

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**ALACHUA COUNTY DISTRICT  
SCHOOL BOARD  
GAINESVILLE, FLORIDA**

**JUNE 30, 2017**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
GAINESVILLE, FLORIDA**

**JUNE 30, 2017**

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**FINANCIAL STATEMENTS  
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**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
GAINESVILLE, FLORIDA**

**JUNE 30, 2017**

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## INDEPENDENT AUDITORS' REPORT

Alachua County District School Board  
and Superintendent  
Gainesville, 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 Alachua County District School Board (the District), as of and for the year ended June 30, 2017, 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 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.

### **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 Charter Schools, which comprise the discretely presented component units of the District. The discretely presented component units' financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the District's 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 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 District'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 District'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.

### **Certified Public Accountants**

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Alachua County District School Board  
and Superintendent  
Gainesville, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Continued)*

**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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 11 and 68 through 76 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.

*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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Alachua County District School Board  
and Superintendent  
Gainesville, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2018, 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 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 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 District's internal control over financial reporting and compliance.

*Purvis, Gray and Company, LLP*

January 23, 2018  
Gainesville, Florida

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## ALACHUA COUNTY DISTRICT SCHOOL BOARD

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Management of the Alachua County District School Board has prepared the following discussion and analysis of financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the District's financial activities, (c) identify changes in the District's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the District's financial statements and notes to financial statements.

#### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017 fiscal year are as follows:

- The District's total net position decreased by \$0.64 million.
- General revenues total \$263 million, or 92 percent of all revenues in the 2017 fiscal year, as compared to \$260 million, or 92 percent for the 2016 fiscal year. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$24 million, or 8 percent as compared to \$22 million, or 8 percent in the prior year.
- The unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$23 million at June 30, 2017, or 10 percent of General Fund expenditures as compared to \$24 million, or 11 percent at June 30, 2016.
- During the current year, General Fund expenditures exceeded revenues by \$5 million. This may be compared to last year's results in which General Fund expenditures exceeded revenues by \$1 million. Please note that the transfer from Capital Outlay to the General Fund to cover maintenance expenditures, is not classified as revenue in the General Fund.
- In the current year, the District changed the method of calculating depreciable lives from the simple average composite method to the weighted-average composite method to more accurately reflect the useful lives of its assets. The change resulted in a decrease in depreciation expense for the year of \$9,769,247.67.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

This report also includes supplementary information intended to furnish additional details to support the basic financial statements.

#### Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting. The statement of net position provides information about the District's financial



## ALACHUA COUNTY DISTRICT SCHOOL BOARD

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

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*(Continued)*

#### **Government-Wide Financial Statements *(Concluded)***

position, its assets, deferred outflows of resources, liabilities and deferred inflows of resources, using an economic resources measurement focus. The difference between (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources, the net position, is a measure of the financial health of the District. The statement of activities presents information about the change in the District's net position, the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

The government-wide statements present the District's activities in two categories:

- Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the state's education finance program provide most of the resources that support these activities.
- Component units – The District presents 15 charter schools as discretely presented component units. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units are reported separately from the financial information presented for the primary government. Separately issued financial statements of the charter schools are available at the District's administrative office.
- The Alachua County School Board Leasing Corporation, (Leasing Corporation), although also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the Board and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government.

Over a period of time, changes in the District's net position are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other non-financial factors, such as changes in the District's property tax base, student enrollment, and the condition of the District's capital assets, including its school buildings and administrative facilities.

#### **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 and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the District's funds may be classified within one of two broad categories discussed below.

## ALACHUA COUNTY DISTRICT SCHOOL BOARD

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

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*(Continued)*

#### **Fund Financial Statements (Concluded)**

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds use a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General Fund, Special Revenue – Other Fund, Capital Projects – Local Capital Improvement Fund, and Other Debt Service Fund. Data from other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General and major Special Revenue Funds to demonstrate compliance with the budget.

Proprietary Funds. Proprietary funds use the economic resources measurement focus and accrual basis of accounting. The District maintains one proprietary fund, an internal service fund, to account for its self-insurance program. Since this service predominantly benefits government-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The District uses private-purpose trust funds to account for the District's early retirement program, the J. Dale Haynie Trust, and for a career service award program. The District uses agency funds to account for resources held for student activities and groups.

#### **Notes to Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by Florida Division of Retirement. As a participating employer, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. The District also maintains a single employer Early Retirement Plan subject to GASB 68 reporting.

Net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's net position as of June 30, 2016, compared to net position as of June 30, 2017.

Net Position

	Governmental Activities	
	6-30-17	6-30-16
Current and Other Assets	\$ 89,398,469.39	\$ 80,717,295.58
Capital Assets	63,916,041.01	69,416,242.07
<b>Total Assets</b>	<b>153,314,510.40</b>	<b>150,133,537.65</b>
Deferred Outflows	57,505,010.65	26,993,946.11
Long-Term Liabilities	234,029,292.28	192,883,859.38
Other Liabilities	21,378,460.53	19,611,582.45
<b>Total Liabilities</b>	<b>255,407,752.81</b>	<b>212,495,441.83</b>
Deferred Inflows	6,373,291.73	14,950,367.00
Net Position:		
Net Investment in Capital		
Assets	7,401,433.60	7,967,729.42
Restricted	29,782,930.49	24,346,102.75
Unrestricted (Deficit)	(88,145,887.58)	(82,632,157.24)
<b>Total Net Position</b>	<b>\$ (50,961,523.49)</b>	<b>\$ (50,318,325.07)</b>

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

(Continued)

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position may be used to meet the government's ongoing obligations to students, employees, and creditors.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2017, and June 30, 2016, follows.

Changes in Net Position

	Governmental Activities	
	6-30-17	6-30-16
Program Revenues:		
Charges for Services	\$ 6,644,549.85	\$ 6,778,191.70
Operating Grants and Contributions	14,675,588.67	13,386,673.78
Capital Grants and Contributions	2,873,151.66	2,330,064.32
General Revenues:		
Property Taxes, Levied for Operational Purposes	86,001,962.84	87,086,959.09
Property Taxes, Levied for Debt Service	5,475.61	9,157.03
Property Taxes, Levied for Capital Projects	20,038,308.06	19,092,680.56
Grants and Contributions Not Restricted to Specific Programs	152,613,418.58	149,751,442.71
Unrestricted Investment Earnings	788,169.25	711,754.42
Miscellaneous	3,749,964.85	3,400,845.80
<b>Total Revenues</b>	<b>287,390,589.37</b>	<b>282,547,769.41</b>

**ALACHUA COUNTY DISTRICT SCHOOL BOARD**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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*(Continued)*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

*(Continued)*

**Changes in Net Position**

*(Concluded)*

	Governmental	
	Activities	
	6-30-17	6-30-16
	<u>6-30-17</u>	<u>6-30-16</u>
Functions/Program Expenses:		
Instruction	146,923,956.29	137,316,575.31
Pupil Personnel Services	15,573,349.27	14,204,324.21
Instructional Media Services	4,508,900.38	4,278,579.16
Instruction and Curriculum Development		
Services	9,149,506.46	7,878,607.93
Instructional Staff Training	3,073,618.73	2,793,847.48
Instruction Related Technology	3,765,022.43	3,241,987.37
Board of Education	923,371.28	831,555.53
General Administration	1,900,999.58	2,043,224.32
School Administration	15,414,634.20	13,866,702.12
Facilities Acquisition and Construction	4,325,801.46	4,459,225.98
Fiscal Services	1,878,070.21	1,643,610.97
Food Services	15,720,640.81	14,109,337.69
Central Services	3,614,630.31	3,565,608.96
Pupil Transportation Services	11,870,458.35	12,097,139.91
Operation of Plant	23,186,478.18	22,433,035.19
Maintenance of Plant	7,308,600.41	6,102,327.31
Administrative Technology Services	2,254,310.35	1,805,470.80
Community Services	3,620,387.35	3,496,366.88
Interest on Long-Term Debt	1,658,042.09	1,957,505.60
Unallocated Depreciation Expenses	11,363,009.65	20,506,153.59
	<u>288,033,787.79</u>	<u>278,631,186.31</u>
<b>Total Functions/Program Expenses</b>		
	288,033,787.79	278,631,186.31
<b>(Decrease) Increase in Net Position</b>	(643,198.42)	3,916,583.10
Net Position-July 1, 2016	(50,318,325.07)	(54,234,908.17)
<b>Net Position-June 30, 2017</b>	<u>\$ (50,961,523.49)</u>	<u>\$ (50,318,325.07)</u>

State revenues increased by \$4 million or 3 percent, primarily due to an increase in the Florida Education Finance Program (FEFP). Local tax revenue decreased \$0.14 million or 0 percent. The largest revenue source is local tax revenue (37 percent).

**ALACHUA COUNTY DISTRICT SCHOOL BOARD**

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**MANAGEMENT’S DISCUSSION AND ANALYSIS**

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*(Continued)*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

*(Concluded)*

Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District’s funding ability based on the local property tax base.

Instructional expenses represent 61 percent of total governmental expenses in the 2016-17 fiscal year.

**FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS**

**Major Governmental Funds**

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance is \$23.1 million, while the total fund balance is \$33.7 million. The unassigned fund balance decreased by 0.8 million, while the total fund balance increased by \$0.02 million during the fiscal year. Key factors in this reduction are as follows:

- Total Revenue increased by \$3.3 million due mainly to increases in the FEFP funding.
- Total Expenditures increased by \$7.5 million, due mainly to an increase in employee salary and benefit expense. Specifically, instructional expenses increased by \$5 million, or 3 percent, from the previous year.
- Total Expenditures exceeded Revenues by \$5.1 million. Please note that the transfer from Capital Outlay to the General Fund to cover maintenance expenditures is not classified as revenue in the General Fund.

Special Revenue - Other Federal Programs – Other Federal Programs accounts for the financial resources of certain Federal grant programs.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of \$11.2 million, all of which is restricted for the acquisition, construction, and maintenance of capital assets.

The Other Debt Service Fund has a total fund balance of \$5.7 million, all of which is restricted for interest and principal payments of the District’s debt.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revises its budget and brings amendments to the Board when needed. These amendments are needed to adjust to actual revenues received and direct resources where needed. The Board approves the final amendment to the budget after year-end.

**OTHER MATTERS OF SIGNIFICANCE**

The Alachua county voters approved an additional millage levy for operating purposes during the November 2016 election. The District budgeted \$12.4 million in local tax revenue from the additional millage for the 2016-17 fiscal year. The proceeds from the additional millage levy are to be used to restore and continue specific programs per the voter referendum.

The District will continue with current plans to reduce expenses and build reserves to offset future reductions.

## ALACHUA COUNTY DISTRICT SCHOOL BOARD

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

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*(Concluded)*

#### CAPITAL ASSETS AND LONG-TERM DEBT

##### Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$63.9 million (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; property under capital lease; construction in progress; and computer software.

Major capital asset events during the current fiscal year included the following:

- Construction in progress at June 30, 2017, includes various capitalized renovation and remodeling projects.

Additional information on the District's capital assets can be found in the Notes to Financial Statements section.

##### Long-Term Debt

At June 30, 2017, the District has total long-term debt outstanding of \$57.3 million. This amount is comprised of \$0.25 million of bonds payable and \$57.0 million of certificates of participations payable.

Additional information on the District's long-term debt can be found in the Notes to the Financial Statements section.

#### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Alachua County District School Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: The Business Services Department, Alachua County Public Schools, 620 East University Avenue, Gainesville, Florida 32601.

## **FINANCIAL STATEMENTS**



**ALACHUA COUNTY DISTRICT SCHOOL BOARD**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Charter Schools</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 75,334,835.94	\$ 2,366,975.00
Investments	5,453,213.55	551,138.00
Accounts Receivable, Net	16,487.35	77,657.00
Deposits Receivable	0.00	39,783.00
Due from Other Agencies	5,093,724.35	60,049.00
Inventory	1,905,332.23	0.00
Prepaid Items	0.00	123,613.00
Restricted Assets:		
Investments	1,594,875.97	93,717.00
Capital Assets:		
Land	5,664,706.69	1,055,048.00
Construction in Progress	1,314,871.81	0.00
Depreciable Capital Assets, Net of Accumulated Depreciation	56,936,462.51	7,112,226.00
<b>Total Assets</b>	<b>153,314,510.40</b>	<b>11,480,206.00</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Net Carrying Amount of Debt Refunding	778,284.65	0.00
Pension	56,726,726.00	1,070,058.00
<b>Total Deferred Outflows of Resources</b>	<b>57,505,010.65</b>	<b>1,070,058.00</b>
<b>LIABILITIES</b>		
Accrued Salaries and Benefits	1,701,192.94	137,129.00
Payroll Deductions and Withholdings	8,901,775.82	74,132.00
Accounts Payable	7,744,236.67	160,455.00
Construction Contracts Payable	270,065.96	0.00
Construction Contracts Retainage Payable	39,092.22	0.00
Sales Tax Payable	1,226.79	0.00
Due to Other Agencies	213,718.66	63,722.00
Unearned Revenue	129,494.47	0.00
Estimated Unpaid Claims - Self-Insurance Program	2,377,657.00	0.00
Noncurrent Liabilities:		
Due Within One Year	8,936,516.22	422,860.00
Due in More than One Year	225,092,776.06	6,223,963.00
<b>Total Liabilities</b>	<b>255,407,752.81</b>	<b>7,082,261.00</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Revenue	2,218.73	905.00
Pension	6,371,073.00	309,515.00
<b>Total Deferred Inflows of Resources</b>	<b>6,373,291.73</b>	<b>310,420.00</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	7,401,433.60	3,944,417.00
Restricted For:		
State Required Carryover Programs	3,511,372.79	0.00
Food Service	3,476,036.73	0.00
Debt Service	5,723,728.05	65,945.00
Capital Projects	13,677,184.85	27,772.00
Other Purposes	3,394,608.07	0.00
Unrestricted	(88,145,887.58)	1,119,449.00
<b>Total Net Position</b>	<b>\$ (50,961,523.49)</b>	<b>\$ 5,157,583.00</b>

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b>FUNCTIONS</b>	<b>Expenses</b>	<b>Program Revenues</b>
		<b>Charges for Services</b>
Governmental Activities:		
Instruction	\$ 146,923,956.29	\$ 18,604.00
Student Personnel Services	15,573,349.27	0.00
Instructional Media Services	4,508,900.38	0.00
Instruction and Curriculum Development Services	9,149,506.46	0.00
Instructional Staff Training Services	3,073,618.73	0.00
Instruction Related Technology	3,765,022.43	0.00
School Board	923,371.28	0.00
General Administration	1,900,999.58	0.00
School Administration	15,414,634.20	0.00
Facilities Acquisition and Construction	4,325,801.46	0.00
Fiscal Services	1,878,070.21	0.00
Food Services	15,720,640.81	2,187,244.64
Central Services	3,614,630.31	0.00
Student Transportation	11,870,458.35	317,195.85
Operation of Plant	23,186,478.18	0.00
Maintenance of Plant	7,308,600.41	0.00
Administrative Technology Services	2,254,310.35	0.00
Community Services	3,620,387.35	4,121,505.36
Interest on Long-term Debt	1,658,042.09	0.00
Unallocated Depreciation/Amortization Expense*	11,363,009.65	0.00
<b>Total Governmental Activities</b>	<b>\$ 288,033,787.79</b>	<b>\$ 6,644,549.85</b>
Component Units:		
Charter Schools	14,717,217.00	1,335,987.00
<b>Total Component Units</b>	<b>\$ 14,717,217.00</b>	<b>\$ 1,335,987.00</b>

\*This amount excludes the depreciation/amortization that is included in the direct expenses of the various functions.

