsidy for life insurance.

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

Retirees or dependents receiving benefits	753
Active employees or dependents receiving benefits	25,902

b. Total OPEB Liability

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

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

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

Valuation date	June 30, 2020
Measurement date	June 30, 2020
Actuarial cost method	Entry age
Inflation	2.5 percent
Salary increases	4.00 percent
Discount rate	2.21 percent

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

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

c. Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$12,053,165
Interest	6,342,532
Changes of benefit terms	-
Differences between expected and actual experience	(15,259,065)
Changes in assumptions	37,736,200
Benefit payments	<u>(2,875,426)</u>
Net change in total OPEB liability	<u>37,997,406</u>
Total OPEB Liability (Beginning)	<u>170,574,805</u>
Total OPEB Liability (Ending)	<u>\$ 208,572,211</u>

Changes of assumptions reflect a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

Funded Status and Funding Progress. As of June 30, 2020, the most recent valuation date, the total OPEB Plan liability was \$208,572,211, and assets held in trust were \$0, resulting in a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$1,169,899,584 and the ratio of the total OPEB Plan liability to the covered payroll was 17.83 percent. The OPEB Plan contribution requirements of the District and OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB expense or the net OPEB Plan liability, and the OPEB Plan is financed on a pay-as-you-go basis.

Actuarial Assumptions and Methods. OPEB selected the economic, demographic and health care claim cost assumptions and prescribed them for use for purposes of compliance with GASB 75. The method used to calculate the service cost and accumulated postretirement benefit obligation for determining OPEB expense is the entry age normal cost methods. Under this cost method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working life time as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay each year. The Normal Cost is equal to the prorated cost for the year of the valuations. Benefit obligations and expense/(income) are calculated under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 75. The total OPEB liability represents the actuarial present value of benefits based on the entry age normal cost method as of the measurement date reflecting all normal costs over the period when benefits were earned. The OPEB

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

expense is the annual amount to be recognized in the income statement as the cost of OPEB benefits for this plan for the period ending June 30, 2020.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the district, as well as what the district's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$245,436,991	\$208,572,211	\$179,954,046

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the district, as well as what the district's total OPEB liability would be if it were calculated using healthcare cost trend rates (6.4 percent pre-65 and 6.9 percent post 65 both decreasing to 4.5 percent) or 1-percentage-point higher (7.4 percent pre-65 and 7.9 percent post 65 decreasing to 5.5 percent) or 1-percentage point lower (5.4 percent pre-65 and 5.9 percent post 65 decreasing to 3.5 percent):

	1% Decrease (5.4% pre-65/ 5.9% post 65 decreasing to 3.5%)	Healthcare Cost Trend Rates (6.4% pre-65/ 6.9 post 65 decreasing to 4.5%)	1% Increase (7.4% pre-65/ 7.9% post 65 decreasing to 5.5%)
Total OPEB liability	\$168,088,388	\$208,572,211	\$263,491,146

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

d. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized an OPEB expense of \$17,976,072.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ 38,413,358
Changes of assumption or other inputs	47,860,133	9,343,363
Total	<u>\$ 47,860,133</u>	<u>\$ 47,756,721</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Year Ending June 30
2021	\$ (419,625)
2022	(419,625)
2023	(419,625)
2024	(419,625)
2025	(419,625)
Thereafter	<u>2,201,537</u>
Total	<u>\$ 103,412</u>

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

20. RISK MANAGEMENT

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

Settled claims resulting from the risks described above have yet to exceeded commercial insurance coverage.

A liability in the amount of \$20,610,745.00 was actuarially determined using a discount rate of 1.5% to cover reported and unreported insurance claims payable at June 30, 2020. It is estimated that \$7,388,935.77 of the liability is current and due within one year. The remaining \$13,221,809.23 will be due in future years.

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

	Beginning-of-Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2018--2019	\$23,487,554.00	\$6,051,966.71	\$(7,415,836.71)	\$22,123,684.00
2019--2020	\$22,123,684.00	\$6,226,184.94	\$(7,739,123.94)	\$20,610,745.00

Claims and judgments are generally liquidated by the internal service funds that are funded by the general fund and special revenue funds.

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

21. COMMITMENTS AND CONTINGENCIES

Construction Contract Commitments

The following is summary of major construction contract commitments remaining at June 30, 2020:

DETAIL LISTING OF CONSTRUCTION IN PROGRESS

Description	Project Authorization	Expended	Committed
Elementary	\$ 44,435,508.00	\$ 6,705,107.00	\$ 37,730,401.00
Middle	26,703,729.00	1,591,151.00	25,112,578.00
Senior High	86,403,228.00	8,637,969.00	77,765,259.00
Major Renovation	143,241,332.00	62,418,424.00	80,822,908.00
Total	<u>\$ 300,783,797.00</u>	<u>\$ 79,352,651.00</u>	<u>\$ 221,431,146.00</u>

Major renovation includes: HVAC, Additions, Remodel, and Roofing.

Litigation

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

Grants and Contracts

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

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 SUPPLEMENTAL FLORIDA RETIREMENT SYSTEM PENSION INFORMATION
 LAST 10 FISCAL YEARS*
 (dollar amounts expressed in thousands)
 (UNAUDITED)

Exhibit D-2
 Page 19-1

	2016	2017	2018	2019	2020
Contractually required contribution	\$ 67,371	\$ 61,990	\$ 64,502	\$ 67,274	\$ 71,543
Contributions in relation to the contractually required contribution	\$ (67,371)	\$ (61,990)	\$ (64,502)	\$ (67,274)	\$ (71,543)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 985,387	\$ 988,184	\$ 985,656	\$ 946,041	\$ 940,830
Contributions as a percentage of covered-employee payroll	6.84%	6.27%	6.54%	7.11%	7.60%

*The amounts presented for each fiscal year were determined as of 6/30

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

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditor's report

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 SCHEDULE OF EMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY
 SUPPLEMENTAL FLORIDA RETIREMENT SYSTEM PENSION INFORMATION
 LAST 10 FISCAL YEARS*
 (dollar amounts expressed in thousands)
 (UNAUDITED)

Exhibit D-2
 Page 19-2

	2016	2017	2018	2019	2020
Proportion of the net pension liability	2.76%	2.54%	2.47%	2.36%	2.27%
District's proportionate share of the net pension liability	\$ 356,916	\$ 964,676	\$ 729,291	\$ 706,562	\$ 783,283
District's covered payroll	\$ 985,387	\$ 988,184	\$ 985,656	\$ 946,041	\$ 940,830
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	36.22%	97.62%	73.99%	74.69%	83.25%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	84.88%	83.89%	84.26%	82.61%

*The amounts presented for each fiscal year were determined as of 6/30

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

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditor's report

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 SUPPLEMENTAL HEALTH INSURANCE SUBSIDY PROGRAM INFORMATION
 LAST 10 FISCAL YEARS*
 (dollar amounts expressed in thousands)
 (UNAUDITED)

Exhibit D-2
 Page 19-3

	2016	2017	2018	2019	2020
Contractually required contribution	\$ 14,294	\$ 19,006	\$ 19,067	\$ 18,429	\$ 18,398
Contributions in relation to the contractually required contribution	\$ (14,294)	\$ (19,006)	\$ (19,067)	\$ (18,429)	\$ (18,398)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,134,992	\$ 1,145,024	\$ 1,149,179	\$ 1,110,759	\$ 1,108,182
Contributions as a percentage of covered-employee payroll	1.26%	1.66%	1.66%	1.66%	1.66%

*The amounts presented for each fiscal year were determined as of 6/30

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

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditor's report

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 SCHEDULE OF EMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY
 SUPPLEMENTAL HEALTH INSURANCE SUBSIDY PROGRAM INFORMATION
 LAST 10 FISCAL YEARS*
 (dollar amounts expressed in thousands)
 (UNAUDITED)

