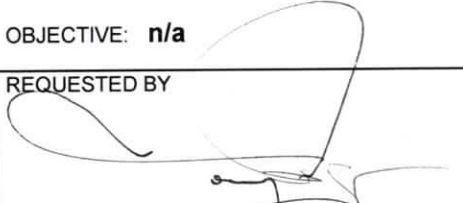



THE SCHOOL DISTRICT OF ESCAMBIA COUNTY Finance and Business Services		SCHOOL BOARD AGENDA EXECUTIVE SUMMARY	
AGENDA DATE: March 23, 2021		ITEM NUMBER: V. b. 2. A. 3.	
AGENDA REFERENCE: Escambia School District Employee Benefit Trust Audit Report: Financial Statements for the fiscal year ended June 30, 2020 and 2019		FISCAL IMPACT / AMOUNT: n/a	
FUND SOURCE: n/a			
BACKGROUND INFORMATION/DESCRIPTION The Board contracted with the external CPA firm of MSL, P.A. to conduct an audit of the Employee Benefit Trust Fund for the fiscal year ended June 30, 2020 and 2019. This fund accounts for the District's Health, Dental and Life Insurance Programs.			
EDUCATIONAL IMPACT n/a			
OTHER REFERENCES OR NOTES			
ACTION REQUIRED Acceptance of the District's Employee Benefit Trust audit report for the fiscal year ended June 30, 2020 and 2019			
STRATEGIC ALIGNMENT GOAL: F.1: To increase fiscal efficiencies while maintaining good stewardship of the District's fiscal assets in order to provide better educational resources to the students OBJECTIVE: n/a			
REQUESTED BY  Terry St. Cyr Finance and Business Services		DATE March 3, 2021	
ASSISTANT SUPERINTENDENT  Terry St. Cyr Finance and Business Services		DATE March 3, 2021	DATE OF BOARD APPROVAL

APPROVED
ESCAMBIA COUNTY SCHOOL BOARD

MAR 23 2021

DR. TIMOTHY A. SMITH, SUPERINTENDENT
VERIFIED BY RECORDING SECRETARY

**ESCAMBIA SCHOOL DISTRICT
EMPLOYEE BENEFIT TRUST FUND**

FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Escambia School District Employee Benefit Trust Fund
Pensacola, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Escambia School District Employee Benefit Trust Fund of the Escambia County School District (the "Trust Fund") as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Trust Fund's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Trustees
Escambia School District Employee Benefit Trust Fund

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Trust Fund as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 2 to the financial statements, the financial statements present only the financial position, changes in financial position, and cash flows of the Trust Fund and do not purport to, and do not, present fairly the financial position of the District School Board of Escambia County, Florida as of June 30, 2020 and 2019, and the changes in its financial position, and cash flows of its proprietary fund type for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

To the Board of Trustees
Escambia School District Employee Benefit Trust Fund

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020, on our consideration of the Trust Fund'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust Fund's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
November 20, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the District School Board of Escambia County, Florida (the "District") has prepared the following discussion and analysis to provide an overview of the District's Employee Benefit Trust Fund ("Trust Fund") financial activities for the fiscal years ended June 30, 2020 and 2019. The information contained in the Management's Discussion and Analysis ("MD&A") is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the Trust Fund financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal years ended June 30, 2020 and 2019 are as follows:

- The assets of the Trust Fund exceeded its liabilities (net position) by \$16.6 million at June 30, 2020 and \$12.6 million at June 30, 2019.
- Net position increased by \$3.9 million at June 30, 2020 and \$2.8 million at June 30, 2019.
- Trust Fund operating revenues increased by \$0.2 million and \$0.5 million for the fiscal years 2020 and 2019, respectively.
- Operating expenses decreased by \$1.5 million and increased \$0.6 million for fiscal years 2020 and 2019, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Trust Fund was established to administer the District's employee life, health, and dental insurance programs. The District's Board exercises significant oversight responsibility over the Trust Fund, and all activities of the Trust Fund are solely for the benefit of the District and its employees. Therefore, the financial activities of the Trust Fund have been included (blended) as an integral part of the primary government in the District's Comprehensive Annual Financial Report ("CAFR").

