

# School Board of Polk County, Florida

## Comprehensive Annual Financial Report

Fiscal Year Ending  
June 30, 2017



**Jacqueline M Byrd, Superintendent**

*To Provide a High Quality  
Education for all Students*



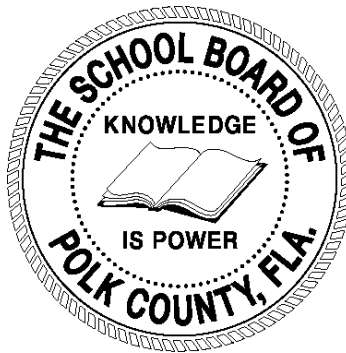
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

of

The School District of  
Polk County, Florida

For the

Fiscal Year Ended June 30, 2017



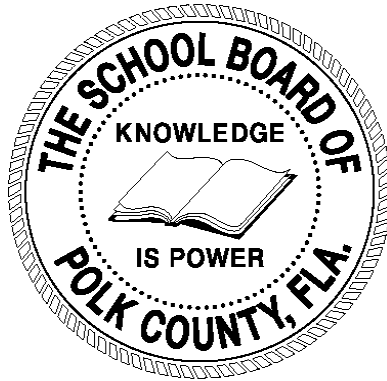
Issued by:

Jacqueline Byrd  
Superintendent of Schools

Prepared by:

Division of Business Services  
Michael J. Perrone, Associate Superintendent, Chief Financial Officer  
David Denbow, Director, Accounting

The School District of Polk County, Florida  
1915 Floral Avenue  
Bartow, Florida 33831



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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SCHOOL DISTRICT OF POLK COUNTY  
For the Fiscal Year Ended June 30, 2017**

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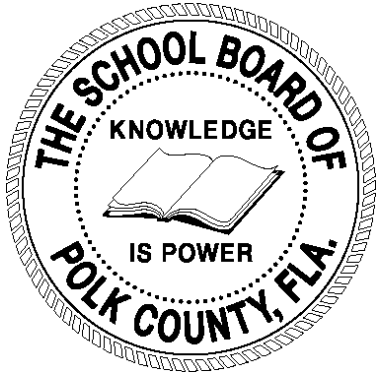
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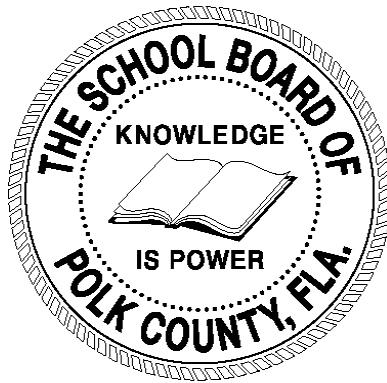
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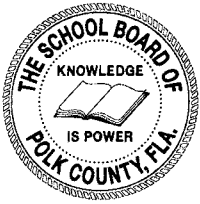
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# Introductory Section





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# SCHOOL BOARD OF POLK COUNTY

P.O. BOX 391  
BARTOW, FLORIDA 33831

(863) 534-0500

1915 SOUTH FLORAL AVENUE  
BARTOW, FLORIDA 33830

**December 19, 2017**

**Board Members**

BOARD CHAIR  
KAY FIELDS  
DISTRICT 5

BILLY TOWNSEND  
DISTRICT 1

LORI CUNNINGHAM  
DISTRICT 2

HAZEL SELLERS  
DISTRICT 3

SARA BETH REYNOLDS  
DISTRICT 4

LYNN WILSON  
DISTRICT 6

TIM HARRIS  
DISTRICT 7

C. WESLEY BRIDGES, II  
General Counsel

**Administration**  
JACQUELINE M. BYRD  
Superintendent

To the Members of the School Board of Polk County, Florida and Citizens of the Polk County District School Board:

The Comprehensive Annual Financial Report ("CAFR") of the School District of Polk County, Florida (the "District") for fiscal year ended June 30, 2017 is hereby submitted. These financial statements are presented in conformity with generally accepted accounting principles ("GAAP") and are audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States by the Florida Auditor General.

Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the District's management. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The District's financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The objective of the independent audit is to provide reasonable assurance that the financial statements of the District for fiscal year ended June 30, 2017 are free of material misstatements. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used; assessing significant estimates made by management; and evaluating the overall financial statement presentation. The independent audit concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the District's financial statements, for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The report of the independent auditor is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"), which should be read in conjunction with the financial statements. The District's MD&A can be found immediately following the report of the independent auditor.

### ***Profile of the District***

The District, established in the 1880's, is located in the central part of the State of Florida, along the "Interstate 4 Corridor". Geographically, the District covers a land area of 1,875 square miles, which is greater than the State of Rhode Island and comparable to the State of Delaware, and its boundaries are the same as those of Polk County, Florida. As a special-purpose local governmental entity, the District derives its existence from Section 4, Article IX, of the State of the Constitution. The Board is authorized by State law to levy property taxes for school operations, capital improvements, and debt service.

*Polk County Schools -  
an equal opportunity  
institution for education  
and employment*

*The Mission of Polk County Public Schools is to provide a high quality education for all students.*

The State Board of Education ("SBE") is the chief implementing and coordinating body of public education in Florida. The SBE promulgates State Board Rules to further define and implement laws created by the Florida Legislature. The Commissioner of Education is the chief educational officer of the State, and is responsible for assisting the SBE in enforcing compliance with the mission and goals of the education system. District School Boards are constitutionally and statutorily charged with the operation and control of public K-12 education. Policy-making and legislative authority are vested in a seven-member governing board, whose responsibilities include adopting the budget, appointing committees, and hiring the District's superintendent. Additionally, the District's attorney and internal auditor report directly to the governing board. Each Board member, although elected at large on a non-party basis, represents a distinct geographic area and is required to live within that area. The District's superintendent is responsible for carrying out the policies of the Board and for overseeing the day-to-day operations of the District.