Exhibit D-2
 Page 19-4

	2016	2017	2018	2019	2020
Proportion of the net pension liability	3.74%	3.71%	3.60%	3.40%	3.31%
District's proportionate share of the net pension liability	\$ 381,345	\$ 432,150	\$ 385,423	\$ 359,853	\$ 370,709
District's covered payroll	\$ 1,134,992	\$ 1,145,024	\$ 1,149,179	\$ 1,110,759	\$ 1,108,182
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.60%	37.74%	33.54%	32.40%	33.45%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.97%	1.64%	2.15%	2.63%

*The amounts presented for each fiscal year were determined as of 6/30

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

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditor's report

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
EARLY RETIREMENT PENSION TRUST
(dollar amounts expressed in thousands)
(UNAUDITED)

Fiscal Year Ended <u>June 30,</u>	Actuarially Determined <u>Contribution</u>	Annual Actual <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered Employee <u>Payroll</u>	Contribution as a Percentage of Covered <u>Employee Payroll</u>
2008	\$ 3,690	\$ 3,756	\$ (66)	\$ 40,602	9.25%
2009	2,063	1,802	261	31,812	5.66%
2010	2,252	2,451	(199)	22,677	10.81%
2011	1,317	1,764	(447)	N/A	N/A
2012	1,342	880	462	N/A	N/A
2013	1,382	1,383	(1)	N/A	N/A
2014	1,403	1,401	2	N/A	N/A
2015	1,095	1,411	(316)	N/A	N/A
2016	1,054	1,115	(61)	N/A	N/A
2017	1,147	1,185	(38)	N/A	N/A
2018	1,150	1,170	(20)	N/A	N/A
2019	1,170	1,195	(25)	N/A	N/A
2020	1,170	1,195	(18)	N/A	N/A

See accompanying notes to required supplementary information.

Unaudited – see accompanying independent auditors' report.

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF NET PENSION LIABILITY
EARLY RETIREMENT PENSION TRUST
(dollar amounts expressed in thousands)
(UNAUDITED)**

FISCAL YEAR ENDED JUNE 30	Total Pension Liability	Plan Fiduciary Net Position	District's Net Pension Liability (Asset)	Plan Fiduciary Net Position As a Percentage Of The Total Pension Liability	Covered Payroll	District's Net Pension Liability (Asset) as a Percentage Of Covered Payroll
2014	\$ 26,619	\$ 13,002	\$ 12,455	48.84%	N/A	N/A
2015	26,452	12,459	13,993	47.10%	N/A	N/A
2016	27,141	11,833	15,308	43.60%	N/A	N/A
2017	25,785	11,034	14,751	42.79%	N/A	N/A
2018	24,560	10,322	14,238	42.03%	N/A	N/A
2019	22,565	9,982	12,583	44.24%	N/A	N/A
2020	22,532	9,547	12,985	44.37%	N/A	N/A

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

See accompanying notes to required supplementary information.

Unaudited – see accompanying independent auditors' report.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
EARLY RETIREMENT PENSION TRUST
LAST 10 FISCAL YEARS
(dollar amounts expressed in thousands)
(UNAUDITED)

Exhibit D-2
Page 19-7

	2015	2016	2017	2018	2019	2020
Total pension liability						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	855	891	654	621	592	596
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(9)	(89)	(78)	45	(243)	356
Changes of assumptions	2,180	1,846	-	-	(506)	827
Benefit payments, including refunds of member contributions	(2,031)	(1,959)	(1,932)	(1,892)	(1,838)	(1,812)
Net change in total pension liability	995	689	(1,356)	(1,226)	(1,995)	(33)
Total pension liability - beginning	25,457	26,452	27,141	25,786	24,560	22,565
Total pension liability - ending (a)	\$ 26,452	\$ 27,141	\$ 25,785	\$ 24,560	\$ 22,565	\$ 22,532
Plan fiduciary net position						
Contributions - employer	\$ 1,411	\$ 1,115	\$ 1,185	\$ 1,170	\$ 1,195	\$ 1,090
Contributions - member	-	-	-	-	-	-
Net investment income	122	260	(11)	21	340	323
Benefit payment, including refunds of member contributions	(2,031)	(1,959)	(1,932)	(1,892)	(1,838)	(1,811)
Administrative expense	(45)	(42)	(41)	(11)	(37)	(37)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	(543)	(626)	(799)	(712)	(340)	(435)
Plan fiduciary net position - beginning	13,002	12,459	11,833	11,034	10,322	9,982
Plan fiduciary net position - ending (b)	\$ 12,459	\$ 11,833	\$ 11,034	\$ 10,322	\$ 9,982	\$ 9,547
Net pension liability (asset) - ending (a)-(b)	\$ 13,993	\$ 15,308	\$ 14,751	\$ 14,238	\$ 12,583	\$ 12,985
Plan fiduciary net position as a percentage of the total pension liability	47.10%	43.60%	42.79%	42.03%	44.24%	42.37%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Districts' net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

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

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF INVESTMENT RETURNS
EARLY RETIREMENT PENSION TRUST
LAST 10 FISCAL YEARS
(UNAUDITED)**

Exhibit D-2
Page 19-8

Fiscal Year Ended June 30,	Money Weighted Rate of Investment Return
2014	3.50%
2015	3.50%
2016	2.50%
2017	2.50%
2018	2.50%
2019	2.75%
2020	2.25%

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

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditors' report

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF CHANGES IN TOTAL LIABILITY AND RELATED RATIOS
OTHER POST EMPLOYMENT BENEFITS
LAST 10 FISCAL YEARS
(dollar amounts expressed in thousands)
(UNAUDITED)

Exhibit D-2
Page 19-9

	<u>2019</u>	<u>2020</u>
Total OPEB liability		
Service cost	\$ 11,073	\$ 12,053
Interest	6,531	6,342
Changes of benefit terms	-	-
Differences between expected and actual experience	(17,873)	(15,259)
Changes of assumptions	15,722	37,736
Benefit payments	<u>(5,074)</u>	<u>(2,875)</u>
Net change in total OPEB liability	10,379	37,997
Total OPEB liability - beginning	<u>160,196</u>	<u>170,575</u>
Total OPEB liability - ending	<u>\$ 170,575</u>	<u>\$ 208,572</u>
Covered employee payroll	\$ 1,108,182	\$ 1,169,899
Total OPEB liability as a percentage of covered employee payroll	15.39%	17.83%

Changes in assumptions and other inputs include the change in the discount rate from 3.50 percent as of the beginning of the measurement period to 2.21 percent as of the end of the measurement period. This change is reflected in the Schedule of Changes in Total OPEB Plan Liability

There are no assets accumulated in a trusts to pay related benefits.

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

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditors' report

**SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR
FLORIDA RETIREMENT SYSTEM PENSION AND HEALTH INSURANCE SUBSIDY
PROGRAM
June 30, 2020
(UNAUDITED)**

The following are relevant to the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) Program:

- 1) Actuarial assumptions for defined benefit plans are reviewed annually by the Florida Retirement System. The FRS Pension Plan has a valuation performed annually, whereas the HIS Program has a valuation performed biennially which is updated for GASB reporting in the year a valuation was not performed. The most recent experience study for FRS Pension Plan was completed in 2014 for the period July 1, 2013 through June 30, 2018.
- 2) Method and assumptions used in determining the pension liability:

FRS Pension Plan

Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Discount Rate	6.90%
Investment Rate of Return	6.90%
Projected Salary Increases	3.25%
Rate of Inflation Adjustment	2.60%

Mortality assumption:
PUB2010 base table varies by number category and sex, projected generationally with Scale MP-2018.