The accompanying notes to 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
\$ 0.00	\$ 0.00	\$ (146,905,352.29)	\$ 0.00
0.00	0.00	(15,573,349.27)	0.00
0.00	0.00	(4,508,900.38)	0.00
0.00	0.00	(9,149,506.46)	0.00
0.00	0.00	(3,073,618.73)	0.00
0.00	0.00	(3,765,022.43)	0.00
0.00	0.00	(923,371.28)	0.00
0.00	0.00	(1,900,999.58)	0.00
0.00	0.00	(15,414,634.20)	0.00
0.00	2,507,768.36	(1,818,033.10)	0.00
0.00	0.00	(1,878,070.21)	0.00
14,675,588.67	0.00	1,142,192.50	0.00
0.00	0.00	(3,614,630.31)	0.00
0.00	0.00	(11,553,262.50)	0.00
0.00	0.00	(23,186,478.18)	0.00
0.00	0.00	(7,308,600.41)	0.00
0.00	0.00	(2,254,310.35)	0.00
0.00	0.00	501,118.01	0.00
0.00	365,383.30	(1,292,658.79)	0.00
0.00	0.00	(11,363,009.65)	0.00
<u>\$ 14,675,588.67</u>	<u>\$ 2,873,151.66</u>	<u>(263,840,497.61)</u>	<u>0.00</u>
1,214,090.00	572,767.00	0.00	(13,174,475.00)
<u>\$ 1,214,090.00</u>	<u>\$ 572,767.00</u>	<u>0.00</u>	<u>(13,174,475.00)</u>
<b>General Revenues</b>			
Taxes:			
Property Taxes, Levied for Operational Purposes		86,001,962.84	0.00
Property Taxes, Levied for Debt Service		5,475.61	0.00
Property Taxes, Levied for Capital Projects		20,038,308.06	0.00
Grants and Contributions Not Restricted to			
Specific Programs		152,613,418.58	13,476,000.00
Investment Earnings		788,169.25	14,760.00
Miscellaneous		3,749,964.85	0.00
<b>Total General Revenues</b>		<u>263,197,299.19</u>	<u>13,490,760.00</u>
<b>Change in Net Position</b>			
Net Position - July 1, 2016		(50,318,325.07)	4,867,194.00
Adjustment to Beginning Net Position		0.00	(25,896.00)
Net Position - July 1, 2016, as Restated		(50,318,325.07)	4,841,298.00
Net Position - June 30, 2017		<u>\$ (50,961,523.49)</u>	<u>\$ 5,157,583.00</u>

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<b>General</b>	<b>Other Federal Programs</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 40,514,642.94	\$ 0.00
Investments	0.00	0.00
Accounts Receivable, Net	0.00	16,487.35
Due from Other Funds:		
Budgetary Funds	1,228,639.62	117.73
Internal Funds	52,386.57	297.14
Due from Other Agencies	2,216,530.11	2,354,346.40
Restricted Investments	0.00	0.00
Inventory	922,908.46	0.00
<b>Total Assets</b>	<b>44,935,107.70</b>	<b>2,371,248.62</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accrued Salaries and Benefits	1,699,054.05	2,138.89
Payroll Deductions and Withholdings	7,495,226.10	984,455.91
Accounts Payable	1,924,420.85	206,362.44
Construction Contracts Payable	0.00	0.00
Construction Contracts Retainage Payable	0.00	0.00
Sales Tax Payable	1,226.79	0.00
Due to Other Agencies	128,771.22	50,435.70
Due to Other Funds:		
Budgetary Funds	117.73	1,127,855.68
Unearned Revenue	0.00	0.00
<b>Total Liabilities</b>	<b>11,248,816.74</b>	<b>2,371,248.62</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue	2,218.73	0.00
<b>FUND BALANCES</b>		
Nonspendable:		
Inventory	922,908.46	0.00
Total Nonspendable Fund Balance	922,908.46	0.00
Restricted for:		
State Required Carryover Programs	3,511,372.79	0.00
Debt Service	0.00	0.00
Capital Projects	0.00	0.00
Restricted for Food Service	0.00	0.00
Restricted for Other	3,394,608.07	0.00
Total Restricted Fund Balance	6,905,980.86	0.00
Assigned to:		
Other Budgetary Items	2,797,308.78	0.00
Total Assigned Fund Balance	2,797,308.78	0.00
Unassigned Fund Balance	23,057,874.13	0.00
<b>Total Fund Balances</b>	<b>33,684,072.23</b>	<b>0.00</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 44,935,107.70</b>	<b>\$ 2,371,248.62</b>

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

<u>Other Debt Service</u>	<u>Nonvoted Capital Improvement § 1011.71(2), F.S.</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 0.00	\$ 10,701,868.02	\$ 5,769,617.28	\$ 56,986,128.24
4,123,316.97	1,324,361.47	5,535.11	5,453,213.55
0.00	0.00	0.00	16,487.35
0.00	0.00	0.00	1,228,757.35
0.00	0.00	0.00	52,683.71
0.00	16,425.77	453,738.36	5,041,040.64
1,594,875.97	0.00	0.00	1,594,875.97
0.00	0.00	982,423.77	1,905,332.23
<u>5,718,192.94</u>	<u>12,042,655.26</u>	<u>7,211,314.52</u>	<u>72,278,519.04</u>
0.00	0.00	0.00	1,701,192.94
0.00	0.00	422,093.81	8,901,775.82
0.00	537,919.86	595,760.37	3,264,463.52
0.00	270,065.96	0.00	270,065.96
0.00	39,092.22	0.00	39,092.22
0.00	0.00	0.00	1,226.79
0.00	0.00	2.46	179,209.38
0.00	0.00	100,783.94	1,228,757.35
0.00	0.00	129,494.47	129,494.47
<u>0.00</u>	<u>847,078.04</u>	<u>1,248,135.05</u>	<u>15,715,278.45</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,218.73</u>
0.00	0.00	982,423.77	1,905,332.23
<u>0.00</u>	<u>0.00</u>	<u>982,423.77</u>	<u>1,905,332.23</u>
0.00	0.00	0.00	3,511,372.79
5,718,192.94	0.00	5,535.11	5,723,728.05
0.00	11,195,577.22	2,481,607.63	13,677,184.85
0.00	0.00	2,493,612.96	2,493,612.96
0.00	0.00	0.00	3,394,608.07
<u>5,718,192.94</u>	<u>11,195,577.22</u>	<u>4,980,755.70</u>	<u>28,800,506.72</u>
0.00	0.00	0.00	2,797,308.78
0.00	0.00	0.00	2,797,308.78
0.00	0.00	0.00	23,057,874.13
<u>5,718,192.94</u>	<u>11,195,577.22</u>	<u>5,963,179.47</u>	<u>56,561,021.86</u>
<u>\$ 5,718,192.94</u>	<u>\$ 12,042,655.26</u>	<u>\$ 7,211,314.52</u>	<u>\$ 72,278,519.04</u>

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b>Total Fund Balances - Governmental Funds</b>	\$	56,561,021.86
 <b>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</b>		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds:		
Capital Assets	\$ 462,798,354.97	
(Accumulated Depreciation)	<u>(398,882,313.96)</u>	63,916,041.01
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.		
		11,456,768.27
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Bonds Payable	(252,990.95)	
Certificates of Participation Payable	(57,039,901.11)	
Compensated Absences Payable	(23,864,064.22)	
Other Postemployment Benefits Payable	(8,250,070.00)	
Net Pension Liability	<u>(144,622,266.00)</u>	(234,029,292.28)
Refunding losses reported for governmental activities are not financial resources and, therefore, not reported in the governmental funds.		
		778,284.65
The deferred outflows related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds. The deferred outflows consist of amounts relating to pension experience, assumptions, investment earnings, and employer contributions:		
Early Retirement Pension	1,085,808.00	
Florida Retirement System Pension	43,935,053.00	
Health Insurance Subsidy Pension	<u>11,705,865.00</u>	56,726,726.00
The deferred inflows related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds. The deferred inflows consist of amounts relating to investment earnings and experience of the liability.		
Early Retirement Pension	(57,502.00)	
Florida Retirement System Pension	(5,293,202.00)	
Health Insurance Subsidy Pension	<u>(1,020,369.00)</u>	(6,371,073.00)
<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b><u><u>(50,961,523.49)</u></u></b>

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General</u>	<u>Other Federal Programs</u>
<b>REVENUES</b>		
Federal Direct	\$ 179,974.01	\$ 4,900,755.36
Federal Through State and Local	892,712.65	18,125,073.29
State Sources	128,508,850.77	0.00
Local Sources:		
Property Taxes	86,001,962.84	0.00
Charges for Service - Food Service	0.00	0.00
Other Local Revenue	8,605,396.50	0.00
Total Local Sources	<u>94,607,359.34</u>	<u>0.00</u>
<b>Total Revenues</b>	<u>224,188,896.77</u>	<u>23,025,828.65</u>
<b>EXPENDITURES</b>		
Current:		
Instruction	130,879,725.45	13,500,407.17
Student Personnel Services	12,870,131.25	2,411,419.52
Instructional Media Services	4,422,264.99	0.00
Instruction and Curriculum Development Services	5,157,312.35	3,802,909.30
Instructional Staff Training Services	1,508,909.38	1,515,695.73
Instruction Related Technology	3,644,782.23	56,648.00
School Board	918,215.35	0.00
General Administration	913,811.85	970,073.29
School Administration	15,046,843.58	52,053.36
Facilities Acquisition and Construction	480,565.61	51,371.21
Fiscal Services	1,835,460.82	4,270.78
Food Services	0.00	0.00
Central Services	3,369,916.27	181,337.93
Student Transportation Services	11,313,134.30	81,593.76
Operation of Plant	22,738,975.74	282,514.00
Maintenance of Plant	7,183,066.11	0.00
Administrative Technology Services	2,222,339.70	0.00
Community Services	3,549,464.07	0.00
Debt Service:		
Retirement of Principal	0.00	0.00
Interest	0.00	0.00
Dues, Fees, and Issuance Costs	0.00	0.00
Capital Outlay:		
Facilities Acquisition and Construction	186,831.11	3,597.01
Other Capital Outlay	1,072,519.98	111,937.59
<b>Total Expenditures</b>	<u>229,314,270.14</u>	<u>23,025,828.65</u>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<u>(5,125,373.37)</u>	<u>0.00</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Loss Recoveries	3,527.62	0.00
Transfers in	5,144,054.84	0.00
Transfers (out)	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>	<u>5,147,582.46</u>	<u>0.00</u>
<b>Net Change in Fund Balances</b>	22,209.09	0.00
<b>Fund Balances, July 1, 2016</b>	33,661,863.14	0.00
<b>Fund Balances, June 30, 2017</b>	<u>\$ 33,684,072.23</u>	<u>\$ 0.00</u>

