FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
PORT CHARLOTTE, FLORIDA

JUNE 30, 2018

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AND
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CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
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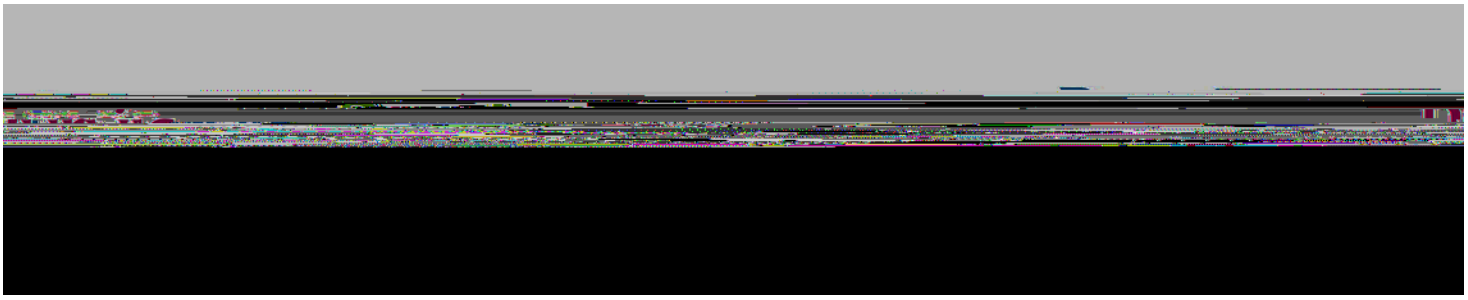

INDEPENDENT AUDITORS' REPORT

Charlotte County District School Board and
Superintendent
Port Charlotte, Florida

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charlotte County District School Board (the District), as of and for the year ended June 30, 2018, 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

INDEPENDENT AUDITORS' REPORT
(Continued)

Auditors' Responsibility *(Concluded)*
the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate

Fund Financial Statements *(Concluded)*

Proprietary Funds –

Government-wide Financial Analysis *(Continued)*

Government-wide Financial Analysis *(Concluded)*
Governmental Activities *(Concluded)*

Governmental activities decreased the District's net position by $10,024,157.27. Key elements are as follows:

FINANCIAL STATEMENTS

	Primary Government Governmental Activities	Component Units
Assets		
Cash and Cash Equivalents	$ 44,157,227.66	$ 247,468.00
Investments	5,243.66	6,559,483.00
Accounts Receivable	349,625.06	21,964.00
Due from Other Agencies	4,166,900.66	77,616.00
Inventories	390,107.12	6,300.00
Prepaid Items	-	903,044.00
Restricted Cash	28,364,169.13	-
Restricted Investments	3,234,709.50	-
Capital Assets:		
Nondepreciable Capital Assets	12,376,198.61	11,326,583.00
Depreciable Capital Assets, Net	388,715,618.87	132,761.00
Total Assets	481,759,800.27	19,275,219.00
Deferred Outflows of Resources		
Unamortized Bond Refunding Losses	720.05	-
Pension Related	33,838,849.00	-
Other Postemployment Benefits	347,109.00	-
Total Deferred Outflows of Resources	34,186,678.05	-
Liabilities		
Salaries and Benefits Payable	752,420.92	26,241.00
Payroll Deductions and Withholdings	851,804.07	-
Accounts Payable	3,437,028.75	2,556,014.00
Construction Contracts Payable - Retained Percentage	27,793.67	-
Accrued Interest Payable	79,117.50	477,254.00
Deposits Payable	122,301.09	-
Unearned Revenue	1,600,048.58	-
Long-term Liabilities:		
Portion Due Within One Year		

See accompanying notes.