HIS Program

Valuation Date	July 1, 2018
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Discount Rate	3.50%
Investment Rate of Return	N/A
Projected Salary Increases	3.50%
Rate of Inflation Adjustment	2.60%

Mortality assumption:
Generational RP-2000 with Projection Scale BB Tables

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2020

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
REVENUES					
Federal Direct	3100	3,677,981.50	3,429,162.11	3,429,162.11	0.00
Federal Through State and Local	3200	7,000,000.00	7,458,634.74	7,458,634.74	0.00
State Sources	3300	1,204,616,777.58	1,177,337,005.20	1,174,870,849.62	(2,466,155.58)
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	502,180,570.98	502,731,067.85	502,731,067.85	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue		76,952,793.02	65,921,176.56	65,855,849.22	(65,327.34)
Total Local Sources	3400	579,133,364.00	568,652,244.41	568,586,917.07	(65,327.34)
Total Revenues		1,794,428,123.08	1,756,877,046.46	1,754,345,563.54	(2,531,482.92)
EXPENDITURES					
<i>Current:</i>					
Instruction	5000	1,274,543,199.84	1,285,323,624.41	1,243,227,582.95	42,096,041.46
Student Support Services	6100	83,192,523.19	90,646,559.64	84,981,560.94	5,664,998.70
Instructional Media Services	6200	22,524,672.65	22,701,868.31	22,294,820.70	407,047.61
Instruction and Curriculum Development Services	6300	22,960,636.03	26,227,354.76	24,879,146.78	1,348,207.98
Instructional Staff Training Services	6400	19,308,075.83	24,514,698.49	22,761,975.71	1,752,722.78
Instruction-Related Technology	6500	43,849,990.39	45,044,931.65	44,640,333.52	404,598.13
Board	7100	2,307,330.30	3,748,239.22	3,257,601.75	490,637.47
General Administration	7200	6,000,352.04	5,861,885.81	5,747,259.64	114,626.17
School Administration	7300	103,870,412.86	110,532,713.32	110,053,195.03	479,518.29
Facilities Acquisition and Construction	7410	4,126,306.43	11,590,978.32	3,355,340.30	8,235,638.02
Fiscal Services	7500	6,550,763.66	6,925,441.23	6,880,384.98	45,056.25
Food Services	7600	1,181,689.47	1,158,368.38	1,156,391.08	1,977.30
Central Services	7700	20,015,212.60	26,375,544.77	23,609,773.79	2,765,770.98
Student Transportation Services	7800	58,861,550.00	63,476,170.69	63,249,569.53	226,601.16
Operation of Plant	7900	114,877,681.16	126,028,719.76	125,549,221.95	479,497.81
Maintenance of Plant	8100	29,128,314.28	31,596,223.56	31,399,119.52	197,104.04
Administrative Technology Services	8200	114,735.76	146,097.37	146,097.37	0.00
Community Services	9100	24,749,823.26	19,503,627.80	15,488,188.80	4,015,439.00
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710			0.00	0.00
Interest	720			0.00	0.00
Due and Fees	730			0.00	0.00
Other Debt Service	791			0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420			7,846,290.36	(7,846,290.36)
Other Capital Outlay	9300			1,515,406.75	(1,515,406.75)
Total Expenditures		1,838,163,269.75	1,901,403,047.49	1,842,039,261.45	59,363,786.04
Excess (Deficiency) of Revenues Over (Under) Expenditures		(43,735,146.67)	(144,526,001.03)	(87,693,697.91)	56,832,303.12
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730			0.00	0.00
Loss Recoveries	3740			0.00	0.00
Proceeds of Forward Supply Contract	3760			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760			0.00	0.00
Transfers In	3600	46,477,968.00	58,709,458.61	58,709,458.61	0.00
Transfers Out	9700	(2,234,570.45)	(3,295,703.59)	(3,295,703.59)	0.00
Total Other Financing Sources (Uses)		44,243,397.55	55,413,755.02	55,413,755.02	0.00
SPECIAL ITEMS				0.00	0.00
EXTRAORDINARY ITEMS				0.00	0.00
Net Change in Fund Balances		508,250.88	(89,112,246.01)	(32,279,942.89)	56,832,303.12
Fund Balances, July 1, 2019	2800	150,517,762.88	150,517,762.88	150,517,762.88	0.00
Adjustments to Fund Balances	2891			0.00	0.00
Fund Balances, June 30, 2020	2700	151,026,013.76	61,405,516.87	118,237,819.99	56,832,303.12

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 MAJOR SPECIAL REVENUE FUNDS - OTHER FEDERAL PROGRAMS
 For the Fiscal Year Ended June 30, 2020

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
REVENUES					
Federal Direct	3100	8,839,420.51	10,224,466.11	6,993,036.26	(3,231,429.85)
Federal Through State and Local	3200	227,465,961.13	210,468,337.48	181,882,004.22	(28,586,333.26)
State Sources	3300	457,283.69	1,341,903.41	1,105,926.39	(235,977.02)
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue		2,961,975.58	980,711.04	293,601.58	(687,109.46)
Total Local Sources	3400	2,961,975.58	980,711.04	293,601.58	(687,109.46)
Total Revenues		239,724,640.91	223,015,418.04	190,274,568.45	(32,740,849.59)
EXPENDITURES					
<i>Current:</i>					
Instruction	5000	120,015,573.90	124,013,699.32	106,575,165.27	17,438,534.05
Student Support Services	6100	18,705,906.80	16,064,538.44	13,593,502.89	2,471,035.55
Instructional Media Services	6200	2,500,277.82	3,807,799.47	2,695,731.30	1,112,068.17
Instruction and Curriculum Development Services	6300	31,195,371.07	37,799,270.01	33,473,926.87	4,325,343.14
Instructional Staff Training Services	6400	14,594,443.96	21,980,686.42	17,543,514.96	4,437,171.46
Instruction-Related Technology	6500	918,296.62	1,127,027.89	1,087,463.25	39,564.64
Board	7100	0.00	0.00	0.00	0.00
General Administration	7200	4,537,177.25	8,551,440.86	6,334,922.66	2,216,518.20
School Administration	7300	1,075,749.63	1,753,137.32	1,639,337.01	113,800.31
Facilities Acquisition and Construction	7410	7,000.00	289,538.85	84,045.93	205,492.92
Fiscal Services	7500	651,688.98	119,877.40	80,199.72	39,677.68
Food Services	7600	0.00	174,198.34	174,198.34	0.00
Central Services	7700	8,356,357.34	691,164.36	542,556.97	148,607.39
Student Transportation Services	7800	675,488.84	1,196,657.41	827,005.48	369,651.93
Operation of Plant	7900	313,835.36	374,546.26	305,080.78	69,465.48
Maintenance of Plant	8100	0.00	63,180.83	63,180.83	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00
Community Services	9100	36,177,473.35	5,020,833.39	3,974,591.95	1,046,241.44
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710			0.00	0.00
Interest	720			0.00	0.00
Dues and Fees	730			0.00	0.00
Other Debt Service	791			0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420			0.00	0.00
Other Capital Outlay	9300			1,292,322.77	(1,292,322.77)
Total Expenditures		239,724,640.92	223,027,596.57	190,286,746.98	32,740,849.59
Excess (Deficiency) of Revenues Over (Under) Expenditures		(0.01)	(12,178.53)	(12,178.53)	(0.00)
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730			0.00	0.00
Loss Recoveries	3740			0.00	0.00
Proceeds of Forward Supply Contract	3760			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760			0.00	0.00
Transfers In	3600		12,178.53	12,178.53	0.00
Transfers Out	9700			0.00	0.00
Total Other Financing Sources (Uses)		0.00	12,178.53	12,178.53	0.00
SPECIAL ITEMS				0.00	0.00
EXTRAORDINARY ITEMS				0.00	0.00
Net Change in Fund Balances		(0.01)	0.00	(0.00)	(0.00)
Fund Balances, July 1, 2019	2800			0.00	0.00
Adjustments to Fund Balances	2891			0.00	0.00
Fund Balances, June 30, 2020	2700	(0.01)	0.00	(0.00)	(0.00)

APPENDIX D

COPY OF RESOLUTION

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A RESOLUTION AUTHORIZING THE ISSUANCE OF TAX ANTICIPATION NOTES, SERIES 2020 OF THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$80,000,000 TO PROVIDE INTERIM FUNDS FOR THE PAYMENT OF OPERATING EXPENSES OF THE DISTRICT; PLEDGING CERTAIN TAX RECEIPTS TO THE PAYMENT OF THE NOTES; AUTHORIZING CERTAIN REMEDIES TO THE HOLDERS OF THE NOTES AND MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING THE FORM, MATURITY DATE, AND CERTAIN PARAMETERS WITH RESPECT TO THE OTHER TERMS AND DETAILS OF THE NOTES; AUTHORIZING THE AWARDING OF SAID NOTES PURSUANT TO A PUBLIC BID; DELEGATING CERTAIN AUTHORITY TO THE SUPERINTENDENT FOR THE AWARD OF THE NOTES AND APPROVAL OF THE TERMS OF THE NOTES; APPOINTING THE PAYING AGENT AND NOTE REGISTRAR FOR SAID NOTES; AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING CERTAIN OFFICIALS OF THE BOARD TO TAKE ALL ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID NOTES; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Chapter 1011, Florida Statutes, and other applicable provisions of law.