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

Other Debt Service	Nonvoted Capital Improvement § 1011.71(2), F.S.	Other Governmental Funds	Total Governmental Funds
\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,080,729.37
0.00	0.00	14,494,911.67	33,512,697.61
0.00	0.00	3,059,881.16	131,568,731.93
0.00	20,038,308.06	5,475.61	106,045,746.51
0.00	0.00	2,187,244.64	2,187,244.64
46,152.06	154,434.22	69,911.21	8,875,893.99
46,152.06	20,192,742.28	2,262,631.46	117,108,885.14
46,152.06	20,192,742.28	19,817,424.29	287,271,044.05
0.00	0.00	0.00	144,380,132.62
0.00	0.00	0.00	15,281,550.77
0.00	0.00	0.00	4,422,264.99
0.00	0.00	0.00	8,960,221.65
0.00	0.00	0.00	3,024,605.11
0.00	0.00	0.00	3,701,430.23
0.00	0.00	0.00	918,215.35
0.00	0.00	0.00	1,883,885.14
0.00	0.00	0.00	15,098,896.94
0.00	0.00	0.00	531,936.82
0.00	0.00	0.00	1,839,731.60
0.00	0.00	15,578,967.66	15,578,967.66
0.00	0.00	0.00	3,551,254.20
0.00	0.00	0.00	11,394,728.06
0.00	0.00	0.00	23,021,489.74
0.00	0.00	0.00	7,183,066.11
0.00	0.00	0.00	2,222,339.70
0.00	0.00	0.00	3,549,464.07
0.00	4,566,510.00	346,000.00	4,912,510.00
0.00	1,519,030.14	28,070.00	1,547,100.14
0.00	32,297.75	1,033.74	33,331.49
0.00	7,500,505.41	967,957.19	8,658,890.72
0.00	0.00	112,533.31	1,296,990.88
0.00	13,618,343.30	17,034,561.90	282,993,003.99
46,152.06	6,574,398.98	2,782,862.39	4,278,040.06
0.00	17,012.00	0.00	20,539.62
659,529.24	0.00	1,215,391.25	7,018,975.33
0.00	(3,994,915.08)	(3,024,060.25)	(7,018,975.33)
659,529.24	(3,977,903.08)	(1,808,669.00)	20,539.62
705,681.30	2,596,495.90	974,193.39	4,298,579.68
5,012,511.64	8,599,081.32	4,988,986.08	52,262,442.18
\$ 5,718,192.94	\$ 11,195,577.22	\$ 5,963,179.47	\$ 56,561,021.86

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



**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b>Net Change in Fund Balances - Governmental Funds</b>	\$	4,298,579.68
<b>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:</b>		
<p>Governmental funds report capital outlays as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current period:</p>		
Capital Outlay Expenditures	\$ 6,162,016.96	
Depreciation Expense	<u>(11,662,218.02)</u>	(5,500,201.06)
<p>Internal Service Funds are used by management to charge the cost of certain activities such as insurance, to individual funds. The net revenue of internal service funds is reported with governmental activities.</p>		
		2,613,497.32
<p>Refunding gains and losses result from a difference between the reacquisition cost of the refunded bonds and the net carrying amount. Refunding gains or losses are amortized over the life of the related debt in the statement of activities.</p>		
		(77,610.46)
<p>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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The following details the amount of long-term debt principal and amortization in the current period:</p>		
Certificates of Participation	4,566,510.00	
Bonds Payable	346,000.00	
Amortization of Premiums	<u>99,005.70</u>	5,011,515.70
<p>In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of vacation and sick leave used in excess of the amount earned in the current period.</p>		
		(728,383.60)
<p>Other postemployment benefits costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net increase in the other postemployment benefit payable for the current year.</p>		
		(848,968.00)
<p>Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits is reported as a pension expense. This is the difference between pension expense and contributions in the current fiscal year:</p>		
Early Retirement Pension Contributions in Excess of Expense	475,582.00	
Florida Retirement System Pension Contributions in Excess of Expense	(3,858,844.00)	
Health Insurance Subsidy Pension Expense in Excess of Contributions	<u>(2,028,366.00)</u>	(5,411,628.00)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u><u>(643,198.42)</u></u></b>

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2017**

	<u><b>Internal Service Fund</b></u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 18,348,707.70
<b>Total Assets</b>	<u>18,348,707.70</u>
 <b>LIABILITIES</b>	
Accounts Payable	4,479,773.15
Due to Other Agencies	34,509.28
Estimated Unpaid Claims - Self-Insurance Program	2,377,657.00
<b>Total Liabilities</b>	<u>6,891,939.43</u>
 <b>NET POSITION</b>	
Unrestricted	11,456,768.27
<b>Total Net Position</b>	<u>\$ 11,456,768.27</u>

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Risk Management Premium Revenue	\$ 28,311,928.86
<b>Total Operating Revenues</b>	28,311,928.86
<b>OPERATING EXPENSES</b>	
Purchased Services	3,173,722.99
Claims Paid	22,657,588.93
<b>(Total Operating Expenses)</b>	25,831,311.92
<b>Excess of Revenues Over Expenditures</b>	2,480,616.94
<b>NONOPERATING REVENUES</b>	
Investment Income	132,868.03
Other Miscellaneous Local Sources	12.35
<b>Total Nonoperating Revenues</b>	132,880.38
<b>Income Before Transfers</b>	2,613,497.32
<b>Change in Net Position</b>	2,613,497.32
<b>Fund Balances, July 1, 2016</b>	8,843,270.95
<b>Fund Balances, June 30, 2017</b>	\$ 11,456,768.27

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ 28,311,928.86
Cash Payments to Suppliers for Goods and Services	(23,752,769.52)
<b>Net Cash Provided by Operating Activities</b>	<b>4,559,159.34</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and Dividends Received	132,868.03
Other Miscellaneous Local Sources	12.35
<b>Net Cash Provided by Investing Activities</b>	<b>132,880.38</b>
<b>Net Increase in Cash and Cash Equivalents</b>	4,692,039.72
<b>Cash and Cash Equivalents, July 1, 2016</b>	<b>13,656,667.98</b>
<b>Cash and Cash Equivalents, June 30, 2017</b>	<b>\$ 18,348,707.70</b>
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u></b>	
Operating Income	\$ 2,480,616.94
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase (decrease) in Accounts Payable	2,432,092.45
Increase (decrease) in Due to Other Agencies	(81,114.15)
Increase (decrease) in Estimated Claims	(272,435.90)
Total Adjustments	2,078,542.40
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 4,559,159.34</b>

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2017**

	<u>Total Private-Purpose Trust Funds</u>	<u>Total Pension Trust Funds</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 394,774.12	\$ 453,813.71	\$ 3,564,847.19
Investments	0.00	3,504,559.56	0.00
Accounts Receivable, Net	0.00	0.00	107,348.25
Inventory	0.00	0.00	14,812.52
<b>Total Assets</b>	<u>394,774.12</u>	<u>3,958,373.27</u>	<u>3,687,007.96</u>
<b>LIABILITIES</b>			
Accounts Payable	0.00	0.00	9,279.54
Due to Other Funds-Budgetary	0.00	0.00	52,683.71
Internal Accounts Payable	0.00	0.00	3,625,044.71
<b>Total Liabilities</b>	<u>0.00</u>	<u>0.00</u>	<u>\$ 3,687,007.96</u>
<b>NET POSITION</b>			
Restricted for Pension Benefits	0.00	3,958,373.27	
Restricted for Scholarships and Other Purposes	394,774.12	0.00	
<b>Total Net Position</b>	<u>\$ 394,774.12</u>	<u>\$ 3,958,373.27</u>	

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

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Total Private-Purpose Trust Funds</b>	<b>Total Pension Trust Funds</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 0.00	\$ 832,205.00
Investment Earnings:		
Interest	3,056.06	37,371.15
Gain on Sale of Investments	0.00	463,210.74
Net (Decrease) in the Fair Value of Investments	0.00	(242,323.16)
Total Investment Earnings	3,056.06	258,258.73
<b>Total Additions</b>	3,056.06	1,090,463.73
<b>DEDUCTIONS</b>		
Salaries	650.90	0.00
Employee Benefits	101.04	741,802.10
Purchased Services	0.00	3,988.00
<b>Total Deductions</b>	751.94	745,790.10
<b>Change In Net Position</b>	2,304.12	344,673.63
<b>Net Position - July 1, 2016</b>	392,470.00	3,613,699.64
<b>Net Position - June 30, 2017</b>	\$ 394,774.12	\$ 3,958,373.27

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

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The District School Board has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Alachua County School 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 rules. The governing body of the school district is the Alachua County District School Board which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the School Board. Geographic boundaries of the District correspond with those of Alachua County.

Criteria for determining if other entities are potential component units which should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the District School 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 basic financial statements to be misleading or incomplete. Based on these criteria, the following component units are included within the District School Board's reporting entity:

- **Blended Component Unit.** Blended component units, are in substance, part of the primary District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The Alachua County School Board Leasing Corporation was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note 5. Due to the substantive economic relationship between the Alachua County District School Board and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.
- **Discretely Presented Component Units.** The component unit columns in the government-wide financial statements include the financial data of the District's other component units. A separate column is used to emphasize that they are legally separate from the District. The component unit columns in the basic financial statements, include the financial data of 15 charter schools: Alachua Learning Elementary, Inc.; Alachua Learning Middle, Inc.; Caring and Sharing Learning School, Inc.; Einstein Montessori School, Inc.; Expressions Learning Arts Academy, Inc.; Florida School for Integrated Academics and Technology, Inc.; Genesis Preparatory School, Inc.; Healthy Learning Academy, Inc.; Micanopy Area Charter Schools, Inc.; Micanopy Middle School, Inc.; Mycroschool Gainesville; One Room School House Elementary, Inc.; One Room Schoolhouse Middle, Inc., Boulware Springs Charter School, and Resilience Charter School.

The charter schools are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the *Florida Not for Profit Corporation Act*, and Section 1002.33, Florida Statutes. The charter schools operate under charters approved by their sponsor, the Alachua County District School Board. The charter schools are considered to be component units of the District since they are fiscally dependent on the District to levy taxes for their support.

The financial data reported on the accompanying financial statements was derived from the Annual Financial Reports of the charter schools which are available at the District's administrative office for the fiscal year ended June 30, 2017.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Basis of Presentation**

- **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. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charges to external customers for support. Likewise, the primary government is reported separately from certain legally separated 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 associated with the District's transportation department are allocated to the pupil transportation services function, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

The effects of interfund activity have been eliminated from the government-wide financial statements.

- **Fund Financial Statements.** Fund financial statements report detailed information about the District in the governmental, proprietary, and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

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 – Other Federal Programs Fund** – to account for certain Federal grant program resources.
- **Other Debt Service Fund** – to account for resources accumulated and payments made for the principal and interest on long-term debt of governmental funds.
- **Capital Projects – Local Capital Improvement Fund** – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including: construction, remodeling and addition projects; District-wide maintenance, renovation, and repair; motor vehicle purchases; new and replacement equipment purchases; payments for educational facilities and sites due under lease-purchase agreements (COPS); payments for renting and leasing education facilities and sites; payments of loans approved pursuant to Sections 1011.14 and 1011.15, Florida Statutes; and payment of the cost of leasing relocatable educational facilities.



**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**Basis of Presentation** *(Concluded)*

■ **Fund Financial Statements.** *(Concluded)*

Additionally, the District reports the following proprietary and fiduciary fund types:

- **Internal Service Fund** – to account for the District’s individual self-insurance program.
- **Pension Trust Fund** – to account for resources used to finance the early retirement program.
- **Private-Purpose Trust Fund** – to account for resources of the J. Dale Haynie Trust Fund, the Diamond Sports Park and the career services award program.
- **Agency Funds** – to account for resources of the school internal funds which are used to administer moneys collected at the several schools in connection with school, student athletic, class, and club activities.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting, as are the proprietary and fiduciary funds financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using 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

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**Basis of Accounting** *(Concluded)*

or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, other postemployment benefits, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary, pension benefit trust, and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

**Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term, highly liquid investments with original maturities of three months or less. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME and Florida FIT-CP Pool.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Investments consist of amounts placed in the State Board of Administration Debt Service accounts for investment of debt service moneys, amounts placed with the State Board of Administration for participation in the Florida PRIME investment pool created by Section 218.405 and 218.417, Florida Statutes, amounts placed with Florida Fixed Income Trust (FL FIT) funds and those made locally. These investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME and FL FIT investment pools are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The District's investment in the pools is measured at amortized cost, which approximates fair value.

Investments made locally, including investments held for the pension fund, consist of money market funds, mutual funds, and United States Government Securities and are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**Inventories**

Inventories consist of expendable supplies held for consumption in the course of District operations. The central stores, transportation, maintenance, and the food service nonfood inventories are valued at cost on the moving-average basis. The purchased food inventories are valued at final year-end contract price, which approximates cost on the first-in, first-out basis. 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 Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased.

**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 so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000 with a useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

Capital assets are depreciated using the weighted-average composite method, except for assets under capital lease which are depreciated under the straight-line method over the shorter of the lease term or the asset's useful life.

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other than Buildings	9 – 37 years
Buildings and Fixed Equipment	10 – 50 years
Furniture, Fixtures, and Equipment	3 – 12 years
Assets Under Capital Lease	10 years
Motor Vehicles	5 – 10 years
Audio Visual Materials and Computer Software	4 – 5 years

Current-year information relative to changes in capital assets is described in a subsequent note.

**Compensated Absences**

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability is reported in the governmental fund financial statements only for the current portion of compensated absences expected to be paid using expendable available resources.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**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 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) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS's and the HIS's 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.

For the purpose of measuring the net pension liability, deferred outflows of resources related to the pensions, and pension expense, information about the fiduciary net position of the Alachua County Early Retirement (ERP) plan and additions to/deductions from the ERP fiduciary net position have been determined on the same basis as they are reported by the ERP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Long-term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Debt premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Certificates of Participation are reported net of applicable premium or discount.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. A deferred outflow related to COPS 2013 and State Bond 2014B refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred inflows and outflows are also reported for the Early Retirement pension fund, the FRS Pension Fund, and the Health Insurance Pension Fund.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**Net Position Flow Assumption**

The District occasionally funds outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Consequently, it is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**Fund Balance Flow Assumptions**

The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The School Board is the highest level of decision-making authority for the government that can, prior to the end of the fiscal year, commit fund balance. Once adopted, the limitations imposed by the School Board remain in place until a similar action is taken to remove or revise the limitations.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School Board has adopted Policy 6100 which authorizes the finance director to assign fund balance. The School Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**Program Revenues**

Amounts reported as program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**State Revenue Sources**

Revenues from State sources for current operations are primarily from the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District 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 five months following the date of the 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 or additions of revenue in the year when the adjustments are made.

The State provides financial assistance to administer certain categorical 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 categorical educational programs. The Department generally 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 in the governmental fund financial statements for the unencumbered balance of categorical educational program resources.