Functions/Programs	*Expenses*	*Charges for Services*	*Operating Grants and Contributions*	*Capital Grants and Contributions*
Governmental Activities				
Instruction	$ 83,032,452.67	$ 943,824.55	$ -	$ -
Pupil Personnel Services	8,268,967.60	-	-	-
Instructional Media Services	1,562,057.26	-	-	-
Instruction and Curriculum Development Services	4,628,156.63	-	-	-
Instructional Staff Training Services	3,749,450.54	-	-	-
Instruction-Related Technology	1,143,612.80	-	-	-
School Board	760,235.33	-	-	-
General Administration	878,185.38	-	-	-
School Administration	9,765,899.11	-	-	-

See accompanying notes.

	Primary Government *Governmental Activities*	*Component Units*
$	(82,088,628.12)	$ -
	(8,268,967.60)	-
	(1,562,057.26)	-
	(4,628,156.63)	-
	(3,749,450.54)	-
	(1,143,612.80)	-
	(760,235.33)	-
	(878,185.38)	-
	(9,765,899.11)	-
	(4,058,633.02)	-
	(939,403.78)	-
	313,883.55	-
	(6,644,993.14)	-
	(6,008,859.42)	-
	(12,748,144.69)	-
	(4,173,955.64)	-
	(1,327,421.81)	-
	776,446.45	-
	(3,056,134.90)	-
	(22,373,755.88)	-
	(173,086,165.05)	-
		(343,321.00)
		(1,514,197.00)
		(231,615.00)
		(2,089,133.00)
	84,076,617.47	-
	24,764,274.33	-
	-	1,190,801.00
	49,715,936.38	413,182.00
	-	2,750,592.00
	1,185,568.52	68.00
	3,319,611.08	-
	163,062,007.78	4,354,643.00

See accompanying notes.

	General Fund	*Special Revenue - Other Federal Programs*	*Debt Service - Federal Economic Stimulus Fund*
Assets			
Cash and Cash Equivalents	$ 12,417,564.40	$ -	$ -
Investments	-	-	-
Accounts Receivable	34,262.52	-	-
Due from Other Funds	1,339,779.24	-	-
Due from Other Ager	1,339,779.24		

See accompanying notes.

Capital Projects - Local Capital Improvement Fund	*Other Governmental Funds*	*Total Governmental Funds*
$ 21,662,564.15	$ 5,366,501.04	$ 39,446,629.59
-	5,243.66	5,243.66
-	-	34,262.52
-	-	1,339,779.24
510,908.34	62,284.31	4,166,900.66
-	272,173.48	390,107.12
-	-	28,364,169.13
-	3,234,709.50	3,234,709.50
22,173,472.49	8,940,911.99	76,981,801.42
6,318.87	27,564.99	749,406.96
9,959.28	37,313.48	848,519.76
2,433,448.79	51,374.02	3,369,576.34
27,793.67	-	27,793.67
-	-	1,024,416.70
-	122,301.09	122,301.09
2,477,520.61	238,553.58	6,142,014.52
-	-	208,468.88
-	272,173.48	390,107.12
-	-	1,365,562.85
-	3,239,953.16	31,604,122.29
19,695,951.88	516,763.61	20,212,715.49
-	3,622,454.34	3,622,454.34
-	-	1,559,845.15
-	1,051,013.82	1,051,013.82
-	-	10,825,496.96
19,695,951.88	8,702,358.41	70,631,318.02

See accompanying notes.

	General	*Special Revenue -*	*Debt Service -*

See accompanying notes.