The Trust Fund was established as a proprietary, internal service fund to account for activities in which a fee is charged for services. Internal service funds are used to report activities that provide goods and services to support the District's other programs and functions through user charges. Since these services predominantly benefit governmental rather than business-type functions, the Trust Fund has been included within the governmental activities in the government-wide financial statements of the District.

The Trust Fund is combined in a single, aggregated column in the proprietary fund financial statements of the District.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the Trust Fund.

EMPLOYEE BENEFIT TRUST FUND FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of an entity's financial position. The following is a summary of the Trust Fund's net position as of June 30, 2020, compared to net position as of June 30, 2019 and 2018.

	Net Position, End of Year		
	Employee Benefit Trust		
	2020	2019	2018
		<u>Financial Position</u>	
Cash and Cash Equivalents	\$ 10,196,864	\$ 20,339,994	\$ 16,690,599
Investments	13,011,289	-	-
Accounts Receivable	502	889	-
Due from Other Funds	8,905	-	-
Due From Other Agencies	4,014	570	7,542
Total Assets	<u>23,221,574</u>	<u>20,341,453</u>	<u>16,698,141</u>
Estimated Claims Incurred but not Reported	2,843,000	3,669,498	3,051,500
Other Liabilities	3,825,557	4,031,065	3,758,208
Total Liabilities	<u>6,668,557</u>	<u>7,700,563</u>	<u>6,809,708</u>
Net Position:			
Restricted for Employee Benefits	<u>16,553,017</u>	<u>12,640,890</u>	<u>9,888,433</u>
Total Net Position	<u>\$ 16,553,017</u>	<u>\$ 12,640,890</u>	<u>\$ 9,888,433</u>

The restricted portion of the Trust Fund's net position at June 30, 2020, \$16.6 million, represents resources that are subject to the requirements of the Trust Fund Trust Agreement, which was made in 1983 between the District and the Trustees of the Trust Fund.

Total net position increased during the current fiscal year. The key elements of the changes in the District's net position for the fiscal years ended June 30, 2020, 2019 and 2018, are as follows:

Operating Results for the Year

	Employee Benefit Trust		
	2020	2019	2018
Operating Revenues:			
Employer Contributions	\$ 28,229,255	\$ 28,374,585	\$ 28,704,758
Employee Contributions	13,848,570	13,693,704	13,685,492
Other Operating Revenues	1,632,185	1,409,805	556,310
Total Operating Revenues	43,710,010	43,478,094	42,946,560
Operating Expenses:			
Insurers, Claims, and Administrative	39,835,089	41,372,636	40,773,175
Total Operating Expenses	39,835,089	41,372,636	40,773,175
Operating Income (Loss)	3,874,921	2,105,458	2,173,385
Nonoperating Revenue:			
Refund of prior year expenses	-	646,999	134,149
Interest Earnings	37,206	-	-
Total Nonoperating Revenue	37,206	646,999	134,149
Change in Net Position	3,912,127	2,752,457	2,307,534
Total Net Position Beginning	12,640,890	9,888,433	7,580,899
Total Net Position Ending	\$ 16,553,017	\$ 12,640,890	\$ 9,888,433

Activities during the year increased the Trust Fund's net position by \$3.9 million. Key to the increase was the increase in operating revenues of \$0.2 million over the 2019 fiscal year and a decrease of \$1.5 million in operating expenses. Reasons for the changes are as follows:

- The District received \$1.6 million in prescription rebates in 2020 and \$1.4 million in 2019.
- The District's estimated claims incurred but not reported decreased by \$0.8 million in 2020.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A, financial statements and notes thereto, or requests for additional financial information should be addressed to the Assistant Superintendent - Finance and Business Services, District School Board of Escambia County, 75 North Pace Boulevard, Pensacola, FL 32505.