The District provides a full range of educational services, including Pre-K, K-12, exceptional student education, career and vocational education, and adult education. During the fiscal year ended 2017, the District operated 118 traditional schools, including 65 elementary, five elementary/middle, eight elementary/middle/secondary, twenty middle, two middle/secondary, and eighteen secondary. The District is also financially accountable for a legally separate non-profit corporation organized as a foundation for the benefit of the District. This entity is reported separately within the District's financial statements. There are 28 charter schools as well. Additional information on these legally separate entities can be found in the notes to the financial statements.

Polk County is the eighth (8<sup>th</sup>) largest school district in Florida and is the thirtieth (30<sup>th</sup>) largest school district in the United States with approximately 101,130 K-12 students (as a perspective, there are over 14,000 independent school districts in the United States).

The District is required to adopt a final budget no later than the first Board meeting in September, after holding two public hearings on the proposed budget. This annual budget serves as the foundation for the District's financial planning and control. The budget is prepared by fund, function (e.g., instruction, maintenance, etc.), school/department, and object (e.g., salary, supplies, etc.). School principals, department heads, and other officials may make transfers of appropriations within the same fund. A transfer of appropriations between funds requires approval of the Board. The District chooses to control appropriations at the object level within each functional activity and may be amended by resolution at any School Board meeting prior to approval of the District's Annual Financial Report at the end of each fiscal year. This is more restrictive than the legal level of budgetary control which is at the function level.

### ***Local Economy***

Major industries with headquarters or divisions located within the District's boundaries include retail, healthcare, insurance, transportation, and phosphate processing. The State and County governments also have a presence in the area that provides a large employment base. The majority of industries experienced positive annual growth in their job base, ranging from a 1.9% wholesale trade to 6.7% in retail trade. Professional/business services, mining/logging and construction, experienced increases of 6.5% and 2.6%, respectively, while education/health services experienced decreases of 9.0%. The County's available labor force was approximately 280,064 for June 2016, as reported by the Central Florida Development Council.

Because of a varied economic base within the District's region, unemployment had been relatively stable until the middle of 2008. The unemployment rate rose from 4.1% in 2000 to 11.4% in 2009. After peaking at almost 13% in July 2010, Polk's unemployment rate has been trending downward and finally declined back into single digits, to 9.5%, in April 2012, to 7.9% as of January 2014 and to 5.8% as of June 2016. For the period July 2014 to 2016, Polk County dropped a net of 2,585 jobs, while the labor force increased by approximately 613 from June 2015 to June 2016, as reported by Central Florida Development Council ("CFDC").

Local revenue for school support is derived almost entirely from ad-valorem property taxes, which are directly affected by property values. The CFDC reported the median sales price for a single family home rose from \$145,850 in July 2015, to \$154,000 in June 2016. This represents a 5.6% increase. As reported by the 2017-18 Florida Education Finance Program Second Calculation, the 2017 tax roll increased from \$31.6 billion to \$35.1 billion, an 11.0% increase from last year's value. Although the increase is an encouraging economic sign, the \$35.1 billion is still slightly less than the peak value in 2007 of \$35.6 billion.

Inflation has increased from 0.8% in July 2016 to 1.6% in June 2017, as reported by the Bureau of Labor Statistics.

The Florida Consumer Sentiment Index (formerly the Consumer Confidence Index), which measures consumer perceptions about current economic conditions, increased from 93.7 in July 2016 to 97.7 in July 2017, as reported by The University of Florida Bureau of Economic and Business Research ("BEBR").

#### ***Long-term Financial Planning***

The assigned/unassigned ending fund balance in the general fund for the 2016-2017 fiscal year is 5.1% of revenues in the general fund. This is within the policy guidelines set by the Board for budgetary and planning purposes, which states the contingency fund/unreserved/undesignated fund balance in the general should not be less than 5.0% of total general fund revenues.

The population within the District's boundaries for calendar year 2016 is estimated by the BEBR to be at 646,989, a growth rate of 7.5% over the 2010 census. During the 5 year period from 2012-2017, student enrollment grew by 6.5%, excluding enrollment at the adult schools and technical centers. By the end of fiscal year 2017, student enrollment was 101,130. For the upcoming fiscal year, enrollment is projected to increase by approximately 463 students, or .5%, and remain constant or grow less than 1% over the next several years.

In November 2002, the voters of Florida amended the State Constitution to limit class size. Reductions in class size have been mandated since fiscal year ended 2004, such that by the start of fiscal year 2011, the amendment established the maximum number of students in core-curricula courses assigned to a teacher in each of the following three grade groupings: pre-kindergarten through grade three, 18 students; grades four through eight, 22 students; and grades nine through twelve, 25 students.

If the District's class size is greater than the required maximum, the District may be required to return the dollars to the State of Florida. Prior to fiscal year 2009, class size was calculated using one of the following benchmarks—either at the district level or the school level. Beginning with fiscal year ended 2009, and thereafter, class size was expected to be calculated at the classroom level. However, during the 2009 State Legislative session, class size was set at the school average for fiscal year 2010. It is anticipated that the District will continue to meet

the constitutional maximums for the three grade groupings through staff allocation and facilities' planning.