SECTION 2. DEFINITIONS. The following terms shall have the following meanings herein, unless the text otherwise expressly requires:

"Act" means Chapter 1011, Florida Statutes.

"Board" means The School Board of Hillsborough County, Florida, the governing body of the District.

"Chair" means the Chair of the Board, and in his or her absence or unavailability, the Vice Chair of the Board and such other person who may be duly authorized to act on his or her behalf.

"Chief Business Officer" means the Chief Business Officer of the District, and in his or her absence or unavailability, such other person who may be duly authorized to act on his or her behalf.

"Code" means the Internal Revenue Code of 1986, as amended.

"Computation Date" means any date of calculation of the Cumulative Cash Flow Deficit.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate to be executed by the District on or prior to the issuance of the Notes, the form of which is attached hereto as Exhibit D.

"County" means Hillsborough County, Florida, a political subdivision of the State of Florida.

"Cumulative Cash Flow Deficit" means, as of any Computation Date during the Current Fiscal Year, an amount equal to:

(a) The amount the District will expend from the date of issuance of the Notes to such Computation Date for expenditures which would ordinarily be paid out of or financed by ad valorem taxes and other available Non-Ad Valorem Funds, minus

(b) The sum of the "available amounts," as defined in the Code (excluding proceeds of the Notes), whether in the form of cash, investments, or other amounts, which will be available for the payment of working capital expenditures of the type to be paid from the proceeds of the Notes without legislative or judicial action and without a legislative, judicial or contractual requirement that those amounts be reimbursed. Said amounts shall be measured from the date of issuance of the Notes to the Computation Date referred to in paragraph (a) above.

"Current Fiscal Year" means the fiscal year of the District which commenced July 1, 2020 and ends June 30, 2021.

"District" means the School District of Hillsborough County, Florida, created by Article IX, Section 4 of the Constitution of Florida.

"Financial Advisor" means Ford & Associates, Inc.

"Holder" or **"Noteholder"** means the registered owner of a Note.

"Maturity Date" means the maturity date for the Notes as determined by the Superintendent prior to the issuance of the Notes, which date shall not be later than one year from the date of issuance of the Notes.

"Non-Ad Valorem Funds" means all legally available funds of the District or Board derived from sources other than ad valorem taxation.

"Note" or **"Notes"** means one or more of the tax anticipation notes authorized by this Resolution in substantially the form attached as Exhibit A hereto, with such modifications as shall be approved by the Superintendent or his designee upon the advice of Note Counsel to the District, approval of such changes to be presumed by the execution thereof by the Superintendent or his designee.

"Note Counsel" means Nabors, Giblin & Nickerson, P.A., Tampa, Florida, or such other firm of attorneys having expertise in the State and federal laws applicable to the issuance of public securities and obligations.

"Note Payment Fund" means the School District of Hillsborough County, Florida Tax Anticipation Notes, Series 2020 Note Payment Fund created by this Resolution.

"Official Bid Proposal" means the Official Bid Proposal that complies with all of the terms and provisions of the Official Notice of Sale and which sets forth an offer to purchase the Notes at the lowest net interest cost to the District.

"Official Notice of Sale" means the Official Notice of Sale relating to the competitive sale of the Notes, which Official Notice of Sale shall be substantially in the form attached hereto as Exhibit B.

"Official Statement" means the Official Statement prepared on behalf of the District, dated the date of sale of the Notes and pertaining to the Notes, in substantially the form of the Preliminary Official Statement which is attached hereto as Exhibit C.

"Operating Budget" means the District's operating budget for the Current Fiscal Year prepared and adopted by the Board in accordance with the Act.

"Paying Agent" or **"Note Registrar"** means U.S. Bank National Association, Jacksonville, Florida, its successor or assigns.

"Permitted Investments" means investments from time to time legal for District moneys pursuant to the provisions of Sections 1010.53(2) and 218.415, Florida Statutes, as amended.

"Pledged Revenues" means (a) receipts of ad valorem taxes collected by the Tax Collector of the County for the benefit of the District during the Current Fiscal Year, but only to the extent such tax receipts are levied or legally available for payment of operating

expenses of the District and (b) amounts on deposit in the Note Payment Fund. "Pledged Revenues" shall not include ad valorem taxes collected to pay the principal of and interest on bonds of the District issued pursuant to Sections 1010.40-1010.55, Florida Statutes, or to pay the principal of and interest on any obligations issued by the District pursuant to Section 1011.14, Florida Statutes, or otherwise levied pursuant to Section 1011.71(2), Florida Statutes.

"Preliminary Official Statement" shall mean the Preliminary Official Statement "deemed final," except as for permitted omissions, in accordance with Rule 15c2-12 of the Securities and Exchange Commission and Section 16 of this Resolution, the form of which is attached hereto as Exhibit C, with such modifications as shall be approved by the Superintendent or his designee upon the advice of Note Counsel to the District.

"Principal Amount" shall mean the principal amount of Notes issued hereunder which amount may not exceed \$80,000,000.

"Purchaser" shall mean the underwriter or underwriters that submit(s) the Official Bid Proposal accepted by the District in accordance with the terms hereof. The Purchaser shall be the initial purchaser and underwriter of the Notes.

"Record Date" shall mean the 15th day of the month (whether or not a business day) immediately preceding the Maturity Date of the Notes.

"Regulations" means the Income Tax Regulations promulgated by the Internal Revenue Service under Section 103 and Sections 141-150 of the Code of 1986.

"State" means the State of Florida.

"Summary Notice of Sale" means the Summary Notice of Sale pursuant to which the Notes shall be advertised for competitive bid, which Summary Notice of Sale shall be substantially in the form attached hereto as Exhibit E.

"Superintendent" means the Superintendent of Schools of the District, Ex-Officio Secretary to the Board, and in his absence or unavailability, any associate or deputy Superintendent of the District and such other persons who may be duly authorized to act on the Superintendent's behalf.

SECTION 3. FINDINGS. It is hereby found, determined and declared as follows:

(A) Pursuant to Section 1011.13, Florida Statutes, and other applicable provisions of law, the school board of any school district in the State of Florida is authorized to negotiate a current loan at any time the current school funds on hand are estimated to be insufficient to pay obligations created by such school board, in accordance with the applicable budget of such school district.

(B) The Board has caused to be prepared an Operating Budget reflecting the reasonable estimates of receipts and expenditures during the Current Fiscal Year.

(C) The Board, to the extent possible, has endeavored to arrange the expenditures of the District for the Current Fiscal Year so as to make it unnecessary for the District to incur loans.

(D) It is estimated based on the Operating Budget that the school funds will be insufficient, at various times during the Current Fiscal Year, to satisfy obligations to be created by the Board in accordance with the Operating Budget of the District.

(E) It is necessary for the benefit of the schools of the District for a loan to be obtained to meet the disbursement requirements of the Operating Budget, such loan to be retired from Pledged Revenues anticipated to be received in accordance with the Operating Budget and, if necessary, from the Non-Ad Valorem Funds.

(F) The loan or loans shall be evidenced by the issuance of the Notes (or installments thereof), in the aggregate principal amount not exceeding the Principal Amount. The principal of and the interest on the Notes will be payable at maturity.

(G) The Principal Amount shall be less than 80% of the amount to be available from taxes levied by the District for operating purposes for the Current Fiscal Year.

(H) The Principal Amount does not exceed the Cumulative Cash Flow Deficit plus any reasonable working capital reserve not in excess of the amount permitted by Section 1.148-6(d)(3)(iii)(B) of the Regulations.