A schedule of revenue from State sources for the current year is presented in a subsequent note.

**District Property Taxes**

The School 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 values are determined by the Alachua County Property Appraiser, and property taxes are collected by the Alachua County Tax Collector.

The School Board adopted the 2016 tax levy on August 16, 2016. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Concluded)***

**District Property Taxes *(Concluded)***

Taxes become a lien on the property on January 1, and are delinquent on April 1, of the year following the year of 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. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Alachua County Tax Collector at fiscal year-end but not yet remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued and no delinquent tax revenue deferral is recorded.

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

**Federal Revenue Sources**

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards 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.

**Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish 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 proprietary funds' principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for employee health insurance premiums. Operating expenses include insurance claims and excess coverage premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Restatement**

The Charter Schools' (discretely presented component units) beginning net position on the statement of activities decreased by \$25,896 to reflect the addition of Resilience Charter School, which began operations in August 2016.

**2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY**

The Board follows procedures established by State statutes and State Board of Education rules in establishing budget balances for governmental funds, as described below:

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY (Concluded)**

- 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.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- 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 fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

**3. INVESTMENTS**

As described in Note 1, the District reports investments at fair value, except for investments in investment pools, which are carried at amortized cost. Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- **Level 1** – Inputs to the valuation methodology are unadjusted, quoted prices for identical assets or liabilities in active markets that the District has the ability to access.
- **Level 2** – Inputs to the valuation methodology include: 1) quoted market prices for similar assets or liabilities in active markets; 2) quoted prices for identical or similar assets or liabilities in inactive markets; 3) inputs other than quoted prices that are observable for the asset or liability; and 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 inputs must be observable for substantially the full term of the asset or liability.
- **Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following are the District's investments, maturities, credit quality ratings, and fair value measurements as of June 30, 2017:



**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**3. INVESTMENTS (Continued)**

<b>Investments by Fair Value Level</b>	<b>Maturities</b>	<b>Amount June 30, 2017</b>	<b>Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)</b>
Governmental Funds:			
Money Market Mutual Funds:			
First American Government Obligation. Cl. Y <sup>(1)</sup> 34 Day Average		\$ 1,328,379.45	\$ 1,328,379.45
SBE/COBI Debt Service Accounts	34.2 Days	5,535.11	5,535.11
Federal Farm Credit <sup>(2)</sup>	8/3/2017	1,591,598.16	1,591,598.16
US Treasury Bond	8/15/2027	4,122,576.80	4,122,576.80
		7,048,089.52	7,048,089.52
Fiduciary Funds:			
Money Market Mutual Funds:			
STIFEL NICOLAUS		3,504,559.56	3,504,559.56
		3,504,559.56	3,504,559.56
<b>Total Investments by Fair Value Level</b>		<b>\$ 10,552,649.08</b>	<b>\$ 10,552,649.08</b>
<b>Investments Measured at Amortized Cost, Included in Cash and Cash Equivalents</b>	<b>Maturities</b>	<b>Amount June 30, 2017</b>	
Governmental Funds:			
State Board of Administration (SBA):			
Florida PRIME	39 Days	\$ 51,227,241.61	
Florida FIT-CP Pool	.025 Years	10,337,751.73	
		61,564,993.34	
Fiduciary Funds:			
State Board of Administration:			
Florida PRIME	39 Days	473,283.86	
<b>Total Investments Measured at Amortized Cost</b>		<b>\$ 62,038,277.20</b>	

Note:

(1) These funds are held under a trust agreement in connection with the Certificates of Participation, Series 2005-QZAB, 2010A, 2010B, 2010C, 2011, 2013, and 2015 financing arrangements. (See Note 5.) Money market funds include amounts invested in securities that are issued or guaranteed as to payment of principal and interest by the United States Government.

(2) These funds are held under a security delivery agreement in connection with the Certificates of Participation, 2005-QZAB. (See Note 5.)

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**3. INVESTMENTS** *(Continued)*

**Interest Rate Risk**

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 come due. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Florida PRIME had a weighted average days to maturity (WAM) of 39 days at June 30, 2017. 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. An estimate of the weighted average life (WAL) is 76 days. In the calculation of the WAL, the time at which an expected principal amount is to be received, measured in years, is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the SBA's Florida PRIME, or any other intergovernmental pool authorized pursuant to the *Florida Interlocal Cooperation Act* as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits to qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District does not have a formal investment policy that limits its investment choices.

The District's investments in the SBE debt service accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate risk and credit risk for this account.

As of June 30, 2017, the District's investment in Florida PRIME Pool A is AAAM rated.

**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 registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book entry form, the investment must be held for the credit of the governing body 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 this State, 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 this State, 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. The District does not have a formal investment policy that addresses custodial credit risk.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**3. INVESTMENTS** *(Concluded)*

**Custodial Credit Risk** *(Concluded)*

In conjunction with the issuance of its \$1,794,000 Taxable Certificates of Participation, Series 2005-QZAB, The School Board of Alachua County, U.S. Bank, as successor Trustee, and Wells Fargo Bank, National Association formerly known as Wachovia Bank, N.A. as provider, entered into a Security Delivery Agreement dated December 22, 2005. The original deposits totaled \$1,176,198.25 and will accrue to a total value of \$1,794,000 on December 22, 2020, at the guaranteed rate of 3.57%. At the time of each deposit by the Board, the Trustee purchases and holds on behalf of the Board eligible securities from the provider. Eligible securities include direct obligations of the United States Treasury of the United States Government and certain obligations of Federal agencies, which represent the full faith and credit of the United States of America, and other securities as outlined in the Security Delivery Agreement.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. Investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. Section 218.415(8), Florida Statutes, requires the District to diversify investments to the extent practicable to control risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold.

The District does not have a formal investment policy that limits the amount the District may invest in any one issuer.

See Note 13 for concentrations of investments in the District's early retirement program, reported in the Pension Trust Fund.

**Foreign Currency Risk**

The District does not have a formal policy that limits its investment in foreign currency.

**4. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**4. CHANGES IN CAPITAL ASSETS (Continued)**

	<b>Balance July 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2017</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 5,664,706.69	\$ 0.00	\$ 0.00	\$ 5,664,706.69
Construction in Progress	1,320,362.87	4,138,819.47	4,144,310.53	1,314,871.81
Total Capital Assets Not Being Depreciated	6,985,069.56	4,138,819.47	4,144,310.53	6,979,578.50
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	38,027,045.74	362,258.34	0.00	38,389,304.08
Buildings and Fixed Equipment	364,745,631.61	3,782,052.19	307,987.39	368,219,696.41
Furniture, Fixtures, and Equipment	25,143,849.00	1,634,821.98	2,333,052.29	24,445,618.69
Motor Vehicles	21,559,609.49	366,472.47	577,355.28	21,348,726.68
Audio Visual Materials and Computer Software	3,973,730.78	21,903.04	580,203.21	3,415,430.61
Total Capital Assets Being Depreciated	453,449,866.62	6,167,508.02	3,798,598.17	455,818,776.47
Less Accumulated Depreciation for:				
Improvements Other than Buildings	30,995,650.90	1,204,149.64	0.00	32,199,800.54
Buildings and Fixed Equipment	312,233,553.91	7,570,368.41	307,987.39	319,495,934.93
Furniture, Fixtures, and Equipment	23,180,624.06	1,963,224.94	2,333,052.29	22,810,796.71
Motor Vehicles	21,210,130.07	349,479.42	577,355.28	20,982,254.21
Audio Visual Materials and Computer Software	3,398,735.17	574,995.61	580,203.21	3,393,527.57
Total Accumulated Depreciation*	391,018,694.11	11,662,218.02	3,798,598.17	398,882,313.96
Total Capital Assets Being Depreciated, Net	62,431,172.51	(5,494,710.00)	0.00	56,936,462.51
<b>Governmental Activities Capital Assets, Net</b>				
	<u>\$ 69,416,242.07</u>	<u>\$ (1,355,890.53)</u>	<u>\$ 4,144,310.53</u>	<u>\$ 63,916,041.01</u>

\*In the current year, the District changed the method of calculating depreciable lives from the simple average composite method to the weighted-average composite method to more accurately reflect the useful lives of its assets. The change resulted in a decrease of depreciation expense for the year of \$9,769,247.67. This change is considered to be a change in accounting estimate that is effected by a change in accounting principle, and is reported prospectively as required by generally accepted accounting principles.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**4. CHANGES IN CAPITAL ASSETS (Concluded)**

Depreciation expense was charged to functions as follows:

<b>Function</b>	<b>Amount</b>
<b>GOVERNMENTAL ACTIVITIES</b>	
Pupil Transportation Services	\$ 299,208.37
Unallocated	<u>11,363,009.65</u>
<b>Total Depreciation Expense – Governmental Activities</b>	<b><u>\$ 11,662,218.02</u></b>

**5. CERTIFICATES OF PARTICIPATION**

Certificates of Participation at June 30, 2017, are as follows:

<b>Series</b>	<b>Amount Outstanding</b>	<b>Interest Rates (Percent)</b>	<b>Lease Term Maturity</b>	<b>Original Amount</b>
Series 2005-QZAB	\$ 1,794,000.00	(1)	2021	\$ 1,794,000.00
Series 2010A	11,211,997.00	4.98	2027	11,211,997.00
Series 2010B	5,029,027.00	4.490	2027	7,163,003.00
Series 2010C	7,388,000.00	2.89	2021	9,872,500.00
Series 2011	7,277,400.00	2.94	2021	9,629,900.00
Series 2013	20,165,000.00	3.05	2029	20,285,000.00
Series 2015	3,322,300.00	1.1	2018	9,908,000.00
<b>Total Certificates of Participation</b>	<b><u>\$ 56,187,724.00</u></b>			

Note: (1) Interest on this debt is “paid” by the United States Government through the issuance of Federal income tax credits to the holder of the QZABs. The rate of return to the holders was established by the United States Government at the time of sale.

The District entered into financing arrangements, characterized as lease-purchase agreements, with the Alachua School Board Leasing Corporation whereby the District secured financing of various educational facilities and equipment. The financing was accomplished through the issuance of certificates of participation by the Corporation to third-party investors, to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangements, the District has given ground leases on District property to the Alachua School Board Leasing Corporation, with rental fees of \$1 per year, except for the 2005-QZAB, which are secured by computer equipment. The initial terms of the leases end on the earlier of the maturity date, or the date on which the certificates are paid in full; however, if lease obligations remain outstanding, the ground leases may be renewed for additional terms of five years. 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 properties included under the ground lease agreements for the benefit of the securers of the certificates as specified by the arrangements. The lease payments, which are used to make debt service payments on the certificates,

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**5. CERTIFICATES OF PARTICIPATION** *(Continued)*

are payable from funds appropriated annually by the District for such purpose from the local capital outlay tax levy or other funds legally available. The District properties included in the ground leases under these arrangements include land on which the projects have been constructed. The projects related to the ground leases are as follows:

Series 2010-A Qualified School Construction Bonds

Santa Fe High School Classroom Addition  
Meadowbrook Elementary School

Series 2010-B Build America Bonds

Meadowbrook Elementary School

Series 2010-C Refunding

Certain Certificates of Participation, Series 2001, maturing in the years 2011 to 2021, and the underlying projects

Series 2011 Refunding

Certain Certificates of Participation, Series 2001, maturing in the years 2011 to 2021, and the underlying projects

Series 2013 Refunding

Certain Certificates of Participation, Series 2013, maturing in the years 2013 to 2029, and the underlying projects

Series 2015 Refunding

Certain Certificates of Participation, Series 2015, maturing in the years 2016 to 2018, and the underlying projects

The lease under the Series 2005-QZAB issue includes computer equipment purchased throughout the District. Lease payments, with the exception of the Series 2005-QZAB issues, are payable by the District, semiannually, on July 1 and January 1.

The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 6,051,937.29	\$ 4,648,127.00	\$ 1,403,810.29
2019	6,275,330.81	4,972,779.00	1,302,551.81
2020	6,076,482.91	4,918,176.00	1,158,306.91
2021	8,080,256.77	7,067,629.00	1,012,627.77
2022	3,480,817.02	2,587,148.00	893,669.02
2023-2027	17,408,983.28	14,715,097.00	2,693,886.28
2028-2029	17,591,731.07	17,278,768.00	312,963.07
<b>Total Minimum Lease Payments</b>	<b>\$ 64,965,539.15</b>	<b>\$ 56,187,724.00</b>	<b>\$ 8,777,815.15</b>

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**5. CERTIFICATES OF PARTICIPATION** *(Concluded)*

The Series 2005-QZAB Certificates of Participation were issued under a special program whereby the certificates, bearing an original issue date of December 22, 2005, will mature on December 22, 2020, for the original \$1,794,000 issue amount. There is no interest cost for borrowing monies under this program. Mandatory lease payment account deposits of \$235,240 for five consecutive years beginning on December 22, 2006, were established. It is anticipated that these deposits, along with accrued interest, will be sufficient to redeem the Certificates at maturity.