**ESCAMBLA SCHOOL DISTRICT
EMPLOYEE BENEFIT TRUST FUND**

STATEMENTS OF NET POSITION

June 30, 2020 and 2019

ASSETS

	2020	2019
Current assets		
Cash and cash equivalents	\$ 10,196,864	\$ 20,339,994
Investments	13,011,289	-
Accounts receivable	502	889
Due from other funds	8,905	-
Due from other agencies	4,014	570
Total current assets	23,221,574	20,341,453
Total assets	23,221,574	20,341,453

LIABILITIES AND NET POSITION

Current liabilities		
Estimated claims incurred but not reported - Health	2,780,000	3,398,000
Estimated claims incurred but not reported - Dental	63,000	271,498
Unearned revenue	3,667,941	3,713,632
Due to other funds	-	18,185
Other accrued liabilities	157,616	299,248
Total current liabilities	6,668,557	7,700,563
Total liabilities	6,668,557	7,700,563
Net position		
Restricted for employee benefits	16,553,017	12,640,890
Total net position	\$ 16,553,017	\$ 12,640,890

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

**ESCAMBIA SCHOOL DISTRICT
EMPLOYEE BENEFIT TRUST FUND**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues		
Employer premiums	\$ 28,229,255	\$ 28,374,585
Employee premiums	13,848,570	13,693,704
Other operating revenues	1,632,185	1,409,805
Total operating revenues	43,710,010	43,478,094
 Operating expenses		
Insurers, claims, and administrative	39,835,089	41,372,636
Total operating expenses	39,835,089	41,372,636
 Operating income	3,874,921	2,105,458
 Nonoperating revenue		
Refund of prior-year expenses	-	646,999
Interest earnings	37,206	-
Total nonoperating revenue	37,206	646,999
 Change in net position	3,912,127	2,752,457
 Total net position - beginning	12,640,890	9,888,433
 Total net position - ending	\$ 16,553,017	\$ 12,640,890

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

**ESCAMBIA SCHOOL DISTRICT
EMPLOYEE BENEFIT TRUST FUND**

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2020 and 2019

	2020	2019
Operating activities		
Cash received from Board funds and participants	\$ 43,652,357	\$ 43,454,122
Cash payments to vendors for goods and services	(7,471,790)	(6,981,486)
Cash payments for insurance claims	(33,322,798)	(33,479,770)
Cash payments to employees for services	(26,816)	9,530
Net cash provided by (used in) operating activities	2,830,953	3,002,396
Noncapital financing activities		
Refund from prior-year expenses	-	646,999
Net cash provided by noncapital financing activities	-	646,999
Investing activities		
Purchase of investments	(13,011,289)	
Interest payments received	37,206	-
Net cash (used in) provided by investing activities	(12,974,083)	-
Net (decrease) increase in cash and cash equivalents	(10,143,130)	3,649,395
Cash and cash equivalents		
Beginning of year	20,339,994	16,690,599
End of year	\$ 10,196,864	\$ 20,339,994
Reconciliation of operating income		
to net cash provided by (used in) operating activities		
Operating income	\$ 3,874,921	\$ 2,105,458
Adjustments to reconcile operating income		
to net cash provided by (used in) operating activities:		
Accounts receivable	387	(889)
Due from other agencies	(3,444)	6,972
Accounts receivable	(8,905)	-
Estimated claims incurred but not reported - Health	(618,000)	617,998
Estimated claims incurred but not reported - Dental	(208,498)	-
Unearned revenue	(45,691)	(30,055)
Due to other funds	(18,185)	17,822
Due to other agencies	-	(740)
Other accrued liabilities	(141,632)	285,830
Total adjustments	(1,043,968)	896,938
Net cash provided by (used in) operating activities	\$ 2,830,953	\$ 3,002,396

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

**ESCAMBIA SCHOOL DISTRICT
EMPLOYEE BENEFIT TRUST FUND**

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

NOTE 1 - DESCRIPTION OF THE TRUST FUND

The following description of the Escambia School District Employee Benefit Trust Fund (the "Trust Fund") provides only general information. Participants should refer to the Trust Fund Agreement for a complete description of the Trust Fund's provisions.

General

The Trust Fund provides life, health, and dental benefits covering substantially all active and retired employees of the District School Board of Escambia County, Florida (the "District") and its covered dependents. The Trust Fund was established on April 18, 1983 by the governing Board of the District. The District is authorized to provide payment of the premiums for such insurance for its employees and their dependents through a group insurance plan, and may enter into contracts with insurance companies or professional administrators to provide such insurance pursuant to Section 112.08(1) of the Florida Statutes. The self-insurance plan and administrators of the Trust Fund were submitted to and approved by the Florida Department of Financial Services Office of Insurance Regulation.