(I) The loan or loans, as evidenced by the Notes and computed as prescribed by Section 1011.13, Florida Statutes, will be, in the aggregate, not in excess of the amount necessary for the proper operation of the schools in the District.

(J) The Notes will be payable as to both principal and interest from the Pledged Revenues estimated in the Operating Budget to be available, and, if necessary, are additionally payable from, but are not secured by, the Non-Ad Valorem Funds. Neither the faith and credit nor the taxing power of the State of Florida, the County, or the District are pledged to the payment of the principal of or the interest on the Notes.

(K) It is estimated that the Pledged Revenues will be sufficient to pay the principal of and interest on the Notes when due.

(L) The Superintendent has authorized Note Counsel to prepare a Preliminary Official Statement on behalf of the District, and it is necessary and desirable that the Board delegate to the Superintendent the authority to deem the Preliminary Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to authorize the use of the Preliminary Official Statement and a final Official Statement in

connection with the marketing and competitive sale of the Notes in accordance with the terms hereof.

(M) It is necessary and desirable that the Notes be issued in book-entry only form and that the Superintendent be authorized to make such provision and perform such acts as are necessary to provide for the issuance of the Notes in book-entry form.

(N) In accordance with Section 218.385, Florida Statutes, and pursuant to this Resolution, the Notes shall be advertised for competitive bids pursuant to the Summary Notice of Sale, the form of which is attached hereto as Exhibit E.

(O) Pursuant to the Summary Notice of Sale and the Official Notice of Sale, competitive bids received on such date and time as is determined by the Superintendent in accordance with the terms and provisions of the Summary Notice of Sale and the Official Notice of Sale, shall be publicly opened and announced.

(P) Due to the present volatility and uncertainty of the market for tax-exempt obligations such as the Notes, it is desirable for the District to be able to advertise and award the Notes at the most advantageous time and date which shall be determined by the Superintendent; and, accordingly, the District hereby determines to delegate the advertising and awarding of the Notes to the Superintendent within the parameters described herein.

(Q) It is necessary and appropriate that the Board determine the parameters for the terms and details of the Notes and to delegate certain authority to the Superintendent for the award of the Notes and the approval of the terms of the Notes in accordance with the provisions hereof.

(R) In the event Note Counsel shall determine that the Notes have not been awarded competitively in accordance with the provisions of Section 218.385, Florida Statutes, the Board shall adopt such resolutions and make such findings as shall be necessary to authorize and ratify a negotiated sale of the Notes in accordance with said Section 218.385, Florida Statutes.

SECTION 4. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Notes authorized to be issued hereunder, this Resolution shall be deemed to be and shall constitute a contract between the District, the Board and the Holders of any Notes. The covenants and agreement herein set forth to be performed by the District and the Board shall be for the equal benefit, protection and security of the Holder of each such Note, all of which shall be of equal rank and without preference, priority or distinction of any of such Notes over any other thereof, except as expressly provided therein and herein.

SECTION 5. AUTHORIZATION, DESCRIPTION AND BOOK-ENTRY PROVISIONS OF THE NOTES. For the purpose of financing the cost of

obligations incurred in the ordinary operations of the District in the Current Fiscal Year there are hereby authorized to be issued "School District of Hillsborough County, Florida Tax Anticipation Notes, Series 2020" in the aggregate principal amount not to exceed \$80,000,000. The exact aggregate principal amount of Notes to be issued pursuant to this Resolution shall be determined by the Superintendent in accordance with the terms of this Resolution, provided such amount shall not exceed \$80,000,000.

The Notes may be issued in one or more installments. The Notes shall be dated, shall be in denominations of \$5,000 or integral multiples thereof, as agreed to between the District and the Purchaser, shall be in fully-registered form, shall mature on the Maturity Date, as determined by the Superintendent prior to the issuance thereof, and shall bear interest from their date until maturity, calculated on a 360-day year basis (consisting of twelve 30-day months), payable at maturity at an interest rate not to exceed the maximum rate allowed by law, all as provided in the Official Bid Proposal. The Notes shall not be redeemable prior to maturity.

The Notes shall initially be issued in book-entry only form. The Notes shall be registered to Cede & Co., as nominee for The Depository Trust Company ("DTC"). All payments for the principal of and interest on the Notes shall be paid in lawful money of the United States of America, by check, draft or wire transfer to DTC.

To the extent permitted by the provisions of the DTC Blanket Issuer Letter of Representations executed by the District and delivered to DTC (the "DTC Blanket Letter of Representations"), the District shall issue Notes directly to beneficial owners of Notes other than DTC, or its nominee, in the event that:

- (i) DTC determines not to continue to act as the securities depository for the Notes; or
- (ii) The Board has advised DTC of its determination that DTC is incapable of discharging its duties; or
- (iii) The Board, upon compliance with applicable DTC policies and procedures, determines that it is in the best interest of the District not to continue the book-entry system or that the interest of the beneficial owners of the Notes might be adversely affected if the book-entry system is continued.

Upon occurrence of either of the events described in clauses (i) or (iii) above (the Board undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Board to make any such determination) or if the Board fails to locate another qualified securities depository to replace DTC upon occurrence of either of the events described in clauses (i) or (ii) above, the Board shall mail a notice to DTC for distribution to the beneficial owners of the Notes stating that DTC will no longer serve as securities depository, whether a new securities depository will or can be appointed,

the procedures for obtaining authenticated replacement Notes and the provisions which govern the Notes including, but not limited to, provisions regarding authorized denominations, transfer and exchange, principal and interest payments and other related matters. The DTC Blanket Letter of Representations previously executed and delivered by the District shall apply with respect to the Notes.

SECTION 6. EXECUTION AND AUTHENTICATION OF NOTES.

The Notes shall be executed in the name of the District by the Chair of the Board, and attested and countersigned by the Superintendent, as Ex-Officio Secretary of the Board, and the corporate seal of the Board or a facsimile thereof shall be affixed thereto or reproduced thereon. The Notes may be signed and sealed on behalf of the District by any person who at the actual time of the execution of such Notes shall hold such offices in the District, although at the date of such Notes such person may not have been so authorized. The Notes may be executed by the facsimile signatures of the Chair or Superintendent so long as the Notes bear one manual signature.

There shall be a Certificate of Authentication of the Note Registrar on the Notes, and no Note shall be valid or obligatory for any purpose or be entitled to any security or benefit under the provisions of this Resolution unless such certificate shall have been manually executed on such Notes.

SECTION 7. NOTES MUTILATED, DESTROYED, STOLEN OR LOST. In case any Note shall be mutilated, destroyed, stolen or lost, upon the Holder furnishing the District proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the District may prescribe and paying such expenses as the District may incur, the District shall issue and deliver a new Note of like tenor as the Note so mutilated, destroyed, stolen or lost, in lieu of or substitution for the Note, if any, destroyed, stolen or lost, or in exchange and substitution for such mutilated Note, upon surrender of such mutilated Note, if any, to the District and the cancellation thereof; provided however, if the Note shall have matured or be about to mature, instead of issuing a substitute Note, the District may pay the same, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof. Any Note surrendered under the terms of this Section 7 shall be cancelled by the Superintendent.

Any such duplicate Note issued pursuant to this section shall constitute an original, additional contractual obligation on the part of the District whether or not, as to duplicate Notes, the lost, stolen or destroyed Note be at any time found by anyone, and such duplicate Note shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the special funds, as hereinafter pledged, to the same extent as the other Notes issued hereunder.

SECTION 8. REGISTRATION AND TRANSFER OF NOTES. The following Section 8 is subject to the provisions of the DTC Blanket Letter of Representations.

All Notes shall be and shall have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code-Investment Securities Laws of the State of Florida, and each successive Holder, in accepting any of the Notes, shall be conclusively deemed to have agreed that such Notes shall be and have all of said qualities and incidents of such negotiable instruments.