**6. BONDS PAYABLE**

Bonds payable at June 30, 2017, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:			
Series 2009A, Refunding	\$ 60,000	5.00	2019
Series 2014B, Refunding	<u>165,000</u>	2.00-5.00	2020
<b>Total Bonds Payable</b>	<u>\$ 225,000</u>		

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

**State School Bonds**

These bonds are issued by the State Board of Education on behalf of the District. The bonds mature serially, 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 these bonds. 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. Annual requirements to amortize all bonded debt outstanding as of June 30, 2017, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 173,770.00	\$ 163,000.00	\$ 10,770.00
2019	48,620.00	46,000.00	2,620.00
2020	<u>16,320.00</u>	<u>16,000.00</u>	<u>320.00</u>
<b>Total</b>	<u>\$ 238,710.00</u>	<u>\$ 225,000.00</u>	<u>\$ 13,710.00</u>

**7. DEFEASED DEBT**

On September 22, 2015, the Board issued \$9,908,000 in Refunding Certificates of Participation, Series 2015, with an interest rate of 1.10%, to advance refund Certificates of Participation, Series 2005 in the amount of \$9,695,000 that mature on or after July 1, 2016. The net proceeds of \$9,940,402.78 (after payment of \$67,597.22 in underwriting fees, insurance, and other costs of issuance) paid \$9,695,000 in principal plus \$145,402.78 in interest on bonds maturing from July 1, 2016 to July 1, 2018. As a result, \$9,695,000 of the 2005 Series bonds are considered to be in-substance defeased and the liability for these bonds have been removed from the government-wide financial statements.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**8. CHANGES IN LONG-TERM LIABILITIES**

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

<u>Description</u>	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due in</u> <u>One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds Payable	\$ 571,000.00	\$ 0.00	\$ 346,000.00	\$ 225,000.00	\$ 163,000.00
Premium on Bonds Payable	55,981.89	0.00	27,990.94	27,990.95	0.00
Certificates of Participation Payable	60,754,234.00	0.00	4,566,510.00	56,187,724.00	4,648,127.00
Premium on Certificates of Participation	923,191.87	0.00	71,014.76	852,177.11	0.00
Compensated Absences Payable	23,135,680.62	3,197,899.73	2,469,516.13	23,864,064.22	2,547,264.22
Other Post-employment Benefit	7,401,102.00	1,565,349.00	716,381.00	8,250,070.00	0.00
Net Pension Liability	100,042,669.00	44,579,597.00	0.00	144,622,266.00	1,578,125.00
<b>Total Governmental Activities</b>	<u>\$ 192,883,859.38</u>	<u>\$ 49,342,845.73</u>	<u>\$ 8,197,412.83</u>	<u>\$234,029,292.28</u>	<u>\$ 8,936,516.22</u>

For the governmental activities, compensated absences are generally liquidated with resources of the General Fund.

**9. FUND BALANCE REPORTING**

Fund balance classifications comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in the following five categories:

**Non-spendable** - The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. Examples of items that are not in spendable form include inventory, prepaid amounts, long-term amounts of loans and notes receivable, and property acquired for resale. The District classifies its amounts reported as inventories as non-spendable.

**Restricted** - The portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance. The District classifies most of its fund balances other than General Fund as restricted, as well as unspent State categorical and earmarked educational funding reported in the General Fund, that are legally or otherwise restricted.

**Committed** - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority (i.e., the District School Board). These amounts cannot be used for any other purpose unless the district school board removes or changes the specified use by taking the same action it employed to previously commit the amounts. The District did not have any committed fund balances at June 30, 2017.



**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**9. FUND BALANCE REPORTING (Concluded)**

**Assigned** - The portion of fund balance that is intended to be used for specific purposes, but is neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as non-spendable, restricted, or committed. The District also classifies amounts as assigned that are constrained to be used for specific purposes based on actions of the Superintendent and Chief Financial Officer and not included in other categories.

**Unassigned** - The portion of fund balance that is the residual classification for the general fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

The following is a schedule of fund balances by category at June 30, 2017.

	<b>Major Funds</b>			<b>Non-Major Funds</b>	<b>Total</b>
	<b>General</b>	<b>Other Debt Service Funds</b>	<b>Local Capital Improvement</b>		
Non-Spendable					
Inventory	\$ 922,908.46	\$ 0.00	\$ 0.00	\$ 982,423.77	\$ 1,905,332.23
Total Non-Spendable	922,908.46	0.00	0.00	982,423.77	1,905,332.23
Spendable					
Restricted:					
Categorical	3,511,372.79	0.00	0.00	0.00	3,511,372.79
Voter Approved					
Millage	1,616,312.67	0.00	0.00	0.00	1,616,312.67
Adult Education					
Program	1,738,768.34	0.00	0.00	0.00	1,738,768.34
Food Service	0.00	0.00	0.00	2,493,612.96	2,493,612.96
Debt Service	0.00	5,718,192.94	0.00	5,535.11	5,723,728.05
Capital Outlay	0.00	0.00	11,195,577.22	2,481,607.63	13,677,184.85
Other	39,527.06	0.00	0.00	0.00	39,527.06
Total Restricted	6,905,980.86	5,718,192.94	11,195,577.22	4,980,755.70	28,800,506.72
Assigned:					
Encumbrances	923,263.97	0.00	0.00	0.00	923,263.97
Extended Day					
Enrichment	1,414,003.37	0.00	0.00	0.00	1,414,003.37
Other State and					
Local Grants	460,041.44	0.00	0.00	0.00	460,041.44
Total Assigned	2,797,308.78	0.00	0.00	0.00	2,797,308.78
Unassigned	23,057,874.13	0.00	0.00	0.00	23,057,874.13
Total Spendable	32,761,163.77	5,718,192.94	11,195,577.22	4,980,755.70	54,655,689.63
<b>Total Fund Balance</b>	<b>\$ 33,684,072.23</b>	<b>\$ 5,718,192.94</b>	<b>\$ 11,195,577.22</b>	<b>\$ 5,963,179.47</b>	<b>\$ 56,561,021.86</b>

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**10. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General	\$ 1,281,026.19	\$ 117.73
Special Revenue:		
Other Federal Programs	414.87	1,127,855.68
Nonmajor Governmental Funds	0.00	100,783.94
Fiduciary Funds:		
Agency	<u>0.00</u>	<u>52,683.71</u>
<b>Total</b>	<u>\$ 1,281,441.06</u>	<u>\$ 1,281,441.06</u>

Interfund balances generally arise due to expenditures being adjusted between funds to cover negative cash balances, departmental costs and utilities. All balances are expected to be repaid in less than one year.

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	\$ 5,144,054.84	\$ 0.00
Capital Projects:		
Local Capital Improvement	0.00	3,994,915.08
Debt Service	659,529.24	0.00
Nonmajor Governmental Funds	<u>1,215,391.25</u>	<u>3,024,060.25</u>
<b>Total</b>	<u>\$ 7,018,975.33</u>	<u>\$ 7,018,975.33</u>

The principal purpose of the interfund transfers were to provide for expenditures originally paid out of other funds (e.g., portable rentals and maintenance were paid out of the General Fund but with Capital Projects Funds moneys).

**11. SCHEDULE OF STATE REVENUE SOURCES**

The following is a schedule of the District's State revenue for the 2016-17 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 87,834,447.00
Transportation	3,649,225.00
Instruction Materials	2,415,466.00
Categorical Educational Programs:	
Class Size Reduction Operating Funds	30,270,716.00
Other	2,466,779.67
Workforce Development Program	307,847.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,080,425.44
Food Service Supplement	186,729.50
Mobile Home License Tax	82,844.94
Miscellaneous	<u>3,274,251.38</u>
<b>Total</b>	<u>\$ 131,568,731.93</u>

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**11. SCHEDULE OF STATE REVENUE SOURCES (Concluded)**

Accounting policies relating to certain State revenue sources are described in Note 1.

**12. PROPERTY TAXES**

The following is a summary of millages and taxes levied on the 2016 tax roll for the 2016-17 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<u>GENERAL FUND</u>		
Nonvoted School Tax:		
Required Local Effort	4.688	\$ 64,902,696.11
Basic Discretionary Local Effort	0.748	10,355,634.96
Voted School Tax:		
Additional Operating One Mill	1.000	13,844,431.76
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvements	1.500	20,766,647.65
<b>Total</b>	<b>7.936</b>	<b>\$ 109,869,410.48</b>

**13. RETIREMENT PLANS**

**Florida Retirement System (FRS)**

**General Information about the FRS**

The FRS Pension Plan 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 (DROP) under the FRS Pension 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 the FRS Pension Plan 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 benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**13. RETIREMENT PLANS** *(Continued)*

**Florida Retirement System (FRS)** *(Continued)*

**FRS Pension Plan**

**Plan Description**—The FRS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- Regular Class—Members of the FRS who do not qualify for membership in the other classes.
- Elected Officer Class—Members who hold specified elective offices in local government.
- Senior Management Service Class—Members in senior management level position.

**Plan Benefits**—Employees enrolled in the FRS Pension Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Pension plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the FRS Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of the FRS Pension Plan may include up to four years of credit for military service toward creditable service. The FRS Pension Plan also includes an early retirement provision; however, there is a 5% benefit reduction for each year a member retires before his or her normal retirement date.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instruction personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned (from 1.60% - 3.00%). Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member initially enrolled in the FRS Pension Plan 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 has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment, based on the ratio of service credit accrued pre-July 2011. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**13. RETIREMENT PLANS** *(Continued)*

**Florida Retirement System (FRS)** *(Continued)*

**FRS Pension Plan** *(Continued)*

**Contributions**—The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates for FRS during the District’s 2016-17 fiscal year were as follows:

<b>Class</b>	<b>Year Ended June 30, 2017</b>	
	<b>Percent of Gross Salary</b>	
	<b>Employee</b>	<b>Employer <sup>(1)</sup></b>
Regular	3.00	5.80
Elected Officers	3.00	40.75
Senior Management Service	3.00	20.05
DROP	0.00	11.33

<sup>(1)</sup> These rates include the normal cost and unfunded actuarial liability contributions but do not include the contribution for the Retiree Health Insurance Subsidy and the fee of 0.06% for administration of the FRS Investment Plan and provision of educational tools for both plans.

The District’s contributions to the FRS Pension Plan totaled \$8,737,907 for the fiscal year ended June 30, 2017.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***—At June 30, 2017, the District reported the following net pension liability:

	<b><u>FRS Pension Plan</u></b>
District’s Proportion	0.337428960%
District’s Proportionate Share of	
Net Pension Liability	\$ 85,201,077

The District’s proportionate share of the net pension liability was based on the District’s contributions during the FRS Pension Plan’s fiscal year relative to the contributions of all participating members in the same fiscal year. At June 30, 2016, the District’s proportion decreased 0.025576482% from its proportion as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$12,542,095 related to the FRS Pension Plan.

In addition, the District reported deferred outflows and inflows of resources related to FRS Pension Plan from the following sources:

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**13. RETIREMENT PLANS** *(Continued)*

**Florida Retirement System (FRS)** *(Continued)*

**FRS Pension Plan** *(Continued)*

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

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 6,523,650.00	\$ 793,280.00
Change of Assumptions	5,154,410.00	0.00
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	22,023,440.00	0.00
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	1,495,646.00	4,499,922.00
District FRS Contributions Subsequent to the Measurement Date	<u>8,737,907.00</u>	<u>0.00</u>
<b>Total</b>	<u>\$ 43,935,053.00</u>	<u>\$ 5,293,202.00</u>

The deferred outflows related to pensions, totaling \$8,737,907, resulting from District contributions to the FRS Pension Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported 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</u>
2018	\$ 4,083,680
2019	4,083,680
2020	12,669,784
2021	8,212,053
2022	655,840
Thereafter	<u>198,907</u>
<b>Total</b>	<u>\$ 29,903,944</u>

***Actuarial Assumption***—The total pension liability for the FRS Pension Plan was measured as of the June 30, 2016 measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability:

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**13. RETIREMENT PLANS** *(Continued)*

**Florida Retirement System (FRS)** *(Continued)*

**FRS Pension Plan** *(Continued)*

**Actuarial Assumption—(Concluded)**

	<b><u>FRS</u></b> <b><u>Pension Plan</u></b>
Inflation	2.60%
Salary Increases	3.25%
Investment Rate of Return, Including Inflation	7.60%
Mortality Table	RP2000
Actuarial Cost Method	Individual Entry Age

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<b><u>Asset Class</u></b>	<b><u>Target</u></b> <b><u>Allocation (1)</u></b>	<b><u>Annual</u></b> <b><u>Arithmetic</u></b> <b><u>Return</u></b>	<b><u>Compound</u></b> <b><u>Annual</u></b> <b><u>(Geometric)</u></b> <b><u>Return</u></b>	<b><u>Standard</u></b> <b><u>Deviation</u></b>
Cash	1.00%	3.00%	3.00%	1.70%
Fixed Income	18.00%	4.70%	4.60%	4.60%
Global Equity	53.00%	8.10%	6.80%	17.20%
Real Estate (Property)	10.00%	6.40%	5.80%	12.00%
Private Equity	6.00%	11.50%	7.80%	30.00%
Strategic Investments	12.00%	6.10%	5.60%	11.10%
<b>Total</b>	<b><u>100.00%</u></b>			

Assumed Inflation - Mean 2.60% 1.90%

(1) As outlined in Plan's Investment Policy.

The discount rate used to measure the total pension liability was 7.60%. The FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive plan members. 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.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**13. RETIREMENT PLANS** *(Continued)*

**Florida Retirement System (FRS)** *(Continued)*

**FRS Pension Plan** *(Concluded)*

*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 current discount rate of 7.60%, 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 (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	<b>1% Decrease (6.60%)</b>	<b>Current Discount Rate (7.60%)</b>	<b>1% Increase (8.60%)</b>
District’s Proportionate Share of the Net Pension Liability \$	156,860,952	\$ 85,201,077	\$ 25,553,696

*Payables to the FRS Plan*—At June 30, 2016, the District reported a payable of \$1,515,781.64 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2017.

**HIS Pension Plan**

*Plan Description*—The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of state administered retirement systems in paying their health insurance costs. The HIS Plan is administered by the Florida Department of Management Services, Division of Retirement.

*Plan Benefits*—For the fiscal year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. Retirees under a state administered retirement system must provide proof of health insurance coverage to be eligible to receive benefits, which may include Medicare.

*Contributions*—The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2017, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years.

HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan 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, benefits may be reduced or canceled.

The District’s contributions to the HIS Plan totaled \$2,498,167 for the fiscal year ended June 30, 2017.