The District has continued to rely on re-locatable buildings to provide additional classroom space at most school campuses throughout Polk County. In addition to meeting class-size reduction requirements, individual re-locatable classrooms are utilized to address immediate needs related to student enrollment, displaced students because of renovations or remodeling in process, or for use as administrative/office space. Currently, there are 761 re-locatable classrooms and 14 modular buildings in the District, which provide 14,159 stations for students. Repairs and renovations to portables are subject to approval by the Facilities Division, which has set an informal threshold of \$10,000 to help identify when a re-locatable must be reviewed for possible replacement versus renovation.

With approximately 45% of the District's total building square footage constructed prior to 1978, there is an annual need to undertake remodeling and renovation projects. With respect to the 2016-2017 District's Five-Year Facilities Work Program Plan, costs related to new construction and remodeling are estimated at \$42.1 million over the next four years. District capital outlay revenues include state sources, such as school bonds, and local sources, including the capital improvement property tax, half-cent sales tax, sales tax revenue bonds, and impact fees.

In response to the District's student population growth over the past five years (which has slowed considerably) and the demands placed on the District by the Class-Size Amendment, the following new school capital projects are planned (primarily in the Lakeland-Winter Haven area, as well as the Northeast section of the District):

<b>NEW SCHOOLS SCHEDULE</b>			
<b>SCHOOL</b>	<b>OPEN/AVAIL</b>	<b>CONST START</b>	<b>PROP ACQ</b>
Elementary C (SW Lakeland)	TBD	TBD	Completed
Elementary D (NE Lakeland)	TBD	TBD	Completed
Elementary E (NE Winter Haven)	TBD	TBD	TBD
Elementary H (NE Auburndale)	TBD	TBD	TBD
Elementary L (Mulberry)	TBD	TBD	Completed
Elementary M (Poinciana)	TBD	TBD	TBD
High School EEE (Poinciana)	TBD	TBD	TBD
Elementary K (Scenic Hwy)	TBD	TBD	Completed
High School (Scenic Hwy)	TBD	TBD	Completed
High School (DSOA)	TBD	TBD	Completed
Middle School BB (W Winter Haven)	TBD	TBD	Completed
Middle School DD (E Winter Haven)	TBD	TBD	Completed
Middle School (SW Lakeland)	TBD	TBD	Completed
High School CCC (SW Lakeland)	TBD	TBD	Completed
Elementary-Middle (Davenport)	TBD	TBD	TBD

While class-size reduction requirements continue, the State has eliminated funding construction related to this requirement and greatly reduced other capital outlay funds. Although student enrollment growth has slowed considerably and is expected to remain flat or grow less than 1% compared to the rapid growth experienced over the course of the past decade, the previously mentioned class size reduction requirements will still demand additional classroom space to accommodate the additional teachers who will need to be hired to meet this constitutional mandate. After five straight years of decline, the District has experienced five consecutive years of increased impact fee collections, increasing \$1.1 million, from \$7.4 million in fiscal year 2014, to \$8.5 million in fiscal year 2015, \$10.3 million in 2016, and \$13.5 million in 2017. However, collections are still significantly down from a high of \$29.8 million received in fiscal year 2006. The local half-cent sales tax revenues also experienced a 5.6% increase of \$2.3 million during fiscal year 2016-2017. Collections for 2016-2017 were \$43.0 million. A number of construction projects will be delayed to future years when, and if, the capital outlay funding increases.

Charter schools are increasing the degree of uncertainty in projecting the District's student growth. Charter schools are public schools funded through Florida's program of public education and are intended to expand the capacity of the local school system, while offering unique opportunities for students. These schools are either new schools ("start-up charters") or schools that are converted from an existing public school ("conversion charters"). By the end of fiscal year 2017, there were 28 charter schools operating within the district (of which nine were conversion charter schools) reflecting approximately 13,467 students. For a site to become a charter school, a sponsor, which in the case of Polk County is the District, must approve an application submitted by the charter school. In addition, for an existing District school to convert to charter status, at least 50% of the teachers and parents must support such conversion. The State funds each charter school based on the number of students it serves. The State money first goes to the District, which disburses the funds to each charter school.

Health costs in the District's plan remain challenging for 2018. A second clinic was opened during the 2015-2016 fiscal year in south Lakeland. Net position decreased by \$10.3 million as of June 30, 2017.

Effective January 1, 2017, the Board's premium contribution remained at \$594 per month.

In May 2016, the School Board contracted with Tom D Freijo, Ph.D. to facilitate a Strategic Planning process that would culminate in the identification of Board Goals. Following several pre-planning meetings, on June 27, 2016, the School Board Strategic Planning Retreat was held and resulted in the identification of five (5) goal areas in which it wanted to have specific short-term and long-term goals. Following the Retreat, the Superintendent and Facilitator conducted several analyses to generate tentative goals in the five (5) goal areas, and these were approved by the Board at its meeting on July 26, 2016.

**Goal 1**

By 2020-21, Polk County will be designated an “A” district.

**Goal 2**

By 2020-21, Polk County will have a graduation rate at least as high as the average for the benchmark districts.

**Goal 3**

By 2020-21, Polk County will have a dropout rate at least as low as the average for the benchmark districts.

**Goal 4**

By 2020-21, Polk County will have a five-year Teacher Retention Rate at least five percentage points higher than the average for the benchmark districts.

**Goal 5**

Long-range (2020-21): By 2020-21, Polk County Public Schools will improve public perception of the School District according to a target set after completion and analysis of a public opinion survey.