There shall be a Note Registrar with respect to each series or installment of Notes, which shall be the Superintendent or a bank or trust company located within or without the State of Florida with corporate trust powers. The Note Registrar initially shall be U.S. Bank National Association, Jacksonville, Florida. The Note Registrar shall be responsible for maintaining the books for the registration of the transfer and exchange of the Notes.

All Notes presented for transfer, exchange or payment (if so required by the District or the Note Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the District or the Note Registrar, as the case may be, duly executed by the Holder or by his duly authorized attorney.

Upon surrender to the Note Registrar for transfer or exchange of any Note accompanied by an assignment or written authorization for exchange, whichever is applicable, duly executed by the Holder or his attorney duly authorized in writing, the Note Registrar shall deliver in the name of the Holder or the transferee or transferees, as the case may be, a new fully registered Note or Notes of authorized denominations and of the same maturity and interest rate for the aggregate principal amount which the Holder is entitled to receive.

The District and the Note Registrar may charge the Holder a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer following the delivery of such Notes. The Note Registrar or the District may also require payment from the Holder or his transferee, as the case may be, of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Note shall be delivered.

New Notes delivered upon any transfer or exchange shall be valid obligations of the District, evidencing the same debt as the Notes surrendered, shall be secured under this Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Notes surrendered.

The District and the Note Registrar may treat the Holder of any Note as the absolute owner thereof for all purposes, whether or not such Notes shall be overdue, and shall not be bound by any notice to the contrary. The person in whose name any Note is registered shall be deemed the Holder thereof by the District and the Note Registrar, and any notice to the contrary shall not be binding upon the District or the Note Registrar.

Whenever any Note shall be delivered to the Note Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Note shall be cancelled and destroyed by the Note Registrar, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the District.

SECTION 9. FORM OF NOTES. The text of the Notes shall be in substantially the form of Exhibit A hereto, with such modifications, deletions and insertions as may be necessary and desirable, and as may be authorized or permitted by this Resolution.

SECTION 10. SECURITY FOR NOTES; SPECIAL OBLIGATIONS OF DISTRICT. To the extent necessary to pay when due the principal of and the interest on the Notes, the Pledged Revenues are irrevocably pledged to the payment of the Notes. The Notes and the interest thereon do not constitute a general obligation or indebtedness of, or a pledge of the faith and credit of, the Board, the District, the County, the State or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision or limitation but shall be payable from and secured solely by a lien upon and pledge of the Pledged Revenues in the manner provided herein and therein. If necessary, Notes are additionally payable from, but are not secured by, Non-Ad Valorem Funds of the District. The Notes and the obligations evidenced thereby shall not constitute a lien upon any property of or in the District other than the Pledged Revenues in the manner provided in this Resolution. No Holder of the Notes shall ever have the right to compel the exercise of the ad valorem taxing power of the Board, the District, the County or the State or any political subdivision or agency thereof, other than the levy, collection and application of the Pledged Revenues, for the payment of the principal of or interest on the Notes in the manner herein and in the Notes provided.

SECTION 11. NOTE PAYMENT FUND. (a) There is hereby established the "School District of Hillsborough County, Florida Tax Anticipation Notes, Series 2020 Note Payment Fund" (the "Note Payment Fund") to be held by the District as a separate special fund for the benefit of the Noteholders; provided that the cash required to be accounted for therein may be pooled with other funds of the District so long as adequate accounting records are maintained to reflect and control the restricted purposes of such Note Payment Fund moneys. The Note Payment Fund shall be held in trust by the District for the sole benefit of the Holders, and the Holders are granted an express lien on the moneys and/or investments held in the Note Payment Fund. The Holders of the Notes shall have no lien upon all or any portion of the Non-Ad Valorem Funds unless and until any such funds are deposited into the Note Payment Fund. The District covenants that it shall

deposit sufficient monies or Permitted Investments into the Note Payment Fund no later than twenty-one (21) days prior to the Maturity Date of the Notes, or the first business day thereafter, such that the balance on deposit therein will equal the amount of principal and interest becoming due on the Notes on the Maturity Date. If, on the twenty-first day preceding the Maturity Date of the Notes, or the first business day thereafter, and continuously thereafter, there is not on deposit in the Note Payment Fund an amount (including Permitted Investments and the income or earnings to be received thereon) equal to all principal of and interest on the Notes at maturity, the Board shall designate the Note Payment Fund as its depository for the receipt of Pledged Revenues and continue such designation until such time as the amount in the Note Payment Fund, together with the earnings to be received thereon, is equal to all principal of and interest on the Notes at maturity.

(b) All investments held in the Note Payment Fund shall mature on or prior to the Maturity Date. All such investments shall be valued for the purpose of this Section 11 at their principal amount, and interest income or earnings to be received on or prior to the date of maturity of the Notes shall be included in the Note Payment Fund balance for purposes of determining whether the requirements of this Section 11 have been met.

(c) Funds in the Note Payment Fund may be invested only in Permitted Investments. Earnings on investments held in the Note Payment Fund shall be retained and reinvested in the Note Payment Fund until the amount on deposit in the Note Payment Fund together with the earnings to be received thereon, is equal to the entire principal of and interest on the Notes at their maturity. Thereafter, such earnings may be withdrawn by the District and used in the District's discretion as provided by law except as provided in Subsection 11(d) hereof.

(d) Amounts in the Note Payment Fund, other than earnings permitted to be withdrawn by the District pursuant to Subsection 11(c) hereof, shall be applied solely to the payment of the principal of and interest on the Notes. After all such principal and interest shall have been paid, or at such time as provision for payment thereof shall have been made pursuant to Section 15 hereof, any amounts remaining in the Note Payment Fund may be used in the District's discretion as provided by law.

(e) No later than seven (7) days prior to the Maturity Date of the Notes, the District shall, if necessary, adjust the amount on deposit in the Note Payment Fund in order to ensure that sufficient funds are on deposit therein on the Maturity Date to pay the principal of and interest on the Notes in full.

SECTION 12. APPLICATION OF NOTE PROCEEDS. The proceeds of the sale of the Notes shall first be applied by the District to pay the costs of preparation and issuance of the Notes. The remaining proceeds from the sale of the Notes shall be used by the District to pay the lawful expenses of the District as the Board shall direct. The Holders of the Notes issued hereunder shall have no responsibility for the use of the proceeds of

said Notes, and the use of such Note proceeds by the District shall in no way affect the rights of such Noteholders.

SECTION 13. COVENANTS OF DISTRICT AND BOARD. The Board covenants on its behalf and on behalf of the District with the Holders so long as any of the Notes are outstanding and unpaid as follows, to the extent not already performed or accomplished:

(a) to comply promptly with the Act and other applicable statutes in regard to (i) adoption of the Operating Budget, (ii) determination of the amounts necessary to be raised for current operating purposes for the Current Fiscal Year, (iii) determination of millage necessary to be levied for current operating purposes for the Current Fiscal Year, (iv) certification of such millage to the County Property Appraiser, (v) ordering the County Property Appraiser to assess such millage, and (vi) collecting the taxes paid and due to the Board from the County Tax Collector; and

(b) in preparing, approving and adopting its Operating Budget controlling or providing for the expenditures of its funds, so long as any principal of or interest on the Notes are outstanding and unpaid, to appropriate, allot and approve, in the manner required by law from funds of the District derived from sources other than ad valorem taxes and legally available therefor, amounts sufficient to pay the principal of and interest on the Notes; and

(c) not to issue any (i) indebtedness of any kind payable from the Pledged Revenues which indebtedness is secured by a lien upon the Pledged Revenues superior to that of the Notes, (ii) obligations (other than additional installments of Notes) payable from or secured by a lien on the moneys on deposit in the Note Payment Fund, and (iii) additional obligations having an equal lien upon the Pledged Revenues if the issuance of such additional indebtedness would violate the provisions of Section 1011.13(1), Florida Statutes. Subject to the foregoing limits, the Board may issue additional obligations (including additional installments of Notes) payable from and secured by a lien upon the Pledged Revenues on a parity with the Notes, and may issue obligations having a first lien upon moneys of the District other than the Pledged Revenues and the moneys on deposit in the Note Payment Fund; and

(d) except as otherwise expressly provided herein, not to enter into any contract or other agreement and not to take any action by which the rights of any Holder might be impaired or diminished; and

(e) not to modify or amend this Resolution or any resolution amendatory hereof or supplemental hereto, unless such modification or amendment would not, in the opinion of Note Counsel, have a material adverse effect on the interest of the Holders, without the consent in writing of Holders of fifty-one percent (51%) or more in principal amount of the Notes then outstanding; provided that no modification or amendment shall permit,

without the consent of all the Holders, a change (i) in the maturity of the Notes or a reduction in the rate of interest thereon, (ii) in the amount of the principal obligation evidenced by the Notes, (iii) that would affect the unconditional promise of the District to collect the ad valorem tax revenues and to make the deposits to the Note Payment Fund required herein, (iv) that would reduce the percentage of Holders required above, for modifications or amendments hereto, (v) that would affect the tax covenants of the District contained in Section 14 hereof, or (vi) that would impair the obligation of the District to pay the principal of and interest on the Notes at maturity or the remedies granted herein for the enforcement of such obligation. For the purpose of Holders' voting rights or consents, the Notes owned by or held for the account of the District, directly or indirectly, shall not be counted.