Benefits

The Trust Fund provides health (medical, hospital, surgical, and major medical), dental, and life insurance benefits to full-time employees of the District (permanent positions working at least 20 hours per week) and eligible dependents. Retired employees are entitled to similar health, life, and dental benefits, provided they pay for the cost of the premiums.

The health and dental claims are self-insured by the District. The District has contracted with third-party administrators to process and pay medical, prescription, dental and drug claims. A stop-loss insurance policy has been purchased to provide coverage of medical claims in excess of \$350,000.

Generally, dental claims have a maximum yearly cap of \$800, or \$1,200 per individual, depending on the plan, or a \$1,000 lifetime cap for orthodontic treatment for individuals ages 18 or younger (typically for dependents).

Life insurance benefits are fully insured with Standard Life.

NOTE 1 - DESCRIPTION OF THE TRUST FUND (Continued)

Premiums

The Trust Fund's insurance program provides that the District pays the majority of the premium for health and dental and full premiums for life, and dental coverage for the employee, and that the employee may provide for family coverage provided by the insurance program through salary deduction.

The District pays twenty-one and one-tenth cents per thousand dollars of annual employee salary for term life insurance. The employees pay any premiums for any excess life insurance coverage. For health insurance, the District pays an aggregate 72% of the coverage for all employees who enroll in the HSA (Basic), HRA or HRA500 plans. The employees pay for family coverage or the additional cost for single coverage in higher tier plans. The premiums for the base dental plan for single coverage are 93% funded by the District. Employees pay the additional premiums for the enhanced dental plan.

Retirees pay the premiums on health, dental, and life coverage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

As described in Note 1, the financial statements of the Trust Fund are intended to present the financial position of only that Trust Fund, which provides certain health, life, and dental insurance to the employees and retirees of the District and their families.

Basis of Presentation

The financial statements of the Trust Fund are prepared using the accrual basis of accounting. The Trust Fund is accounted for as a proprietary activity under standards issued by the Government Accounting Standards Board. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. The Trust Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Trust Fund's principal ongoing operations.

Estimates

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits and other highly liquid cash equivalents held by banks qualified as public depositories under the laws of the State of Florida. All deposits are collateralized by securities held in federal depository insurance or by Florida's multiple financial institution collateral pool required by Section 280 of the Florida Statutes.

Investments

Investments consist of amounts placed with the State Board of Administration ("SBA") for participation in Florida PRIME, formerly known as the Local Government Surplus Trust Fund created by Section 218.405, Florida Statutes. The Florida PRIME investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. Amounts with Florida PRIME are reported at amortized cost.

Unpaid Claims Liabilities

The Trust Fund establishes claims liabilities based on estimates provided by the Trust Fund's actuaries in accordance with accepted actuarial principles. The claims liabilities include estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs are dependent on such complex factors as inflation, enrollment, adverse claims deviation, and uncertainty and timing of claims and losses, the process used in computing claims liabilities cannot yield an exact result. Claims liabilities are recomputed periodically by independent actuaries for the Trust Fund using a variety of actuarial and statistical techniques for producing current estimates of actual claims costs, claims frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the period in which they are made.

Reinsurance

The Trust Fund uses a stop-loss reinsurance agreement to reduce its exposure to large losses incurred on excessive health claims per individual. Reinsurance permits recovery of a portion of losses, although it does not discharge the primary liability of the Trust Fund as direct insurer of the risks reinsured.

NOTE 3 - INVESTMENTS

At June 30, 2020 and 2019, the Trust Fund held investments with Florida Prime totaling \$13,011,289 and \$-0-, respectively.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they become due.

Florida PRIME use a weighted-average days to maturity ("WAM"). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes. At June 30, 2020, the WAM for Florida Prime was 53 days.

The Trust Fund's investment in Florida PRIME was rated AAAM by Standard & Poor's.

Florida PRIME is measured at amortized cost. The investments in Florida Prime have not been classified in the fair value hierarchy. All investments may be redeemed without advance notice and there are no limitations as to the frequency of redemptions for any investment pool. The Trust Fund has no unfunded commitments to invest in any investment pool.

NOTE 4 - UNEARNED REVENUE

Unearned revenue at June 30, 2020 and 2019 represents prepaid contributions for the months of July 2020 and 2019, respectively, for instructional personnel and for the months of July through August 2020 and July through August 2019, respectively, for non-instructional personnel.