Capital Projects - Local Capital Improvement Fund	*Other Governmental Funds*	*Total Governmental Funds*
$ -	$ 12,000.00	$ 5,369,526.93
-	8,017,373.38	17,206,741.26
-	1,060,127.90	36,110,212.77
-		
24,764,274.33	-	108,840,891.80
-	1,189,121.48	1,189,121.48
265,366.04	246,439.32	6,185,325.64
25,029,640.37	10,525,062.08	174,901,819.88
-	-	81,130,317.96
-	517.30	8,065,757.82
-	-	1,487,949.19
-	-	4,459,623.10
-	-	3,699,795.00
-	-	1,113,927.83
-	-	740,501.76
-	-	834,827.74
-	5,744.68	9,552,420.80
-	-	886,444.67
-	9,086,125.79	9,086,125.79
-	6,930.84	2,298,856.57
-	9,663.72	6,103,774.21
-	87,986.13	12,449,304.66
-	262,845.43	4,500,072.72
-	-	1,298,090.88
-	-	188,354.46
9,289,094.95	23,039.26	9,315,780.57
397,500.00	-	397,500.00
-	-	28,280.79
-	484,000.00	484,000.00
-	29,381.32	3,598,814.76
9,686,594.95	9,996,234.47	161,720,521.28
15,343,045.42	528,827.61	13,181,298.60
-	242,708.40	9,009,543.75
-	-	21,676.52
(8,743,821.75)	(265,722.00)	(9,009,543.75)
(8,743,821.75)	(23,013.60)	21,676.52
6,599,223.67	505,814.01	13,202,975.12
13,096,728.21	8,196,544.40	57,428,342.90
$ 19,695,951.88	$ 8,702,358.41	$ 70,631,318.02

See accompanying notes.

CHARLOTTE COUNTY DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF

Net Change in Fund Balances - Governmental Funds			$ 13,202,975.12
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:			
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current period:			
Capital Outlay	$	6,089,163.35	
Depreciation Expense		(22,373,755.88)	(16,284,592.53)
The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net position differs from the change in fund balances by the cost of assets sold.			(101,985.06)
Certain revenues have not been recognized in governmental funds because they do not meet the availability criteria for recognition. These "unavailable revenues" are recognized in the government-wide statements.			208,468.88
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments in the current fiscal year.			484,000.00
Premiums and refunding losses are recognized in the governmental funds in the year debt is issued, but are deferred and amortized over the life of the debt in the governmental-wide statements:			
Amortization of Debt Premiums		26,852.30	
Amortization of Refunding Losses		(711.14)	26,141.16
Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as interest accrued in the statement of activities. This is the net change in accrued interest in the current period.			12,629.00
The change in accrued compensated absences is recorded in the statement of activities under the full accrual basis of accounting, but is not recorded in the governmental funds until paid. This is the net decrease in accrued compensated absences for the current fiscal year.			125,751.38

See accompanying notes.

(Concluded)

Net Change in Fund Balances - Governmental Funds (Concluded)

Certain changes in the items related to the District's participation in a multiple-employer retirement system are reported only at the government-wide level. Following are the changes in these amounts for the current fiscal year:			
FRS Pension Contribution	$ 4,936,190.00		
HIS Pension Contribution	1,415,777.00		
FRS Pension Expense	(8,384,705.00)		
HIS Pension Expense	(1,959,979.00)	$	(3,992,717.00)
Governmental funds report other postemployment benefit contributions as expenditures. However, in the statement of activities, the actuarial cost of benefits earned net of employee contributions is reported as an expense.			51,445.00
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. This is the net change of internal service funds reported with governmental activities.			(3,756,273.22)
Change in Net Position - Governmental Activities		$	(10,024,157.27)

See accompanying notes.

CHARLOTTE COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Governmental Activities - Internal Service Fund
	Self-Insurance
Assets	
Current Assets:	
Cash and Cash Equivalents	$ 4,710,598.07
Total Assets	4,710,598.07
Liabilities	
Current Liabilities:	
Salaries and Benefits Payable	3,013.96
Payroll Deductions and Withholdings	3,284.31
Accounts Payable	67,452.41
Deposits Payable	38,132.78
Unearned Revenue	1,561,915.80
Total Current Liabilities	1,673,799.26
Noncurrent Liabilities:	
Estimated Insurance Claims Payable	1,056,730.98
Total Liabilities	2,730,530.24
Net Position	
Unrestricted	$ 1,980,067.83

See accompanying notes.

	Governmental Activities - Internal Service Fund Self-Insurance
Cash Flows from Operating Activities	
Cash Received from Board Funds	$ 13,962,541.37
Cash Received from Participants	3,868,760.75
Other Receipts	464,064.18

See accompanying notes.