**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**13. RETIREMENT PLANS** *(Continued)*

**Florida Retirement System (FRS)** *(Continued)*

**HIS Pension Plan** *(Continued)*

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***—At June 30, 2017, the District reported the following net pension liability:

	<b>HIS Pension Plan</b>
District's Proportion	0.469683331%
District's Proportionate Share of Net Pension Liability	\$ 54,739,647

The District's proportionate share of the net pension liability was based on the District's contributions during the HIS Pension Plan's fiscal year relative to the contributions of all participating members in the same fiscal year. At June 30, 2016, the District's proportion decreased 0.003229725% from its proportion as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized the Plan pension expense of \$4,524,476. In addition, the District reported deferred outflows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 0.00	\$ 124,677.00
Change of Assumptions	8,590,042.00	0.00
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	27,678.00	0.00
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of HIS Contributions	589,978.00	895,692.00
District Contributions Subsequent to the Measurement Date	2,498,167.00	0.00
<b>Total</b>	<b>\$ 11,705,865.00</b>	<b>\$ 1,020,369.00</b>

The deferred outflows of resources related to HIS, totaling \$2,498,167 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 ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**13. RETIREMENT PLANS** *(Continued)*

**Florida Retirement System (FRS)** *(Continued)*

**HIS Pension Plan** *(Continued)*

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 1,497,139
2019	1,497,139
2020	1,491,869
2021	1,489,339
2022	1,172,933
Thereafter	1,038,910
<b>Total</b>	<b>\$ 8,187,329</b>

***Actuarial Assumptions***—The District uses a June 30, 2016, measurement date to value the net pension liability and related deferred inflows and outflows. The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of July 1, 2016, and recalculated as of June 30, 2017, using a standard actuarial roll-forward technique. The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability:

	<b><u>HIS Pension Plan</u></b>
Inflation	2.60%
Salary Increases	3.25%
Mortality Table	RP2000
	Individual
Actuarial Cost Method	Entry Age

The discount rate used to measure the total pension liability decreased from 3.80% to 2.85% for the HIS Pension Plan’s fiscal year ended June 30, 2016. 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 Pension Plan sponsor. The discount rate decreased from the prior year due to changes in the applicable municipal bond rate.

***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 current discount rate of 2.85%, 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 (1.85%) or 1-percentage-point higher (3.85%) than the current rate:

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**13. RETIREMENT PLANS** *(Continued)*

**Florida Retirement System (FRS)** *(Continued)*

**HIS Pension Plan** *(Concluded)*

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate—(Concluded)*

	<b>1%</b> <b>Decrease</b> <b>(1.85%)</b>	<b>Current</b> <b>Discount</b> <b>Rate</b> <b>(2.85%)</b>	<b>1%</b> <b>Increase</b> <b>(3.85%)</b>
District's Proportionate Share of the Net Pension Liability	\$ 62,798,808	\$ 54,739,647	\$ 48,050,980

***Payables to the HIS Plan***—At June 30, 2017, the District reported a payable of \$346,502.26 for the outstanding amount of contributions to the HIS plan required for the fiscal year ended June 30, 2017.

**Investment Plan**

***Plan Description***—As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in a defined contribution plan, 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.

***Plan Administration***—The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

***Plan Benefits***—Service retirement benefits are based upon the value of the member's account upon retirement. Employer and employee contributions, including amounts contributed to individual members' accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance.

Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended June 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**13. RETIREMENT PLANS** *(Continued)*

**Florida Retirement System (FRS)** *(Concluded)*

**Investment Plan** *(Concluded)*

***Plan Benefits—(Concluded)***

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. 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 Investment Plan and rely upon that account balance for retirement income.

***Contributions***—The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members’ accounts during the Investment Plan’s fiscal year ending June 30, 2017, were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	13.35
FRS, Elected County Officers	11.34
Senior Management Service	7.67

The District’s Investment Plan pension expense totaled \$1,447,709 for the fiscal year ended June 30, 2017.

***Payables to the Investment Plan***—At June 30, 2017, the District reported a payable of \$354,321.79 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2017.

**Early Retirement Plan**

***Plan Description***—As authorized by Section 1012.685, Florida Statutes, the Board implemented an Early Retirement Plan (ERP), effective January 1, 1984. The ERP is a single-employer defined benefit pension plan. The purpose of the ERP is to provide District employees, who elect to retire under the early retirement provisions of the Florida Retirement System, described earlier in Note 13, with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age. The Board administers ERP assets in a Pension Trust Fund and is responsible for their investment. The Board acts as the administrative agent for the ERP. The ERP does not issue a stand-alone report, and is not included in the report of a Public Employee Retirement System or another entity.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**13. RETIREMENT PLANS** *(Continued)*

**Early Retirement Plan** *(Continued)*

***Plan Description—(Concluded)***

As of June 30, 2017, employee membership data related to the ERP were as follows:

Retirees and Beneficiaries Currently Receiving Benefits	157
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A summary of eligibility and benefits follows:

- **Eligibility** - A member of the ERP is eligible upon attainment of age 55 to 61, completion of 25 or more years of creditable service, and having applied for retirement under the Florida Retirement System.

Provided, however, for those retiring during the period from July 1, 2008 (August 1, 2008 for Teachers), through June 30, 2009, at least 20 years of creditable service must represent employment by the School Board of Alachua County and the employee must have at least 20 years of experience in the Florida Retirement System.

For those retiring during the period from July 1, 2009, through June 30, 2013, the 15 years immediately preceding retirement must be as an employee of the School Board of Alachua County.

The ERP is closed to new enrollees as of July 1, 2013.

- **Benefits** - Amount of the reduction in monthly benefits from the Florida Retirement System as a consequence of early retirement.
- **Contributions and Reserves** - The ERP was established by the Board on January 1, 1984, and may be subsequently amended by Board action. Pursuant to the ERP agreement, no contributions shall be required or permitted from any member. Board contributions shall be sufficient to meet the annual service cost of the ERP.

Periodic employer contributions to the ERP are determined on an actuarial basis using the Entry Age Normal Cost Method. Annual service cost is funded on a current basis.

Significant actuarial assumptions used to compute annual required contributions are the same as those to determine the total pension liability.

Contributions to the ERP in the 2016-17 fiscal year totaled \$832,205, all of which were paid by the Board. The computation of the annual required contributions for 2016 was based on the same: (a) actuarial assumptions, (b) benefit provisions, (c) actuarial funding method, and (d) other significant factors as used to determine annual required contributions in the previous year.

All of the assets in the District's Pension Trust Fund are legally required reserves. None of the assets have been designated by the Board for any other specific purpose.

Costs of administering the ERP are financed through the ERP's resources (employer contributions and investment earnings).

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**13. RETIREMENT PLANS** *(Continued)*

**Early Retirement Plan** *(Continued)*

**Summary of Significant Accounting Policies**—Significant accounting policies related to basis of accounting and the method of asset valuation are disclosed in Note 1. Investment disclosures related to the Pension Trust Fund are in Note 3. There are no interfund loans outstanding between the Pension Trust Fund and other funds.

**Investment Policy**—The ERP’s investment policy is established and may be amended by the Board. ERP assets are to be managed in a moderately conservative manner with the objective of preserving the purchasing power of the participant’s assets, with a secondary objective of the growth of capital. The policy allows for equity investments (not to exceed 50 percent of the ERP assets), fixed income investments, which should be well diversified to avoid undue exposure to any single economic sector of individual issuer, and investments in U.S. Government guaranteed obligations with no limitation.

**Asset Allocation**—

	<b>Balance</b> <b>June 30, 2017</b>	<b>% of Plan</b> <b>Net Assets</b>	<b>Long-term</b> <b>Expected Rate</b>
Florida PRIME	\$ 78,509.74	1.98%	
Cash	375,303.97	9.48%	0.10%
Money Market*	3,504,559.56	88.54%	6.50%
<b>Total</b>	<b>\$ 3,958,373.27</b>	<b>100.00%</b>	

\* In June 2017, after a meeting of the Investment Committee, Stifel, Nicolaus & Company, Inc. (the custodian and manager of ERP plan assets) was instructed to change the account to a lower cost investment strategy. All investments were sold and transferred into the Money Market account in June. In July 2017, index fund investments were purchased per the Committee’s instructions.

**Rate of Return**—For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.67 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**—As of June 30, 2017, the District reported a net pension liability of \$4,681,542.

The changes in net pension liability were as follows:

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**13. RETIREMENT PLANS (Continued)**

**Early Retirement Plan (Continued)**

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

**Employer Fiscal Year Ended June 30, 2017**  
**(Based on Measurement Period Ending June 30, 2016)**

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at July 1, 2016	\$ 8,499,723.00	\$ 3,573,767.00	\$ 4,925,956.00
Changes for the Year:			
Service Cost	0.00	0.00	0.00
Interest	542,196.00	0.00	542,196.00
Differences Between Expected and Actual Experience	(13,541.00)	0.00	(13,541.00)
Changes to Assumptions	0.00	0.00	0.00
Contributions - Employer	0.00	790,474.00	(790,474.00)
Contributions - Employee	0.00	0.00	0.00
Net Investment Income	0.00	3,583.00	(3,583.00)
Benefit Payments	(733,136.00)	(733,136.00)	0.00
Refunds	0.00	0.00	0.00
Administrative Expenses	0.00	(20,988.00)	20,988.00
Net Changes	<u>(204,481.00)</u>	<u>39,933.00</u>	<u>(244,414.00)</u>
<b>Balances at June 30, 2017</b>	<u><u>\$ 8,295,242.00</u></u>	<u><u>\$ 3,613,700.00</u></u>	<u><u>\$ 4,681,542.00</u></u>

The components of the net pension liability of the ERP as of June 30, 2017 measurement date, were as follows:

Total Pension Liability	\$ 8,190,981
Plan Fiduciary Net Position	<u>(3,958,373)</u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 4,232,608</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	48.33%

The total pension liability for the ERP was determined by an actuarial valuation as of July 1, 2015 and recalculated as of June 30, 2017, using a standard actuarial roll-forward technique.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$356,623. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**13. RETIREMENT PLANS** *(Continued)*

**Early Retirement Plan** *(Continued)*

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 253,603.00	\$ 57,502.00
District ERP Contributions Subsequent to the Measurement Date	832,205.00	0.00
<b>Total</b>	<b>\$ 1,085,808.00</b>	<b>\$ 57,502.00</b>

The deferred outflows of resources, totaling \$832,205, resulting from District contributions to the ERP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. The other amount reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Net Deferred Outflows of Resources</b>
2018	\$ 40,456.00
2019	40,458.00
2020	69,210.00
2021	45,977.00
<b>Total</b>	<b>\$ 196,101.00</b>

***Actuarial Assumptions***— The Total Pension Liability (TPL) for the ERP was measured as of a June 30, 2016 measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The TPL was recalculated as of June 30, 2017, using a standard actuarial roll-forward technique. The assumptions used to measure the TPL as of the measurement date include an inflation assumption of 2.5 percent per year, and annual cost-of-living adjustments of 3 percent per year. Mortality rates were taken from gender distinct RP-2000 Healthy Participant Mortality Tables. For female participants 100 percent White Collar Annuitant rates are used, for male participants a blend of 50 percent White Collar Annuitant rates with 50 percent Blue Collar Annuitant rates are used. Mortality improvements for all members are generationally projected using Scale BB. These rates have been adopted by the Florida Retirement System after the 2014 experience study.



**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**13. RETIREMENT PLANS (Concluded)**

**Early Retirement Plan (Concluded)**

**Discount Rate**—GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the TPL. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The projected Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. For years that assets are projected to be on hand in a future year, the assumed net long-term rate of return is used as the discount rate. For years when assets are projected to be insufficient to meet benefit payments, the use of a specific municipal yield is used as the discount rate, as described in the following paragraph.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects: (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on pension plan investments is 6.5 percent; the municipal bond rate is 3.80 percent.

The employer complies with Florida Statutes by making contributions to the trust in the amounts at least equal to the actuarially determined contribution. It was assumed that the employer would continue to comply with the funding requirement imposed by such statutes. Based on this current contribution policy, the ERP is expected to eliminate the unfunded actuarial accrued liability by 2025 and, consequently, the ERP's fiduciary net position together with the future contributions are expected to be available to finance all projected future benefit payments of current ERP members.

Generally speaking, a plan that receives actual contributions in accordance with a funding policy or contribution policy that employs an individual actuarial cost method (such as entry age method in use by this employer) and closed amortization over a reasonable period (such as this employer) will not have a cross-over date and, therefore, will use its net long-term expected rate of return as the discount rate for GASB purposes. Therefore, for this year, 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**—Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the ERP's net pension liability, calculated using a Single Discount Rate of 6.50%, as well as what the ERP's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	<b>1% Decrease</b>	<b>Current Single Rate</b>	<b>1% Increase</b>
	<b>5.50%</b>	<b>Assumption</b>	<b>7.50%</b>
	<hr/>	<hr/>	<hr/>
Net Pension Liability Measured at June 30, 2017	\$ 4,936,117.00	\$ 4,232,609.00	\$ 3,622,788.00
 Net Pension Liability Measured at June 30, 2016	 \$ 5,414,759.00	 \$ 4,681,542.00	 \$ 4,048,070.00

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**14. POSTEMPLOYMENT HEALTH CARE BENEFITS**

**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 are eligible to participate in the District's self-insured health and hospitalization plan for medical and prescription drug coverages. 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 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 OPEB 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.

**Funding Policy**

For the Postemployment Health Care Benefits Plan, contribution requirements of the District are established and may be amended by action from the Board. The District has not advance-funded or established a funding methodology for the annual Other Post Employment Benefit (OPEB) costs or the net OPEB obligation. For the 2016-17 fiscal year, 378 retirees received postemployment health care benefits. The District provided required contributions of \$716,381 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums, and net of retiree contributions totaling \$3,282,156.

**Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the OPEB Plan, and changes in the District's net OPEB obligation for Postemployment Health Care Benefits:

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**14. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)**

**Annual OPEB Cost and Net OPEB Obligation (Concluded)**

<b>Employer Fiscal Year-end June 30,</b>	<b>2017</b>
Normal Cost (Service Cost for One Year)	\$ 799,949.00
Amortization of Unfunded Actuarial	771,492.00
Annual Required Contribution	1,571,441.00
Net OPEB Obligation (NOO), Beginning of the Year	7,401,102.00
Annual Required Contribution (ARC)	1,571,441.00
Interest on Net OPEB Obligation	296,044.00
Adjustment to Annual Required Contribution	(302,136.00)
Annual OPEB Cost (Expense)	1,565,349.00
Employer Contributions Made	(716,381.00)
Increase in Net OPEB Obligation	848,968.00
Net OPEB Obligation, Beginning of Year	7,401,102.00
<b>Net OPEB Obligation, End of Year</b>	<b>\$ 8,250,070.00</b>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2017, was as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Estimated Amount Contributed</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Estimated Net OPEB Obligation</b>
6/30/2015	\$ 1,677,099.00	\$ 649,833.00	38.75%	\$ 6,636,575.00
6/30/2016	1,502,643.00	738,116.00	49.12%	7,401,102.00
6/30/2017	1,565,349.00	716,381.00	45.76%	8,250,070.00

**Funded Status and Funding Progress**

As of January 1, 2016, the most recent valuation date, the actuarial accrued liability for benefits was \$17,904,789 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$17,904,789 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$113,694,036, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 15.75 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**14. POSTEMPLOYMENT HEALTH CARE BENEFITS (Concluded)**

**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District's OPEB actuarial valuation as of January 1, 2016, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2017, and the frozen entry age normal cost actuarial method to estimate the District's 2015-16 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.5 percent per year, general inflation rate of 2.5 percent, and an annual healthcare cost trend rate of 6.5 percent initially beginning for the 2015-16 fiscal year, reduced by 0.25 percent per year, to an ultimate rate of 4.49 percent after ten years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

**Upcoming Changes**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for fiscal years beginning after June 15, 2017, will replace GASB Statement No. 45. GASB Statement No. 75 will require governments to report a liability on the face of their financial statements for the OPEB provided. In addition, it requires governments in all types of OPEB plans to provide more extensive note disclosures and RSI about OPEB liabilities.

**15. CONSTRUCTION CONTRACT COMMITMENTS**

The following is a summary of construction contract commitments remaining at fiscal year-end:

<b>Project</b>	<b>Amount</b>	<b>To Date</b>	<b>Balance</b>
Various Projects	\$ 1,446,166.52	\$ 1,077,254.57	\$ 368,911.95

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Continued)*

**16. 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 year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2017:

<b>Major Funds</b>				
General	Special Revenue - Other Federal Programs	Capital Projects - Local Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,705,614.01	\$ 679,298.98	\$ 3,576,074.62	\$ 470,066.86	\$ 6,431,054.47

**17. RISK MANAGEMENT PROGRAMS**

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. The Alachua County District School Board is a member of the Florida School Board Insurance Trust (FSBIT), a protected self-insurance fund for Florida school boards. FSBIT was established under the authority of Section 624.4622, Florida Statutes, for the purpose of pooling property, casualty, and workers' compensation exposure; purchasing and procuring insurance coverage of various types or providing self-insurance; and providing risk management services for the Florida school boards.

Settled claims resulting from the risks described above have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District's health and hospitalization insurance program is administered by an insurance carrier under an agreement wherein the total premium is divided and the District retains on deposit a portion of the premium in a minimum premium account. The insurance carrier draws on this account to pay claims submitted by District employees and dependents.

A liability in the amount of \$2,377,657 was determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2017.

The following schedule represents the changes in claims liability for the past three fiscal years for the District's self-insurance program:

Fiscal Year	Beginning-of- Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2014-15	\$ 2,580,100.17	\$ 22,884,422.99	\$ (22,635,131.70)	\$ 2,829,391.46
2015-16	2,829,391.46	21,021,444.67	(21,200,743.23)	2,650,092.90
2016-17	2,650,092.90	22,657,588.93	(22,930,024.83)	2,377,657.00

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
*(Concluded)*

**18. 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ALACHUA COUNTY DISTRICT SCHOOL BOARD**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal Direct	\$ 190,000.00	\$ 190,000.00	\$ 179,974.01	\$ (10,025.99)
Federal Through State	1,000,000.00	1,000,000.00	892,712.65	(107,287.35)
State Sources	132,516,220.00	129,317,916.82	128,508,850.77	(809,066.05)
Local Sources:				
Property Taxes Levied for Operational Purposes	85,538,654.00	85,538,654.00	86,001,962.84	463,308.84
Other Local Revenue	6,404,915.00	7,419,855.40	8,605,396.50	1,185,541.10
Total Local Sources	<u>91,943,569.00</u>	<u>92,958,509.40</u>	<u>94,607,359.34</u>	<u>1,648,849.94</u>
<b>Total Revenues</b>	<u>225,649,789.00</u>	<u>223,466,426.22</u>	<u>224,188,896.77</u>	<u>722,470.55</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	134,700,880.50	139,968,005.01	130,879,725.45	9,088,279.56
Student Personnel Services	12,144,652.31	13,451,300.51	12,870,131.25	581,169.26
Instructional Media Services	4,525,922.96	4,632,443.92	4,422,264.99	210,178.93
Instruction and Curriculum Development Services	4,958,422.01	5,242,351.39	5,157,312.35	85,039.04
Instructional Staff Training Services	1,242,726.33	1,852,782.05	1,508,909.38	343,872.67
Instruction Related Technology	3,486,862.93	4,038,803.08	3,644,782.23	394,020.85
School Board	1,137,392.56	1,188,779.33	918,215.35	270,563.98
General Administration	887,472.75	972,867.00	913,811.85	59,055.15
School Administration	14,797,159.27	15,393,117.92	15,046,843.58	346,274.34
Facilities Acquisition and Construction	453,070.00	762,431.90	480,565.61	281,866.29
Fiscal Services	1,781,447.15	1,860,748.55	1,835,460.82	25,287.73
Central Services	3,327,962.10	3,520,047.14	3,369,916.27	150,130.87
Student Transportation	11,785,227.89	12,125,917.91	11,313,134.30	812,783.61
Operation of Plant	23,632,395.06	24,224,342.90	22,738,975.74	1,485,367.16
Maintenance of Plant	7,492,102.94	7,898,451.57	7,183,066.11	715,385.46
Administrative Technology Services	1,427,033.30	2,337,658.27	2,222,339.70	115,318.57
Community Services	4,063,783.53	3,961,873.62	3,549,464.07	412,409.55
Capital Outlay:				
Facilities Acquisition and Construction	0.00	186,831.11	186,831.11	0.00
Other Capital Outlay	0.00	1,072,519.98	1,072,519.98	0.00
<b>Total Expenditures</b>	<u>231,844,513.59</u>	<u>244,691,273.16</u>	<u>229,314,270.14</u>	<u>15,377,003.02</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(6,194,724.59)</u>	<u>(21,224,846.94)</u>	<u>(5,125,373.37)</u>	<u>16,099,473.57</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loss Recoveries	0.00	0.00	3,527.62	3,527.62
Transfers in	7,000,000.00	7,000,000.00	5,144,054.84	(1,855,945.16)
Transfers (out)	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>	<u>7,000,000.00</u>	<u>7,000,000.00</u>	<u>5,147,582.46</u>	<u>(1,852,417.54)</u>
<b>Net Change in Fund Balance</b>	805,275.41	(14,224,846.94)	22,209.09	14,247,056.03
<b>Fund Balances, July 1, 2016</b>	30,209,613.83	17,974,192.51	33,661,863.14	15,687,670.63
<b>Fund Balances, June 30, 2017</b>	<u>\$ 31,014,889.24</u>	<u>\$ 3,749,345.57</u>	<u>\$ 33,684,072.23</u>	<u>\$ 29,934,726.66</u>



**ALACHUA COUNTY DISTRICT SCHOOL BOARD**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**MAJOR SPECIAL REVENUE - OTHER FEDERAL PROGRAMS FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Federal Direct	\$ 4,785,552.00	\$ 5,455,729.49	\$ 4,900,755.36	\$ (554,974.13)
Federal Through State	17,958,829.14	26,058,305.38	18,125,073.29	(7,933,232.09)
<b>Total Revenues</b>	<u>22,744,381.14</u>	<u>31,514,034.87</u>	<u>23,025,828.65</u>	<u>(8,488,206.22)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	13,057,100.78	17,965,609.65	13,500,407.17	4,465,202.48
Student Personnel Services	2,648,013.21	3,327,391.12	2,411,419.52	915,971.60
Instruction and Curriculum Development Services	3,521,310.34	4,782,137.55	3,802,909.30	979,228.25
Instructional Staff Training Services	2,063,008.78	2,990,441.71	1,515,695.73	1,474,745.98
Instruction Related Technology	38,725.73	92,265.33	56,648.00	35,617.33
General Administration	921,423.50	1,244,702.73	970,073.29	274,629.44
School Administration	0.00	31,909.00	52,053.36	(20,144.36)
Facilities Acquisition and Construction	0.00	102,761.72	51,371.21	51,390.51
Fiscal Services	0.00	2,800.00	4,270.78	(1,470.78)
Central Services	105,156.00	313,923.33	181,337.93	132,585.40
Student Transportation	153,653.05	262,284.78	81,593.76	180,691.02
Operation of Plant	197,757.28	278,813.47	282,514.00	(3,700.53)
Maintenance of Plant	36,732.47	0.00	0.00	0.00
Administrative Technology Services	0.00	290.00	0.00	290.00
Community Services	1,500.00	3,169.88	0.00	3,169.88
Capital Outlay:				
Facilities Acquisition and Construction	0.00	3,597.01	3,597.01	0.00
Other Capital Outlay	0.00	111,937.59	111,937.59	0.00
<b>(Total Expenditures)</b>	<u>22,744,381.14</u>	<u>31,514,034.87</u>	<u>23,025,828.65</u>	<u>8,488,206.22</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Net Change in Fund Balance</b>	0.00	0.00	0.00	0.00
<b>Fund Balances, July 1, 2016</b>	0.00	0.00	0.00	0.00
<b>Fund Balances, June 30, 2017</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY -  
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the FRS Net Pension Liability	0.337428960%	0.363005442%	0.376718195%	0.360131413%
District's Proportionate Share of the FRS Net Pension Liability	\$ 85,201,077	\$ 46,887,021	\$ 22,935,350	\$ 61,994,644
District's Covered Payroll	\$ 145,149,581	\$ 143,480,067	\$ 143,475,121	\$ 137,035,421
District's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll	58.70%	32.68%	15.99%	45.24%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.88%	92.00%	96.09%	88.54%

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required FRS Contribution	\$ 8,737,907	\$ 8,228,743	\$ 8,850,381	\$ 8,251,727
FRS Contributions in Relation to the Contractually Required Contribution	(8,737,907)	(8,228,743)	(8,850,381)	(8,251,727)
FRS Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's Covered Payroll	\$ 150,492,423	\$ 145,149,581	\$ 143,480,067	\$ 143,475,121
FRS Contributions as a Percentage of Covered Payroll	5.81%	5.67%	6.17%	5.75%

Note: (1) The amounts presented for each fiscal year were determined as of June 30.

(2) GASB No. 68 was adopted for the 2015 fiscal year and 10-year trend information will be developed from that date forward.

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
HEALTH INSURANCE SUBSIDY PENSION PLAN**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the HIS Net Pension Liability	0.469683331%	0.472913056%	0.482660875%	0.471044120%
District's Proportionate Share of the HIS Net Pension Liability	\$ 54,739,647	\$ 48,229,693	\$ 45,129,970	\$ 41,010,584
District's Covered Payroll	\$ 145,149,581	\$ 143,480,067	\$ 143,475,121	\$ 137,035,421
District's Proportionate Share of the HIS Net Pension Liability as a Percentage of Covered Payroll	37.71%	33.61%	31.45%	29.93%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.97%	0.50%	0.99%	1.78%

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
HEALTH INSURANCE SUBSIDY PENSION PLAN**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required HIS Contribution	\$ 2,498,167	\$ 2,407,426	\$ 1,807,768	\$ 1,653,434
HIS Contributions in Relation to the Contractually Required Contribution	(2,498,167)	(2,407,426)	(1,807,768)	(1,653,434)
HIS Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's Covered Payroll	\$ 150,492,423	\$ 145,149,581	\$ 143,480,067	\$ 143,475,121
HIS Contributions as a Percentage of Covered Payroll	1.66%	1.66%	1.26%	1.15%

Note: (1) The amounts presented for each fiscal year were determined as of June 30.

(2) GASB No. 68 was adopted for the 2015 fiscal year and 10-year trend information will be developed from that date forward.