NOTE 5 - INTERFUND PAYABLES

Interfund payables at June 30, 2020 and 2019 represent payments of expenses by the District's general fund and will be repaid within the next fiscal year.

NOTE 6 - RECONCILIATION OF CLAIMS LIABILITY

	<u>2020</u>	<u>2019</u>
Unpaid claims and claims adjustment expenses at beginning of the fiscal year	\$ 3,669,498	\$ 3,051,498
Incurred claims and changes in estimate	31,645,002	34,687,413
Less claims payments	<u>32,471,500</u>	<u>34,069,413</u>
Total unpaid claims and claims adjustment expenses at end of the fiscal year	<u>\$ 2,843,000</u>	<u>\$ 3,669,498</u>
Portion allocable to estimated health claims incurred but not reported	\$ 2,780,000	\$ 3,398,000
Portion allocable to estimated dental claims incurred but not reported	<u>63,000</u>	<u>271,498</u>
Total unpaid claims and claims adjustment expenses at end of the fiscal year	<u>\$ 2,843,000</u>	<u>\$ 3,669,498</u>

NOTE 7 - SUBSEQUENT EVENTS

The District's management has evaluated subsequent events for potential recognition or disclosure through November 20, 2020, which is the date the financial statements were issued.

**ESCAMBIA SCHOOL DISTRICT
EMPLOYEE BENEFIT TRUST FUND**

**SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
LIFE BENEFITS**

Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues		
Employer premiums	\$ 494,541	\$ 487,912
Employee premiums	2,041,563	2,033,068
Total operating revenues	2,536,104	2,520,980
Operating expenses		
Insurers, claims, and administrative	2,536,104	2,520,980
Total operating expenses	2,536,104	2,520,980
Operating income	-	-
Change in net position	-	-
Total net position - beginning	-	-
Total net position - ending	\$ -	\$ -

See Independent Auditor's Report.

**ESCAMBIA SCHOOL DISTRICT
EMPLOYEE BENEFIT TRUST FUND**

**SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
HEALTH BENEFITS**

Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues		
Employer premiums	\$ 27,160,895	\$ 27,297,378
Employee premiums	10,823,007	10,674,249
Other operating revenues	1,630,004	1,409,805
Total operating revenues	39,613,906	39,381,432
Operating expenses		
Insurers, claims, and administrative	36,205,622	37,397,150
Total operating expenses	36,205,622	37,397,150
Operating income	3,408,284	1,984,282
Nonoperating revenue		
Refund of prior-year expenses	-	646,999
Interest earnings	37,206	-
Total nonoperating revenue	37,206	646,999
Change in net position	3,445,490	2,631,281
Total net position - beginning	12,010,864	9,379,583
Total net position - ending	\$ 15,456,354	\$ 12,010,864

See Independent Auditor's Report.

**ESCAMBIA SCHOOL DISTRICT
EMPLOYEE BENEFIT TRUST FUND**

**SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
DENTAL BENEFITS**

Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues		
Employer premiums	\$ 573,819	\$ 589,295
Employee premiums	984,000	986,387
Other operating revenues	2,181	-
Total operating revenues	1,560,000	1,575,682
Operating expenses		
Insurers, claims, and administrative	1,093,363	1,454,506
Total operating expenses	1,093,363	1,454,506
Operating income	466,637	121,176
Change in net position	466,637	121,176
Total net position - beginning	630,026	508,850
Total net position - ending	\$ 1,096,663	\$ 630,026

See Independent Auditor's Report.



Certified Public Accountants

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

To the Board of Trustees
Escambia School District Employee Benefit Trust Fund
Pensacola, Florida

We have audited, in accordance with the 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 basic financial statements, as listed in the table of contents, of the Escambia School District Employee Benefit Trust Fund of the Escambia County School District (the "Trust Fund") as of and for the year ended June 30, 2020, and have issued our report thereon dated November 20, 2020.

Internal Control over Financial Reporting

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

To the Board of Trustees
Escambia School District Employee Benefit Trust Fund

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust Fund's financial statements are free of 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 financial statements. 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 Trust Fund'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 Trust Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
November 20, 2020