CHARLOTTE COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF FIDUCIARY NET ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY
JUNE 30, 2018

		Agency Funds
Assets		
Cash	$	3,203,824.83
Total Assets		3,203,824.83
Liabilities		
Due to Other Funds		315,362.54
Internal Accounts Payable		2,888,462.29
Total Liabilities	$	3,203,824.83

See accompanying notes.

Note I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

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

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

B. Reporting Entity

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

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Note I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

D. Basis of Presentation—Fund Financial Statements *(Concluded)*

- **Special Revenue—Other Federal Programs Fund**—to account for certain Federal program resources.

- **Debt Service—Federal EconouTT12.9(W6.217 0 Td ( )S1tt)56.7(nue)m9(e)7.u5(t)-6.6(E)1us6(n)31**

Note I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

E. Measurement Focus and Basis of Accounting *(Concluded)*

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Generally, the District considers revenues to be available if they are collected within 60 da

Note I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

2. Investments *(Concluded)*

Note I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

6. Pensions

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

7. Long-term Liabilite8.859 -16 -2.6(7.5(ils.A217 0 Td (-f)Tj ( )Tj -0.00Tw 1.1.A217 0 Td (-1.087

Note I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

G. Revenues and Expenditures/Expenses *(Continued)*

2. State Revenue Sources *(Concluded)*

The State provides financial assistance to administer certain educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same educational programs. The Department generally requires that these educational program revenues be accounted for in the

Note IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS *(Continued))*

B. Investments *(Concluded)*

Custodial Credit Risk—Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and: 1) if regist[illegible]

Note IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS *(Continued)*

D. Florida Retirement System

1. FRS – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

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

Note IV - DETAILED NOTES ON ALL ACTIVITIES AND Funds *(Continued)*

D. Florida Retirement System *(Continued)*

FRS Pension Plan *(Continued)*
Benefits Provided. *(Concluded)*

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and

Note IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS *(Continued)*

D. Florida Retirement System *(Continued)*

FRS Pension Plan *(Continued)*

Contributions. (Concluded)

FRS – District:

	Year Ended June 30, 2018 Percent of Gross Salary	
Class	**Employee**	**Employer (1)**
FRS, Regular	3.00	7.92
FRS, Elected County Officers	3.00	45.50
FRS, Senior Management Service	3.00	22.71
DROP - Applicable to Members from		

Note IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS *(Continued)*

D. Florida Retirement System *(Continued)*

FRS Pension Plan *(Continued)*

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. *(Concluded)*

The deferred outflows of resources related to pensions, totaling $4,936,190.00, resulting from District contributions subsequent to the measurement date, will be recog(d)-2())][ez11.2(es)14.2(lnst,804 0 T

Note IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS *(Continued)*

D. Florida Retirement System *(Continued)*

FRS Pension Plan *(Concluded)*
Actuarial Assumptions. (Concluded)

Discount Rate. The discount rate used to measure the total pension liability was 7.10%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Note IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS *(Continued)*

D. Florida Retirement System *(Continued)*

HIS Pension Plan

Plan Description. The Retiree Health Insurance Subsidy (HIS) Program Pension Plan is a cost-sharing, multiple-employer defined benefit)-2.d (-)Tj aT44e Hnd b ee Hs sy(n)2(s.9(ee H.13.7(y)12(o

Note IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS *(Continued)*

D. Florida Retirement System *(Continued)*

HIS Pension Plan *(Continued)*

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. *(Concluded)*

Description	Deferred Outflows of Resources	Deferred Inflows of Resources

The deferred outflows of resources related to pensions, totaling $1,415,777.00, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Actuarial Assumptions. The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%	
Salary Increases	3.25%	Average, Including Inflation
Discount Rate	3.58%	
Municipal Bond Index	3.58%	