Any rating agency providing a rating for the Notes shall be notified, in writing, and supplied with a copy, of any modification, amendment or supplement to this Resolution so long as the rating assigned by such rating service is in effect.

SECTION 14. TAX COMPLIANCE. None of the Board, the District nor any third party over whom the Board or the District has control, will make any use of the proceeds of the Notes or the Pledged Revenues at any time during the term hereof and thereof which would cause the Notes to be "private activity bonds" within the meaning of Section 103(b)(1) of the Code or "arbitrage bonds" within the meaning of Section 103(b)(2) of the Code. The Board, on behalf of the District, covenants throughout the term of the Notes, to comply with the requirements of the Code and the Regulations, as such may be amended from time to time.

SECTION 15. DEFEASANCE. If, at any time the Board shall have paid, or shall have made provision for payment of the principal of and interest on the Notes then, and in that event, the pledge of and lien on the Pledged Revenues in favor of the holders of the Notes shall be no longer in effect and the Notes shall no longer be deemed to be outstanding and unpaid for the purposes of this Resolution. For purposes of the preceding sentence, deposit of Permitted Investments in irrevocable trust or pursuant to an irrevocable letter of instruction with the State Board of Administration of the State or with a bank or trust company with corporate trust powers for the sole benefit of the Noteholders, the principal of which, together with the earnings to be received thereon, will be sufficient to make timely payment of the principal of and interest on the Notes, shall constitute provision for payment.

SECTION 16. PRELIMINARY OFFICIAL STATEMENT; OFFICIAL STATEMENT; SUMMARY NOTICE OF SALE AND OFFICIAL NOTICE OF SALE; SALE AND AWARD OF NOTES. (a) The form of, and the distribution and delivery on behalf of the District of, the Preliminary Official Statement for the Notes, in substantially the form attached hereto as Exhibit C, and the execution, distribution and delivery to the Purchaser of the final Official Statement, substantially in the form of the Preliminary Official Statement with such changes, insertions and modifications as shall be

necessary to reflect the final terms and details of the Notes, are hereby authorized and approved. The Superintendent and the Chief Business Officer, on behalf of the District, are each hereby authorized to deem the Preliminary Official Statement "final" for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission. The Chair and the Superintendent, Ex-Officio Secretary of the Board are hereby authorized to execute the Official Statement on behalf of the District.

(b) The forms of the Summary Notice of Sale and Official Notice of Sale attached hereto as Exhibits E and B, respectively, and the terms and provisions thereof are hereby authorized and approved. The Superintendent, on behalf of the District, is hereby authorized to make such changes, insertions and modifications as he shall deem necessary prior to the advertisement of such Summary Notice of Sale and Official Notice of Sale. The Superintendent is hereby authorized to advertise and publish the Summary Notice of Sale and Official Notice of Sale at such time as he shall deem necessary and appropriate, upon the advice of the Financial Advisor, to accomplish the competitive sale of the Notes.

(c) The Superintendent, on behalf of the District and only in accordance with the terms hereof, shall award the Notes to the underwriter or underwriters that submit the bid which complies in all material respects with the Official Notice of Sale and offers to purchase the Notes at the lowest net interest cost to the District, as calculated by the Financial Advisor in accordance with the terms and provisions of the Official Notice of Sale.

SECTION 17. EXECUTION OF DOCUMENTS. The Chair, Vice Chair, Superintendent, Ex-officio Secretary of the Board, and their designee(s) are hereby authorized to execute and deliver such documents and certificates, including the Official Statement and the Notes, in addition to those expressly authorized by this Resolution, and to take such further actions as they shall deem reasonably necessary or appropriate to effect the issuance of the Notes and the other transactions contemplated by this Resolution.

Those officers are further authorized to make or effect any election, selection, choice, consent, approval, or waiver on behalf of the District with respect to the Notes as the District is permitted or required to make or give under the federal income tax laws, for the purpose of assuring, enhancing or protecting favorable tax treatment or characterization of the Notes or interest thereon or assisting compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments of penalties thereon, or making payments in lieu thereof, or obviating such amounts or payments, as determined by such officer. Any such action of such officer shall be in writing and signed by the officer.

SECTION 18. NOTE REGISTRAR AND PAYING AGENT AND AGREEMENT THEREFOR. U.S. Bank National Association, Jacksonville, Florida, is hereby appointed Note Registrar and Paying Agent hereunder. The Note Registrar and Paying Agent shall perform such duties as are more fully described herein and in the Notes.

The Note Registrar and Paying Agent shall fulfill the functions of Note Registrar and Paying Agent with respect to the Notes until a qualified successor shall have been designated by the District and accepted such duties, such designation to be subject to written notice to the Note Registrar and Paying Agent, or until the Notes have been paid in full pursuant to the terms hereof and of the Notes.

SECTION 19. SECONDARY MARKET DISCLOSURE. The District hereby covenants and agrees that, in order to provide for compliance by the District with the secondary market disclosure requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the District and dated the date of delivery of the Notes, as it may be amended from time to time in accordance with the terms thereof. The Continuing Disclosure Certificate shall be substantially in the form attached hereto as Exhibit D with such changes, modifications, deletions and additions as shall be approved by the Superintendent who is hereby authorized to execute and deliver such Certificate. Notwithstanding any other provision of this Resolution, failure of the District to comply with such Continuing Disclosure Certificate shall not be considered an event of default under this Resolution; provided, however, to the extent allowable by law, any Noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section 19 and the Continuing Disclosure Certificate.

SECTION 20. REMEDIES. Any Holder may sue to protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State or the United States of America or granted and contained in this Resolution, and to enforce and compel the performance of all duties required by this Resolution or by any applicable laws to be performed by the District, the Board or by any officer thereof, and may take all steps to enforce this Resolution to the full extent permitted or authorized by the laws of the State or the United States of America.

SECTION 21. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution and shall in no way affect the validity of all other provisions of this Resolution or of the Notes issued hereunder.

SECTION 22. REPEALING CLAUSE. All resolutions or parts thereof in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 23. EFFECTIVE DATE. This Resolution shall be effective immediately upon its adoption.

DULY ADOPTED in Regular Session this 6th day of October, 2020.

**THE SCHOOL BOARD OF
HILLSBOROUGH COUNTY, FLORIDA**

(SEAL)

By: /s/ Melissa Snively
Chair

ATTEST:

By: /s/ Addison G. Davis
Superintendent and Ex-Officio
Secretary to the Board

APPENDIX E
FORM OF LEGAL OPINION

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**FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A.
WITH RESPECT TO THE NOTES**

Upon delivery of the Notes in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Note Counsel, proposes to render its opinion with respect to such Notes in substantially the following form:

(Date of Delivery)

The School Board of
Hillsborough County, Florida
Tampa, Florida

Board Members:

We have examined a record of proceedings relating to the issuance of \$74,760,000 Tax Anticipation Notes, Series 2020 (the "Notes") of the School District of Hillsborough County, Florida (the "District"). The Notes are issued under and pursuant to the Laws of the State of Florida, including, particularly, Chapter 1011, Florida Statutes, and pursuant to a resolution adopted by The School Board of Hillsborough County, Florida, as the governing body of the District (the "Board"), on October 6, 2020 (the "Resolution").