***Awards and Acknowledgements***

The District’s CAFR for the year ended June 30, 2016 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (“GFOA”). This is the sixth consecutive year the District has received the certificate. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR will continue to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

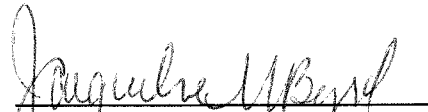
The District received the GFOA Distinguished Budget Presentation Award for its annual budget document for the school year dated 2016-2017. This is the twelfth consecutive year the District earned the distinction. In order to qualify for the Distinguished Budget Presentation Award, the District’s budget document was judged proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communication device. The award is valid for a period of one year only



The preparation of the CAFR would not be possible without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is expressed to all members of the Department who assisted and contributed to the preparation of the CAFR.


Credit is also given to the District's governing board members for their interest and support in conducting the District's financial matters in a responsible and progressive manner.

Respectfully submitted,



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Jacqueline Byrd  
Superintendent of Schools



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Michael J. Perrone  
Associate Superintendent,

**THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**

**Principal Officials - Elected**

**Board Members – Terms of Office  
As of July 1, 2017**

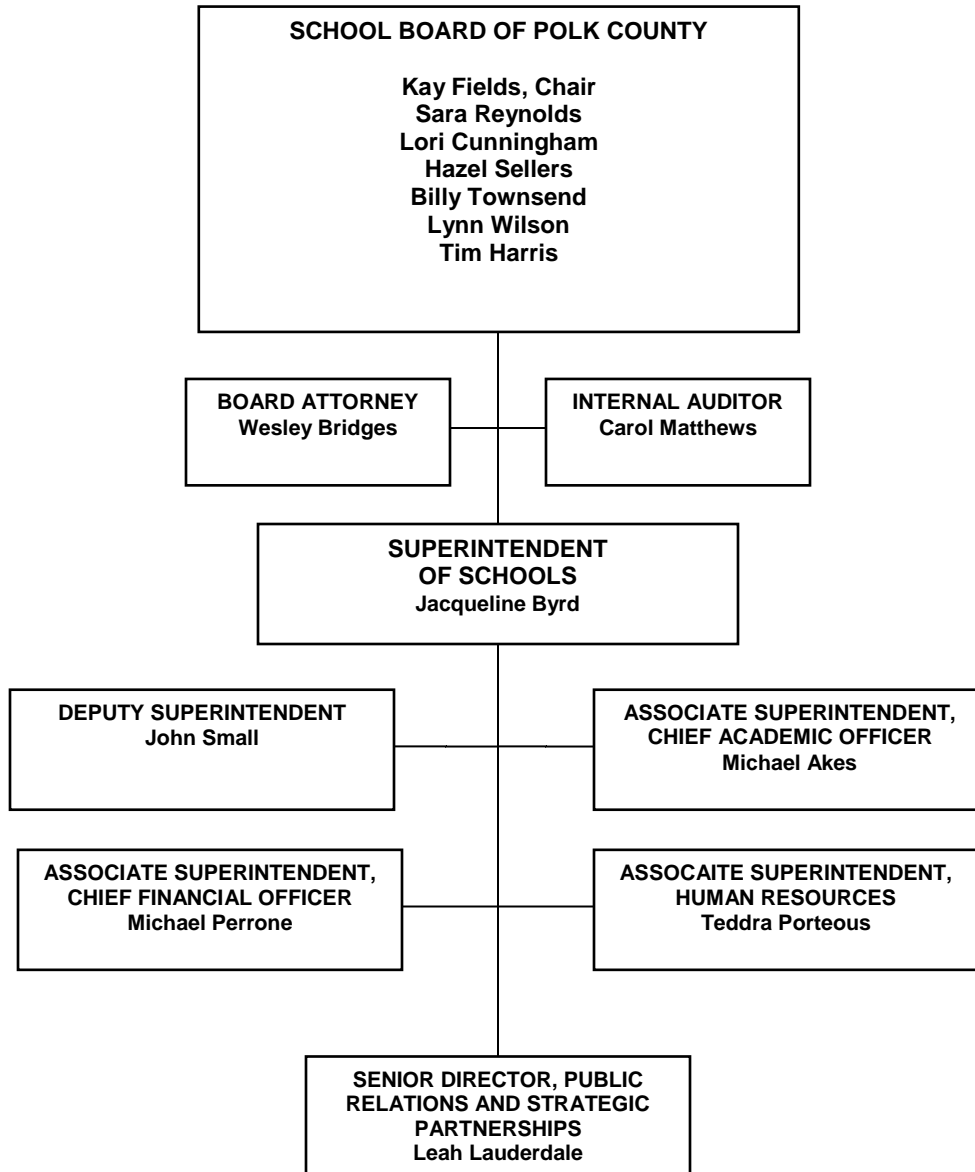
Mrs. Kay Fields, Chair Member from District 5 Present term began Present term expires Began as a Board member	November, 2010 November, 2018 November, 2002
Mr. Billy Townsend Member from District 1 Present term began Present term expires Began as a Board member	November, 2016 November, 2020 November, 2016
Mrs. Lori Cunningham Member from District 2 Present term began Present term expires Began as a Board member	November, 2016 November, 2020 November, 2004
Mrs. Hazel Sellers Member from District 3 Present term began Present term expires Began as a Board member	November, 2010 November, 2018 November, 2002
Ms. Sara Reynolds Member from District 4 Present term began Present term expires Began as a Board member	November, 2016 November, 2020 November, 2016
Mr. Lynn Wilson Member from District 6 Present term began Present term expires Began as a Board member	November, 2014 November, 2018 November, 2014
Mr. Tim Harris Member from District 7 Present term began Present term expires Began as a Board member	November, 2010 November, 2018 November, 2006

**THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**

**Other Principal Officials - Appointed  
As of July 1, 2017**

<b><u>Name</u></b>	<b><u>Title</u></b>
Jacqueline Byrd	Superintendent of Schools
John Small	Deputy Superintendent
Michael Akes	Associate Superintendent, Chief Academic Officer
Michael Perrone	Associate Superintendent, Chief Financial Officer
Teddra Porteous	Associate Superintendent, Human Resource Services
Leah Lauderdale	Senior Director, Public Relations and Strategic Partnerships

**THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**ORGANIZATIONAL CHART**  
As Of July 1, 2017





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

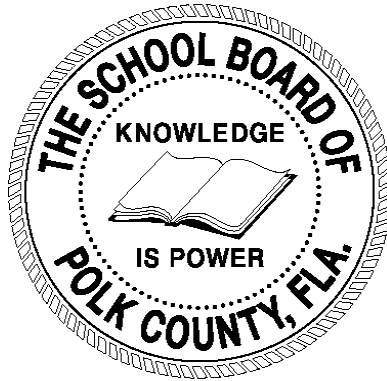
**The School Board of Polk County  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

*Christopher P. Morill*

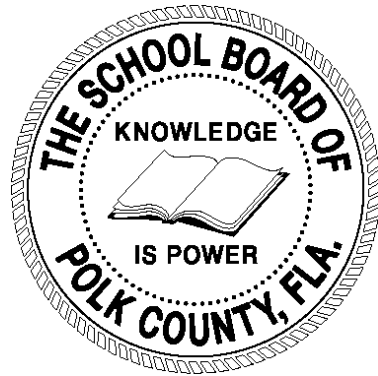
Executive Director/CEO



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# Financial Section



## **Report of Independent Auditor**

The Honorable Members of the  
Polk County District School Board  
Bartow, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District of Polk County, Florida (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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the fiduciary fund, which represents 11% of the assets and 31% of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100% of the transactions and account balances of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the fiduciary funds and the discretely presented component units, are 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 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



## Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type 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 required supplementary information, as presented in the table of contents, 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 management's discussion and analysis and 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 introductory section, combining and individual fund statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 also not a required part of the financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017 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.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Orlando, Florida  
December 19, 2017

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017

As management of the School District of Polk County, Florida (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017.

**Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$653.3 million (*net position*).
- The District's total net position increased by \$3.7 million due to revenues exceeding expenditures.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$173.6 million, an increase of \$14.5 million compared to the prior fiscal year. Approximately 21.0 percent of this total amount, \$36.5 million, is *available for spending* at the District's discretion (assigned and unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$36.2 million, or 4.8 percent of total general fund expenditures.
- The District's total long-term liabilities, net of premiums and discounts, increased by \$99.7 million (14.1 percent) during the current fiscal year. The key factor in this change was the increase in net pension liability.
- The District's total capital assets, net of accumulated depreciation, remained virtually unchanged at \$1.1 billion. This is a result of depreciation offsetting current year asset acquisitions.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

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

This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017

intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements include not only the District itself (known as the *primary government*), but also a legally separate foundation and legally separate charter schools for which the District is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself. The Financing Corporation for the School Board of Polk County, Florida ("Financing Corporation"), which was formed to facilitate acquisition of facilities and equipment, although legally separate, is included as an integral part of the primary government due to the substantive economic relationship between the District and the Financing Corporation.

### **Fund Financial Statements**

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

- Governmental funds
- Proprietary funds
- Fiduciary (Agency) funds

### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds focus on near-term inflows and outflows of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

The District maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Other Capital Projects Fund, Local Capital Improvement Fund, and Other Federal Programs Fund; which are considered to be major funds. Data from the other 8 governmental funds are combined into a single, aggregated presentation. Individual data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

***Proprietary Funds***

The District maintains two different types of proprietary funds, enterprise funds, and internal services funds. Enterprise funds are used to report the same functions presented as business-type activities, as noted above in the government-wide financial statements section. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses four internal service funds to account for its self-insurance programs, including worker's compensation, general liability, fleet liability, error & omissions, and group insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

*Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The *enterprise fund* is used to account for resources held as fiscal agent for the Florida School Retiree Benefits Consortium (FSRBC). The four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements, since they are considered nonmajor funds. Individual fund data for these internal service funds is provided in the form of *combining statements* elsewhere in this report.

***Fiduciary (Agency) Funds***

*Fiduciary (Agency) funds* are used to account for resources held for the benefit of parties outside the government. The District maintains one fiduciary agency fund to account for school internal funds related to co-curricular and extra-curricular activities. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements**

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

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* related to funding certain pension and postemployment retiree healthcare insurance benefits obligations.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position was \$653.3 million at the close of the most recent fiscal year.