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

Note IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS *(Continued)*

D. Florida Retirement System *(Continued)*

HIS Pension Plan *(Concluded)*

Actuarial Assumptions. *(Concluded)*

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

Discount Rate. The discount rate used to measure the total pension liability was 3.58%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate increased from 2.85% to 3.58%.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.58%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

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

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in pa.3(i)-4.01.2(m)17(e)-12.7(m8 0 T.01.2(m)137E(, b)1

Note IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS *(Continued)*

D. Florida Retirement System *(Concluded)*

FRS – Defined Contribution Pension Plan *(Concluded)*

membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs

Note IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS *(Continued)*

E. Other Postemployment Benefits *(Continued)*

Plan Description—The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District, which was established by practice. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District and their eligible dependents are eligible to participate in the District's health and hospitalization plan for medical and prescription drug coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are generally expected to result in higher costs to the Plan on average than those of active employees. The District does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. Plan contribution requirements and benefit terms of the district and OPEB Plan members are established and may be amended through recommendation of the Insurance Committee and action from the Board. The District has not advance funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan does not issue a stand-alone report.

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

Employees Covered by Benefit Terms—As of the valuation date, June 30, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving.065 0 Tdfra.6(30, .07(

Total OPEB Liability—The District's total OPEB liability of $3,745,395.00 was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2017. The beginning OPEB liability was decreased by $30,920.00 due to the adoption of GASB Statement No. 75.

Actuarial Assumptions and Other Inputs—The total OPEB liability win the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Note IV - DETAILED NOTES ON AL

Note IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS *(Continued)*

E. Other Postemployment Benefits *(Concluded)*

Of the total amount reported as deferred outflows of resources related to OPEB, $347,109.00 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amortization
2019	$ (19,539.00)
2020	(19,539.00)
2021	(19,539.00)
2022	(19,539.00)
2023	(19,539.00)
Thereafter	(82,066.00)
Total	$ (179,761.00)

F. Construction and Other Significant Commitments

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

The following is schedule of encumbrances at June 30, 2018:

Major Funds			
General	Capital Projects Local Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
$ 81,939.77	$ 8,126,655.26	$ 33,993.80	$ 8,242,588.83

Note IV - DETAILED NOTES ON AL

Note IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS *(Continued)*

I. Long-term Liabilities

1. Qualified Zone Academy Bonds Payable

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

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

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

In connection with the financing, the Leasing Corporation assigned its rights to the rent collections to a paying agent (US Bank), and the District entered into a sinking fund forward delivery agreement with the paying agent whereby the District will deposit 16 annual rent payments of $242,708.40, beginning in 2007, into a sinking fund held by the Custodian (US Bank), as security for the bonds. The Provider of the forward delivery agreement (Bank of America) provides a guaranteed investment return of 3.25 percent per annum, which together with the required annual rent deposits, will be sufficient to repay the debt at maturity. As of June 30, 2018, the market value of the sinking fund account was $3,234,709.50.

2. Qualified School Construction Bond Payable

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

Note IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS *(Concluded)*

L. Revenues *(Concluded)*

2. Property Taxes

Note VI - NON-FEDERAL SHARE FOR HEAD START PROGRAMS

For the Head Start and Early Head Start grants, the District is required to provide 20% of the total amount expended using non-Federal funds and donated goods and services. Local funds expended were for facilities, equipment, and district support staff, such as therapists, psychologists, and teachers. Donated goods and services were provided by the community and were used for the benefit of the program. During this fiscal year, for grant number 04CH4774/03 with a period ending October 31, 2017, the required amount of non-Federal share is $214,466.83. For grant number 04CH4774/04 the required amount of non-Federal share during the period November 1, 2017 through June 30, 2018, is $349,771.07.

Note VII - SUBSEQUENT EVENTS

The Board authorized the issuance of a tax anticipation note (Note) in the amount of $17,500,000.00. The proceeds will be used for operating expenses for the fiscal year ending June 30, 2019. The closing of the Note took place on September 14, 2018, and the Note was to mature on March 31, 2019. The stated interest rate is 4.00%.