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION  
LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS \*  
EARLY RETIREMENT PLAN**

Measurement Period Ended June 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>				
Interest on the Total Pension Liability	\$ 515,082.00	\$ 542,196.00	\$ 535,600.00	\$ 534,065.00
Difference Between Actual and Expected Experience	122,460.00	(13,541.00)	85,869.00	68,749.00
Change in Assumptions	0.00	0.00	0.00	1,230,536.00
Benefit Payments	(741,802.00)	(733,136.00)	(723,476.00)	(704,972.00)
<b>Net Change in Total Pension Liability</b>	<u>(104,260.00)</u>	<u>(204,481.00)</u>	<u>(102,007.00)</u>	<u>1,128,378.00</u>
<b>Total Pension Liability - Beginning</b>	<u>8,295,242.00</u>	<u>8,499,723.00</u>	<u>8,601,730.00</u>	<u>7,473,352.00</u>
<b>Total Pension Liability - Ending (a)</b>	<u>8,190,982.00</u>	<u>8,295,242.00</u>	<u>8,499,723.00</u>	<u>8,601,730.00</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer/State	832,205.00	790,474.00	745,502.00	208,514.00
Net Investment Income	258,258.00	3,583.00	109,146.00	393,297.00
Benefit Payments	(741,802.00)	(733,136.00)	(723,476.00)	(704,972.00)
Administrative Expense	(3,988.00)	(20,988.00)	(24,862.00)	(9,593.00)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>344,673.00</u>	<u>39,933.00</u>	<u>106,310.00</u>	<u>(112,754.00)</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>3,613,700.00</u>	<u>3,573,767.00</u>	<u>3,467,458.00</u>	<u>3,580,212.00</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>3,958,373.00</u>	<u>3,613,700.00</u>	<u>3,573,768.00</u>	<u>3,467,458.00</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 4,232,609.00</u>	<u>\$ 4,681,542.00</u>	<u>\$ 4,925,955.00</u>	<u>\$ 5,134,272.00</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	48.33%	43.56%	42.05%	40.31%
<b>Covered Payroll</b>	N/A	N/A	N/A	N/A
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	N/A	N/A	N/A	N/A
<b>Notes to Schedule</b>	N/A	N/A	N/A	N/A

\* GASB No. 67 was adopted for the 2014 Fiscal Year and 10-year trend information will be developed from that date forward.

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
EARLY RETIREMENT PLAN  
LAST 10 FISCAL YEARS**

<b>FY Ending June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll *</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2008	\$ 518,104.00	\$ 518,104.00	\$ 0.00	\$ 134,352,096.00	0.39%
2009	741,494.00	741,856.00	(362.00)	129,623,633.00	0.57%
2010	789,193.00	789,193.00	0.00	126,794,672.00	0.62%
2011	732,610.00	732,610.00	0.00	130,414,767.00	0.56%
2012	495,614.00	806,287.00	(310,673.00)	123,016,217.00	0.66%
2013	467,497.00	562,617.00	(95,120.00)	N/A	N/A
2014	614,307.00	208,514.00	405,793.00	N/A	N/A
2015	745,502.00	745,502.00	0.00	N/A	N/A
2016	790,474.00	790,474.00	0.00	N/A	N/A
2017	832,205.00	832,205.00	0.00	N/A	N/A

\* The Early Retirement Plan closed to new enrollees on or after July 1, 2013.

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF INVESTMENT RETURNS  
LAST 10 FISCAL YEARS \*  
EARLY RETIREMENT PLAN**

<u>Fiscal Year Ended June 30,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	7.67%
2016	-0.02%
2015	3.58%
2014	13.94%

\* GASB No. 67 was adopted for the 2014 Fiscal Year and 10-year trend information will be developed from that date forward.

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
JUNE 30, 2017**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percent of Covered Payroll [(b-a)/c]</b>
3/1/2012	\$ 0.00	\$ 23,989,000.00	\$ 23,989,000.00	0.00%	\$ 111,591,000.00	21.50%
1/1/2014	0.00	18,191,500.00	18,191,500.00	0.00%	114,884,000.00	15.83%
1/1/2016	0.00	17,904,789.00	17,904,789.00	0.00%	113,694,036.00	15.75%

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

**1. BUDGETARY BASIS OF ACCOUNTING**

The Board follows procedures established by State statutes and State Board of Education (SBE) rules in establishing budget balances for governmental funds, as described below:

- 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 SBE rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, student transportation services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- 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 fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

**2. SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN**

The January 1, 2016, unfunded actuarial liability of \$17,904,789 was lower than the January 1, 2014 liability of \$18,191,500 as a result of the following:

- The number of retirees receiving post-employment benefits decreased from 508 to 399 and the number of active employees eligible for future post-employment benefits decreased slightly from 3,281 to 3,257.
- In the previous valuation, it was assumed that 60 percent of eligible employees would continue medical coverage after retirement; however, the current valuation was revised to 45 percent based on current data.

**3. FLORIDA RETIREMENT SYSTEM PENSION PLAN AND HEALTH INSURANCE SUBSIDY – SCHEDULE OF CONTRIBUTIONS**

**Valuation Date:** July 1, 2016

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	Actuarial Value of Assets; 5-year smoothing period, asymptotic recognition method, 80 – 120% FMV corridor
Inflation	2.60%
Real Wage Growth	0.65%
Investment Rate of Return (FRS only)	7.60% per year compounded annually, net of investment expense
Post Retirement COLA	3% for pre-July 2011 benefit service; 0% thereafter
Retirement Age	Varies by tier, membership class, age, and sex; details in valuation report
Mortality	Generational RP-2000 with Projection Scale BB, details in actuarial valuation report



**ALACHUA COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2017**  
*(Concluded)*

**4. EARLY RETIREMENT PLAN – SCHEDULE OF CONTRIBUTIONS**

**Valuation Date:** July 1, 2015

Actuarially determined contribution rates are calculated as of July 1 of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	10 Years
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Salary Increases	Not applicable: there are no active participants
Investment Rate of Return	6.5% per year compounded annually, net of investment expense
Retirement Age	Not applicable: there are no active participants
Post Retirement COLA	3.00% (automatic)
Mortality	RP2000 Table (Combined Healthy) – 100% White Collar Annuitant rates are used for female members, a blend of 50% White Collar Annuitant rates with 50% Blue Collar Annuitant rates are used for male participants. Mortality improvement for all members are generationally projected using scale BB.

**ADDITIONAL ELEMENTS OF REPORTS PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,  
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED  
STATES; THE UNIFORM GUIDANCE; AND *RULES OF THE  
AUDITOR GENERAL OF THE STATE OF FLORIDA***

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Catalog of Federal Domestic Assistance Number</b>	<b>Pass Through Grantor Number</b>	<b>Amount of Expenditures (1), (4)</b>	<b>Amount Provided to Subrecipients</b>
<b>U.S. Department of Agriculture</b>				
Direct:				
Farm to School Grant Program	10.575	N/A	\$ 45,560.45	\$ 0.00
Indirect:				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
Noncash Assistance (Commodities):				
National School Lunch Program (2)	10.555	N/A	786,975.45	0.00
Florida Department of Education:				
Cash Assistance:				
National School Lunch Program	10.555	300, 350	8,989,623.05	0.00
Subtotal Expenditures - 10.555			<u>9,776,598.50</u>	<u>0.00</u>
School Breakfast Program	10.553	321	2,750,279.77	0.00
Summer Food Service Program for Children	10.559	323	341,955.87	0.00
Total Child Nutrition Cluster			<u>12,868,834.14</u>	<u>0.00</u>
Equipment Assistance Grants	10.579	None	113,077.38	0.00
Fresh Fruit and Vegetable Program	10.582	330	168,450.00	0.00
Florida Department of Health:				
Child and Adult Care Food Program	10.558	None	1,119,771.24	0.00
<b>Total U.S. Department of Agriculture</b>			<u>14,315,693.21</u>	<u>0.00</u>
<b>U.S. Department of Defense</b>				
Direct:				
Navy Junior Reserve Officers Training Corps	12.XXX	N/A	138,567.82	0.00
Air Force Junior Reserve Officers Training Corps	12.XXX	N/A	71,742.25	0.00
<b>Total U.S. Department of Defense</b>			<u>210,310.07</u>	<u>0.00</u>
<b>National Science Foundation</b>				
Indirect:				
University of Florida:				
Education and Human Resources	47.076	N/A	6,389.28	0.00
<b>Total National Science Foundation</b>			<u>6,389.28</u>	<u>0.00</u>
<b>U.S. Department of Education</b>				
Direct:				
Fund for the Improvement of Education	84.215	N/A	243,471.34	0.00
Indirect:				
Special Education Cluster:				
Florida Department of Education:				
Special Education - Preschool Grants	84.173	267	166,119.24	0.00
Special Education - Grants to States	84.027	263	6,337,107.16	0.00
Putnam County District School Board:				
Special Education - Grants to States	84.027	None	(192.41)	0.00
University of South Florida:				
Special Education - Grants to States	84.027	None	466.06	0.00
Subtotal Expenditures - 84.027			<u>6,337,380.81</u>	<u>0.00</u>
Total Special Education Cluster			<u>6,503,500.05</u>	<u>0.00</u>

**ALACHUA COUNTY DISTRICT SCHOOL BOARD**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
*(Concluded)*

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass Through Grantor Number	Amount of Expenditures (1), (4)	Amount Provided to Subrecipients
<b>U.S. Department of Education (Concluded)</b>				
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212, 226	\$ 7,352,806.31	\$ 0.00
Migrant Education - State Grant Program	84.011	217	992,194.43	0.00
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	223	116,046.94	0.00
Career and Technical Education - Basic Grants to States	84.048	161	284,725.40	0.00
Education for Homeless Children and Youth	84.196	127	74,731.41	0.00
Charter Schools	84.282	298	201,786.11	201,786.11
Twenty-First Century Community Learning Centers	84.287	244	1,104,967.53	0.00
Education Technology State Grants	84.318	122	0.00	0.00
English Language Acquisition State Grants	84.365	102	137,877.79	0.00
Supporting Effective Instruction State Grants	84.367	224	1,139,246.30	0.00
University of Florida:				
Supporting Effective Instruction State Grants	84.367	None	34,506.00	0.00
Subtotal Expenditures - 84.367			<u>1,173,752.30</u>	<u>0.00</u>
University of Kansas:				
Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	None	201.10	0.00
<b>Total U.S. Department of Education</b>			<u>18,186,060.71</u>	<u>201,786.11</u>
<b>U.S. Department of Health and Human Services</b>				
Direct:				
Head Start (3)	93.600	N/A	4,581,387.51	0.00
Indirect:				
Temporary Assistance for Needy Families	93.558	None	176,094.64	0.00
<b>Total U.S. Department of Health and Human Services</b>			<u>4,757,482.15</u>	<u>0.00</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 37,475,935.42</u>	<u>\$ 201,786.11</u>

**Notes:**

- (1) **Basis of Presentation:** The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.
- (2) **Noncash Assistance:** National School Lunch Program - Represents the amount of donated food used during the fiscal year. Commodities are valued at fair value as determined at the time of donation.
- (3) **Head Start:** Expenditures include \$282,047.05 for grant number/program year 04CH4753/02 and \$4,299,340.46 for grant number/program year 04CH4753/03.
- (4) **Indirect Costs:** The District received a negotiated indirect cost rate for federal awards; therefore, the District did not elect to charge the de minimus rate of 10% for determining indirect cost amounts.

**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***

Alachua County District School Board  
and Superintendent  
Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 component units, each major fund, and the aggregate remaining fund information of the Alachua County District School Board (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 23, 2018. Other auditors audited the financial statements of the Charter Schools, which comprise the discretely presented component units of the District, 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 over financial reporting 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.

**Certified Public Accountants**

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Alachua County District School Board  
and Superintendent  
Gainesville, 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*)**

**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.



January 23, 2018  
Gainesville, Florida

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

Alachua County District School Board  
and Superintendent  
Gainesville, Florida

**Report on Compliance for Each Major Federal Program**

We have audited Alachua County District School Board's (the District) compliance with the types of compliance requirements described in the Office of Management and Budget (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, 2017. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Other auditors audited the financial statements of the Charter Schools, which comprise the discretely presented component units of the District, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of compliance and other matters that are reported on separately by those auditors.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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Alachua County District School Board  
and Superintendent  
Gainesville, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
(Concluded)**

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



January 23, 2018  
Gainesville, Florida



**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

Type of Auditors’ Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal Control Over Major Programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Type of Auditors’ Report Issued on Compliance for Major Programs: Unmodified for all major programs

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510(a) of the Uniform Guidance? No

Identification of Major Programs: Title I – Grants to Local Educational Agencies (CFDA No. 84.010)  
Title II – Supporting Effective Instruction State Grants (CFDA No. 84.367)

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$1,124,278

Auditee Qualified as Low-risk Auditee? Yes

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Concluded)**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**STATUS OF PRIOR AUDIT FINDINGS**

No prior year findings were reported.

**CORRECTIVE ACTION PLANNED FOR CURRENT YEAR AUDIT FINDINGS**

There are no current year audit findings included in the current year schedule of findings and questioned costs.

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

Alachua County District School Board  
and Superintendent  
Gainesville, Florida

**Report on Compliance**

We have examined Alachua County District School Board, Florida's (the District) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended June 30, 2017, as required by Section 10.806(2)(c), *Rules of the Auditor General*. Other auditors audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. This letter does not include the results of the other auditors' and such information related to those audits is reported on separately by those auditors.

**Management's Responsibility**

Management is responsible for the District's compliance with those requirements.

**Auditors' Responsibility**

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 and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

**Opinion**

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2017.

**Purpose of this Letter**

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Superintendent, Board Members of the District, and management and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

January 23, 2018  
Gainesville, Florida

**Certified Public Accountants**

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

## MANAGEMENT LETTER

Alachua County District School Board  
and Superintendent  
Gainesville, Florida

### Report on the Financial Statements

We have audited the financial statements of the Alachua County District School Board, Florida (the District), as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated January 23, 2018. Other auditors audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. This letter does not include the results of the other auditors and such information related to those audits is reported on separately by those auditors.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.800, *Rules of the Auditor General*.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountants' Report in accordance with Chapter 10.800, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated January 23, 2018, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.804(1)(f)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

### Financial Condition and Management

Section 10.804(1)(f)2., *Rules of the Auditor General*, requires us to communicate whether or not the District School Board has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

### Certified Public Accountants

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Alachua County District School Board  
and Superintendent  
Gainesville, 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 representations 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 Alachua County District School Board 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.

**Additional Matters**

Section 10.804(1)(f)4., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the District School Board members, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

  
January 23, 2018  
Gainesville, Florida