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017

**District's Net Position**  
**Governmental and Business-Type Activities**  
**As of June 30, 2017 and June 30, 2016**  
**(in thousands of dollars)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 271,650	\$ 281,471	\$ 448	\$ 378	\$ 272,098	\$ 281,849
Noncurrent assets	9,115	4,031	-	-	9,115	4,031
Capital assets	1,078,708	1,096,346	-	-	1,078,708	1,096,346
Total assets	1,359,473	1,381,848	448	378	1,359,921	1,382,226
Deferred outflows of resources	182,619	89,303	-	-	182,619	89,303
Total assets and deferred outflows	<u>\$ 1,542,092</u>	<u>\$ 1,471,151</u>	<u>\$ 448</u>	<u>\$ 378</u>	<u>\$ 1,542,540</u>	<u>\$ 1,471,529</u>
Long-term liabilities outstanding	\$ 809,038	\$ 709,320	\$ -	\$ -	\$ 809,038	\$ 709,320
Other Liabilities	61,053	71,765	50	86	61,103	71,851
Total Liabilities	870,091	781,085	50	86	870,141	781,171
Deferred inflows of resources	19,059	40,710	-	-	19,059	40,710
Total liabilities and deferred inflows	<u>\$ 889,150</u>	<u>\$ 821,795</u>	<u>\$ 50</u>	<u>\$ 86</u>	<u>\$ 889,200</u>	<u>\$ 821,881</u>
Net position:						
Net Investment in capital assets	\$ 822,501	\$ 797,167	\$ -	\$ -	\$ 822,501	\$ 797,167
Restricted	127,208	105,187	-	-	127,208	105,187
Unrestricted	(296,767)	(252,998)	398	290	(296,369)	(252,708)
Total net position	<u>\$ 652,942</u>	<u>\$ 649,356</u>	<u>\$ 398</u>	<u>\$ 290</u>	<u>\$ 653,340</u>	<u>\$ 649,646</u>

By far, the largest of the District's net position (126 percent) reflects its \$822.5 million investment in capital assets (e.g., land, land improvements, buildings, furniture, equipment, motor vehicles, and software), less any related debt to acquire or construct those assets that remains outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position, \$127.2 million (19.5 percent), represent resources that are subject to external restrictions on how they may be used--primarily for the acquisition and construction of facilities. The remaining balance *unrestricted net position*, (\$296.8 million) is negative due to \$433.4 million of pension related liabilities, deferred outflows and deferred inflows, which resulted from adoption of a new accounting standard in fiscal 2015.

Compared to the prior fiscal year ending balances, net investment in capital assets increased by \$25.3 million and restricted net position increased by \$22.0 million. These changes are primarily related to changes in capital outlay. Unrestricted net position decreased by \$43.8 million, primarily due to an increase in pension-related obligations and results of General Fund activities and Internal Service operations.

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017

Total net position increased \$3.6 million compared to the prior fiscal year-end, driven by the following:

- Operational property taxes, which were included in general revenues, decreased by \$.4 million (.2 percent) during the fiscal year, while property taxes for capital improvements and debt service, which were also included in general revenues, increased by \$2.9 million (6.8 percent) during the fiscal year. Increases were generally derived from increases in taxable property value.
- General revenues through non-specific program grants, including the Florida Education Finance Program ("FEFP"), increased by \$22.4 million (3.7 percent) during the fiscal year. This increase was driven by an increase in the State portion of the FEFP.
- Discretionary sales tax revenue and impact fees, which were included in general revenues, increased \$2.3 million (5.6 percent) during the year, which reflects the continued turnaround in the state and local economy.
- Program revenues through operating and capital grants increased by \$4.8 million (8.6 percent), which reflects an increase in participation in the Department of Agriculture's community eligibility option program.
- Increases in expenses totaling \$57.7 million (6.4 percent) were primarily a result of increases in instructional services.

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017

**District's Changes in Net Position**  
**Governmental and Business-Type Activities**  
**As of June 30, 2016 and June 30, 2017**  
**(in thousands of dollars)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 5,295	\$ 7,054	\$ 744	\$ 560	\$ 6,039	\$ 7,614
Operating grants and contributions	51,939	49,120	-	-	51,939	49,120
Capital grants and contributions	6,882	6,541	-	-	6,882	6,541
General Revenues:						
Property taxes-operational	162,002	162,423	-	-	162,002	162,423
Property taxes-capital & debt service	45,862	42,918	-	-	45,862	42,918
Local sales tax	43,048	40,758	-	-	43,048	40,758
Grants and contributions not restricted to specific programs	630,276	606,227	-	-	630,276	606,227
Other	23,354	19,497	-	-	23,354	19,497
Total revenues	<u>968,658</u>	<u>934,538</u>	<u>744</u>	<u>560</u>	<u>969,402</u>	<u>935,098</u>
Expenses:						
Instruction	593,878	554,006	-	-	593,878	554,006
Pupil personnel services	40,892	39,749	-	-	40,892	39,749
Instructional media services	8,635	8,380	-	-	8,635	8,380
Instruction and curriculum development services	13,272	13,743	-	-	13,272	13,743
Instructional staff training services	21,308	17,875	-	-	21,308	17,875
Instructional related technology	8,954	10,365	-	-	8,954	10,365
School Board	2,463	2,090	-	-	2,463	2,090
General administration	6,287	5,509	-	-	6,287	5,509
School administration	45,929	42,959	-	-	45,929	42,959
Facilities acquisition and construction	20,792	16,941	-	-	20,792	16,941
Fiscal services	3,051	3,222	-	-	3,051	3,222
Food services	56,311	52,535	-	-	56,311	52,535
Central services	20,148	17,143	-	-	20,148	17,143
Pupil transportation	30,558	31,946	-	-	30,558	31,946
Operation of plant	47,353	45,727	-	-	47,353	45,727
Maintenance of plant	22,796	20,747	-	-	22,796	20,747
Administrative technology services	5,777	6,065	-	-	5,777	6,065
Community services	2,598	2,335	-	-	2,598	2,335
Unallocated interest on long-term debt	11,756	15,789	-	-	11,756	15,789
Unallocated fiscal charges on long-term debt	550	475	-	-	550	475
Unallocated depreciation expense	1,764	(234)	-	-	1,764	(234)
Florida School Retiree Benefits Consortium	-	-	636	391	636	391
Total expenses	<u>965,072</u>	<u>907,367</u>	<u>636</u>	<u>391</u>	<u>965,708</u>	<u>907,758</u>
Change in net position	3,586	27,171	108	169	3,694	27,340
Net position - beginning	649,356	622,185	290	121	649,646	622,306
Net position - ending	<u>\$ 652,942</u>	<u>\$649,356</u>	<u>\$ 398</u>	<u>\$ 290</u>	<u>\$653,340</u>	<u>\$649,646</u>



THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017

**Financial Analysis of the District's Funds**

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$173.6 million, an increase of \$14.5 million when compared to the prior fiscal year. Approximately 6.7 percent (\$11.6 million) of the ending fund balance represents inventories and prepaid items that are nonspendable. Approximately 72.3 percent (\$125.5 million) are amounts which are restricted for State categorical programs, Federal and State grants, food service, debt service and capital projects. Assigned fund balance amounts are approximately .2 percent (\$.3 million) of the ending fund balance and reflect amounts that are set aside for school operations. The remaining 20.9 percent (\$36.2 million) is spendable and has not been restricted or assigned for other purposes. However, unassigned fund balance includes funds that will be re-appropriated in the next fiscal year for carryovers and encumbrances.

**General Fund** The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the General Fund had a fund balance of \$60.7 million. Of this, about 59.6 percent (\$36.2 million) was unassigned. The remaining 40.4 percent (\$22.0 million) of the overall fund balance in the General Fund was nonspendable, restricted, or assigned. As a measure of the General Fund's liquidity, it may be useful to compare its unassigned fund balance and its total fund balance to total General Fund expenditures. These figures were 4.8 percent and 8.0 percent, respectively.

The fund balance of the District's General Fund decreased by \$3.1 million during the current fiscal year. Key factors affecting fund balance include the following:

- Total revenues of the General Fund increased by \$19.1 million. The largest contributor consisted of \$19.4 million increase in State source revenues, known as the Florida Education Finance Program.
- Expenditures in the General Fund increased by \$26.5 million – primarily a result of increased instructional services.
- Although expenditures exceeded revenues by \$38.7 million, this was partially offset by \$35.5 million of other financing sources – primarily due to transfers in from the Capital Project Funds for maintenance related expenditures.

**Other Federal Programs** Other Federal Programs account for and reports on activities of Federal programs other than Federal stimulus and food service. At the end of the current fiscal year, the total fund balance for Other Federal Programs Fund was less than \$.1 million. The fund balance of the Other Federal Programs Fund was virtually unchanged during the current fiscal year.

**Local Capital Improvement** Local Capital Improvement accounts for and reports on funds received by the District from a tax levied by the School Board against taxable value of property used to finance projects advertised for expenditure pursuant to this authority. At the end of the current fiscal year, the total fund balance for Local Capital Improvement Fund was \$19.6 million. The fund balance of the Local Capital Improvement Fund was decreased by \$.9 million during the current fiscal year.

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017

**Other Capital Projects** The Other Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and debt service. At the end of the current fiscal year, the total fund balance for Other Capital Projects Fund was \$60.8 million. The fund balance of the Other Capital Projects Fund increased by \$11.6 million during the current fiscal year.

**General Fund Budgetary Highlights**

Differences between the General Fund original budget and the final amended budget included:

- \$5.5 million increase in revenue projections due to other local revenue being higher than expected.
- \$43.8 million increase in expenditure allocations due to increases in various expenditures across the board, particularly in capital outlay and maintenance expenditure allocations. A portion of these increases were funded by transfers from capital outlay funds

The final budget projected a net decrease in fund balance of \$18.5 million. However, due to the following actual results, actual fund balance decreased by \$5.7 million:

- Revenues were \$4.5 million less than budgetary estimates, which was primarily due to less than expected state source revenues.
- Expenditures were \$40.6 million less than budgetary estimates, primarily due to the lapsing of appropriated expenditures.
- Other financing sources were less than budgetary estimates by \$25.8 million, which was primarily caused by the timing of general fund maintenance project costs--i.e., transfers to the General Fund take place when expenditures occur.

**Capital Asset and Debt Administration**

**Capital Assets** The District's investment in capital assets, net of accumulated depreciation, as of June 30, 2017, amounted to \$1.1 billion. This investment in capital assets, net of accumulated depreciation, consists of 96.8 percent real property, such as land, building and fixed equipment, improvements other than buildings, and construction in progress. The remainder, which reflected 3.2 percent of the total, consisted of tangible property, such as furniture, fixtures, equipment, and vehicles. The District's investment in capital assets, net of accumulated depreciation, indicated no percentage change compared to the balance at prior fiscal year end.

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

- Construction is being finalized on the new K-8 school resulting in a total of \$17.4 million in construction in progress. As a result of new projects, commitments remaining at fiscal year-end on existing construction contracts totaled \$42 million.