REQUIRED SUPPLEMENTARY INFORMATION

	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Intergovernmental:				
Federal Direct	$ 175,000.00	$ 175,000.00	$ 140,820.34	$ (34,179.66)
Federal Through State and Local	1,080,000.00	1,080,000.00	667,823.95	(412,176.05)
State	34,996,113.00	35,037,861.00	35,050,084.87	12,223.87
Local:				
Property Taxes	83,508,501.00	84,068,501.00	84,076,617.47	8,116.47
Miscellaneous	3,447,000.00	4,377,557.00	5,281,706.28	904,149.28
Total Revenues	123,206,614.00	124,738,919.00	125,217,052.91	478,133.91
Expenditures				
Current - Education:				
Instruction	76,600,104.00	79,115,987.00	75,888,302.38	3,227,684.62
Student Support Services	7,266,119.00	7,576,170.00	7,401,634.89	174,535.11
Instructional Media Services	1,545,796.00	1,545,946.00	1,487,849.47	58,096.53
Instruction and Curriculum Development Services	2,354,127.00	2,717,727.00	2,685,499.91	32,227.09
Instructional Staff Training Services	1,374,153.00	1,572,562.00	1,507,815.82	64,746.18
Instruction-Related Technology	856,165.00	1,136,865.00	1,113,927.83	22,937.17
School Board	755,597.00	793,097.00	740,501.76	52,595.24
General Administration	328,577.00	375,381.00	355,485.83	19,895.17
School Administration	9,110,584.00	9,454,934.00	9,430,063.67	24,870.33
Fiscal Services	806,153.00	898,353.00	886,444.67	11,908.33
Central Services	2,276,712.00	2,361,312.00	2,291,925.73	69,386.27
Student Transportation Services	6,268,768.00	6,402,868.00	6,057,939.68	344,928.32
Operation of Plant	12,185,200.00	12,646,300.00	12,237,992.93	

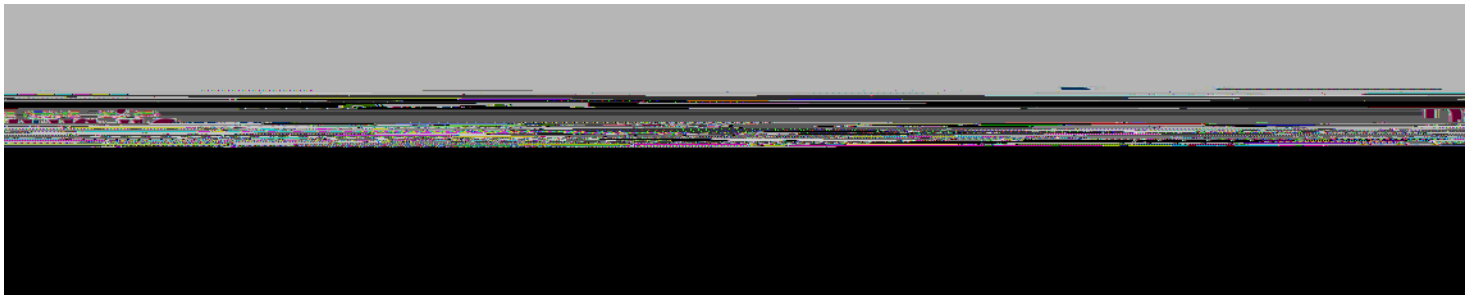
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Intergovernmental:				
Federal Direct	$ 2,238,410.00	$ 2,276,928.20	$ 2,256,951.59	$ (19,976.61)

Total OPEB Liability		**2018**
Service Cost	$	202,219.00
Interest		112,984.00
Changes of Benefit Terms		-
Differences Between Expected and		

	2017	2016	2015	2014	2013
Charlotte County School Board's of the Net Pension Liability	0.176681365%	0.189108069%	0.206555340%	0.252797400%	19.302032500%
Charlotte County School Board's Pension Liability Proportionate Share of the Net	$ 52,261,162	$ 47,749,936	$ 26,614,386	$ 12,525,083	$ 33,227,389
Charlotte County School Board's					