The Notes are dated and shall bear interest from their date of delivery, except as otherwise provided in the Resolution. The Notes will mature on January 29, 2021 and will bear interest at the rate per annum, as provided in the Resolution and as set forth in the final Official Statement relating to the Notes. Interest on the Notes shall be payable at maturity. The Notes are not subject to redemption prior to maturity. The Notes are in the form of fully registered Notes in denominations of \$5,000 or any integral multiple thereof.

The Notes are issued for the principal purpose of providing interim funds for the payment of the District's operating expenses as more particularly described in the Resolution.

As to questions of fact material to our opinion, we have relied upon the representations of the Board contained in the Resolution and in the certified proceedings relating thereto and to the issuance of the Notes and other certifications of public officials furnished to us in connection therewith without undertaking to verify the same by independent investigation. Furthermore, we have assumed continuing compliance with the covenants and agreements contained in the Resolution. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in any agreements, documents, certificates, representations and opinions relating to the Notes, and have relied solely on the facts, estimates and circumstances described and set forth therein. In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

Based on the foregoing, under existing law, we are of the opinion that:

1. The District is a duly created and validly existing school district and a governmental authority created by Article IX, Section 4 of the Constitution of the State of Florida and the Board is the duly constituted governing body of the District.

2. The Board has the right and power under the Constitution and Laws of the State of Florida to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Board, is in full force and effect in accordance with its terms and is valid and binding upon the Board and enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Pledged Revenues (as such term is defined in the Resolution), subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein. To the extent necessary, the Notes are additionally payable from, but are not secured by, legally available funds of the District derived from sources other than ad valorem taxation.

3. The District is duly authorized and entitled to issue the Notes, and the Notes have been duly and validly authorized and issued by the District in accordance with the Constitution and Laws of the State of Florida and the Resolution. The Notes constitute valid and binding obligations of the District as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Resolution and the laws pursuant to which they are issued. The Notes do not constitute a general indebtedness of the Board, the District or the State of Florida or any agency, department or political subdivision thereof, or a pledge of the faith and credit of such entities, but are solely payable from the Pledged Revenues in the manner and to the extent provided in the Resolution. No holder of the Notes shall ever have the right to compel the exercise of any ad valorem taxing power of the Board, the District or the State

of Florida or any political subdivision, agency or department thereof, except from the Pledged Revenues, to pay the Notes.

4. Under existing statutes, regulations, rulings and court decisions, the interest on the Notes (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Board comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Notes to be so included in gross income retroactive to the date of issuance of the Notes. The Board has covenanted in the Resolution to comply with all such requirements. Ownership of the Notes may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Notes.

It should be noted that we have not been engaged or undertaken to review the compliance with any federal or state law with regard to the sale or distribution of the Notes and we express no opinion relating thereto.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that the enforceability of the Resolution and the Notes, respectively, may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

The opinions set forth herein are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America. The only opinions rendered hereby shall be those expressly stated as such herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We have examined the form of the Notes and, in our opinion, the form of the Notes is regular and proper.

Respectfully submitted,

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APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the School District of Hillsborough County, Florida (the "Issuer") in connection with the issuance of its \$74,760,000 Tax Anticipation Notes, Series 2020 (the "Notes"). The Notes are being issued pursuant to the Issuer's resolution adopted on October 6, 2020. The Issuer covenants and agrees as follows:

SECTION 1. PURPOSE OF DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and in order to assist the original underwriters of the Notes in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

SECTION 2. REPORTING SIGNIFICANT EVENTS. The Issuer shall provide to the MSRB and to the SID, if any, on a timely basis not in excess of 10 business days after the occurrence of the event, notice of any of the following events, if such event is material with respect to the Notes or the Issuer's ability to satisfy its payment obligations with respect to the Notes; provided, however, to the extent the Issuer has provided notice of any such event to a dissemination agent pursuant to any other undertaking executed by the Issuer in accordance with the Rule, the Issuer's obligations as set forth in this Section 2 shall be deemed to be satisfied:

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults;
- (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancement reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;
- (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material or events affecting the tax status of the Notes;
- (G) Modifications to rights of Noteholders;
- (H) Calls on the Notes;
- (I) Tender offers with respect to the Notes;

(J) Defeasance of the Notes;

(K) Release, substitution, or sale of property securing repayment of the Notes;

(L) Rating changes;

(M) Bankruptcy, insolvency, receivership or similar event of the Issuer (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer);

(N) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(O) Appointment of a successor or additional trustee or the change of name of a trustee;

(P) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(Q) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For purposes of (P) and (Q) above, "Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of an obligation or instrument described in either clause (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The Issuer may from time to time, in its discretion, choose to provide notice of the occurrence of certain other events, in addition to those listed in this Section 2, if, in the judgment of the Issuer, such other events are material with respect to the Notes, but the

Issuer does not specifically undertake to commit to provide any such additional notice of the occurrence of any material event except those events listed above.

Upon the occurrence of a significant event described in this Section 2, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities law to holders of Notes, provided, that any event under clauses (A), (C), (D), (E), (F), (I), (J), (K), (L), (M) or (Q) above will always be deemed to be material.

SECTION 3. SUBMISSION OF INFORMATION TO THE MSRB. The information required to be disclosed pursuant to Section 2 of this Disclosure Certificate shall be submitted to the MSRB through its Electronic Municipal Market Access system ("EMMA"). Subject to future changes in submission rules and regulations, such submissions shall be provided to the MSRB, through EMMA, in portable document format ("PDF") files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. Such PDF files shall be word-searchable (allowing the user to search for specific terms used within the document through a search or find function available in a software package).

Subject to future changes in submission rules and regulations, at the time that such information is submitted through EMMA, the Issuer, or any dissemination agent engaged by the Issuer pursuant to Section 6 hereof, shall also provide to the MSRB information necessary to accurately identify, as applicable:

- (A) the category of information being provided;
- (B) the period covered by the CAFR and any additional financial information and operating data being provided;
- (C) the issues or specific securities to which such submission is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (D) the name of any Obligated Person other than the Issuer;
- (E) the name and date of the document being submitted; and
- (F) contact information for the submitter.

SECTION 4. NO EVENT OF DEFAULT. Notwithstanding any other provision in the Resolution to the contrary, failure of the Issuer to comply with the provisions of this Disclosure Certificate shall not be considered an event of default under the Resolution. To the extent permitted by law, the sole and exclusive remedy of any Noteholder for the enforcement of the provisions hereof shall be an action for mandamus or specific performance, as applicable, by court order, to cause the Issuer to comply with its obligations hereunder. For purposes of this Disclosure Certificate, "Noteholder" shall

mean any person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Note for federal income tax purposes.

SECTION 5. INCORPORATION BY REFERENCE. Any or all of the information required herein to be disclosed may be incorporated by reference from other documents, including official statements or debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each document incorporated by reference.

SECTION 6. DISSEMINATION AGENTS. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent. The initial dissemination agent hereunder shall be Digital Assurance Certification, L.L.C.

SECTION 7. TERMINATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon (A) the legal defeasance, or payment in full of all of the Notes, or (B) the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

SECTION 8. AMENDMENTS. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision may be waived, if such amendment or waiver is supported by an opinion of counsel that is nationally recognized in the area of federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any notices of the occurrence of significant events other than those events set forth in Section 2, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to provide notice of the occurrence of a significant event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in its future annual information or notice of occurrence of a significant event.

SECTION 10. OBLIGATED PERSONS. If any person, other than the Issuer, becomes an Obligated Person (as defined in the Rule) relating to the Notes, the Issuer shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

October 29, 2020

**SCHOOL DISTRICT OF HILLSBOROUGH
COUNTY, FLORIDA**

By: _____
Superintendent of Schools

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Hillsborough County
PUBLIC SCHOOLS
Preparing Students for Life