	2017	2016	2015	2014	2013
Charlotte County School Board's Proportion of the Net Pention Liability	0.269234423%	0.287123520%	0.289535232%	0.291585519%	0.285622663%
Charlotte County School Board's Covered-employee Payroll	$ 28,787,787	$ 33,463,057	$ 29,528,039	$ 27,263,957	$ 24,867,208
Charlotte County School Board's Proportionate Share of the Net					

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass Through Grantor Number	Amount of Expenditures (1)	Passed Through to Subrecipients
United States Department of Agriculture				
Indirect:				
Florida Department of Agriculture and Consumer Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	321	$ 1,701,650.10	$ -
National School Lunch Program	10.555 (2)	300, 350	6,206,374.29	-
Summer Food Service Program for Children	10.559	323	109,348.99	-
Healthier US School Challenge	10.543		12,000.00	-
Total Child Nutrition Cluster			8,029,373.38	-
Total United States Department of Agriculture			8,029,373.38	-
United States Department of Education				
Direct:				
Student Financial Assistance Cluster:				
Federal Supplemental Education Opportunity Grants	84.007	N/A	8,902.67	-
Federal Pell Grant Program	84.063	N/A	377,868.89	-
Total Student Financial Assistance Cluster			386,771.56	-
Indirect:				
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States*	84.027 (4)	263	3,349,265.68	-
Special Education - Preschool Grants*	84.173	267	56,933.95	-
Sarasota County District School Board:				
Special Education - Grants to States*	84.027 (4)	263	83,208.72	-
Total Special Education Cluster			3,489,408.35	-
Title I, Part A:				
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212, 222, 223, 226, 228	3,596,649.88	-
Total Title I, Part A			3,596,649.88	-
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	220,663.69	-
Career and Technical Education - Basic Grants to States	84.048	151, 161	178,288.65	-
Education for Homeless Children and Youth	84.196	127	51,606.61	-
Charter Schools Title V Part B*	84.282		339,292.64	339,292.64
English Language Acquisition Grants	84.365	102	65,432.19	-
Title IV Student Support and Academic Enrichment	84.424		84,707.12	-
Supporting Effective Instruction Grant Improving Teacher Quality State Grants	84.367	224	578,703.52	-
Total Florida Department of Education			1,518,694.42	339,292.64
Total United States Department of Education			8,991,524.21	339,292.64



Charlotte County District School Board and
Superintendent
Port Charlotte, Florida

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*
(Concluded)
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Internal Control over Financial Reporting *(Concluded)*

Purvis, Gray and Company, LLP

INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Charlotte County District School Board and
Superintendent
Port Charlotte, Florida

Report on Compliance for Each Major Federal Program

We have audited the Charlotte County District School Board's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are9(,)]TJ 1.15vTd ( )Tw 0.53P6.6(E)resul(s)-4(f)2(e)1(f. 5>>ed fethe sumtary of accompanying schedule of findings and quest(r)-4(f)4.6(a)10.9(re)-1.7(d)10.9(1.7(ms)8.6(d(c)-4(i)f2.3(.)]TJ 22.88 0 Td of its federal awards applfcable to its federal programs.

Auditors Responsibility

INDEPENDENT ACCOUNTANTS REPORT ON COMPLIANCE
WITH FLORIDA STATUTE SECTION 218.415 INVESTMENTS OF PUBLIC FUNDS

Charlotte County District School Board and
Superintendent
Port Charlotte, Florida

We have examined the Charlotte County District School Board's (the District) compliance with the Section 218.415, Florida Statutes, during the fiscal year ended June 30, 2018. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements during the fiscal year ended June 30, 2018.

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

Powers, Gray and Company, LLP

March 5, 2019
Sarasota, Florida

MANAGEMENT LETTER
(Concluded)

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

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

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

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Purvis, Gray and Company, LLP