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017

**District's Schedule of Capital Assets,  
Net of Accumulated Depreciation  
(dollars in thousands)**

	<b>2017</b>	<b>2016</b>
Land	\$ 99,388	\$ 99,388
Construction in progress	17,461	42,408
Improvements other than buildings	17,339	18,163
Buildings and fixed equipment	909,486	902,843
Furniture, fixtures, and equipment	12,402	12,857
Motor vehicles	22,276	20,126
Audio visual materials and computer software	356	561
<b>Total</b>	<b>\$1,078,708</b>	<b>\$1,096,346</b>

Additional information on the District's capital assets can be found in the Notes to the Financial Statements, Note 6 – Changes in Capital Assets and Note 20 – Construction Contract Commitments.

**Long-term Debt** At the end of the current fiscal year, the District had total bonded debt outstanding of \$58.0 million. This included \$5.6 million of State school bonds issued on behalf of the District by the State Board of Education and backed by the full faith and credit of the State of Florida, as well as, \$52.4 million of sales tax bonds secured by a local option half cent sales tax. Additionally, the District had \$199.0 million in certificates of participation in which the annually appropriated lease payments on the part of the District are the pledged revenue stream. The increase in long-term debt is primarily attributable to the net pension liability.

**District's Long-Term Debt  
(in thousands of dollars)**

	<b>2017</b>	<b>2016</b>
Sales tax revenue bonds	\$ 52,382	\$ 77,305
Certificates of participation	199,047	207,595
State school bonds	5,641	6,837
Derivative instruments	13,237	20,068
Swap - upfront payments	2,559	2,829
Capital lease	286	568
Compensated absences	37,948	39,212
Est. liability for claims	21,613	21,029
Net pension liability	433,352	291,452
OPEB liability	42,973	42,425
<b>Total</b>	<b>\$ 809,038</b>	<b>\$ 709,320</b>

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017

The District maintains an insured rating of "A+" from Fitch regarding certificates of participation with the understanding that the timely payment on the debt is insured by Financial Security Assurance, Inc. The District maintains an "AA-" from Fitch concerning unlimited general obligation.

State statutes limit the amount of debt service on the certificates of participation to 75 percent of the local capital improvement tax receipts on certificates of participation entered into after June 30, 2009. If the debt limitation was applied to the District, it would be \$37.9 million, which provides a debt service margin of \$18.1 million when compared to the District's \$19.8 million debt service on the certificates of participation during the 2017-18 fiscal year.

Sales tax proceeds that can be applied towards sales tax bonds are estimated to be \$39 million, which provides a debt service margin of \$13.1 million when compared to the District's \$25.9 million debt service on sales tax bonds during the 2017-18 fiscal year.

Additional information on the District's long-term debt can be found in the Notes to the Financial Statements, Notes 7 through 13.

**Economic Factors and Next Year's Budget**

- The current local unemployment rate for the District is 5.0 percent, which is a decrease from the 5.6 percent reported for calendar year 2016.
- The District's regional consumer price index increased 1.6 percent from June 2016 to June 2017.
- The State's consumer confidence index for June 2017 increased to 96.4.

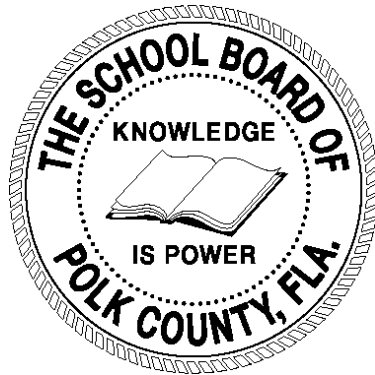
Such factors, which reflect the continued turnaround in the local economy, were considered in preparing the District's budget for the 2017-18 fiscal year.

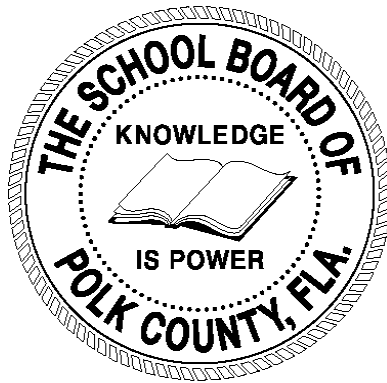
**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, the School Board of Polk County, Florida, P.O. Box 391, Bartow, Florida 33831.

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# BASIC FINANCIAL STATEMENTS





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**THE SCHOOL DISTRICT OF POLK COUNTY**

**STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
<b>ASSETS:</b>				
Cash	\$ 47,341,316	\$ 447,747	\$ 47,789,063	\$ 16,273,693
Investments	196,804,206	-	196,804,206	7,030,600
Accounts and interest receivable	3,473,812	-	3,473,812	14,831,537
Due from other governmental agencies	21,594,558	-	21,594,558	738,040
Inventories	8,252,188	-	8,252,188	-
Prepaid items	3,299,691	-	3,299,691	302,458
Other assets	-	-	-	3,108,146
Capital Assets (net of accumulated depreciation):				
Land	99,387,814	-	99,387,814	3,383,051
Land improvements	-	-	-	528,743
Construction in progress	17,461,133	-	17,461,133	1,815,551
Improvements other than buildings	17,339,275	-	17,339,275	657,878
Buildings and fixed equipment	909,486,109	-	909,486,109	17,777,859
Furniture, fixtures and equipment	12,402,296	-	12,402,296	3,825,248
Motor vehicles	22,275,615	-	22,275,615	4,072,494
Audio visual materials	355,602	-	355,602	-
Computer software	-	-	-	676,092
Total assets	1,359,473,615	447,747	1,359,921,362	75,021,390
Deferred outflows of resources				
Unamortized loss on debt refunding	16,944,900	-	16,944,900	-
Pension	165,674,413	-	165,674,413	24,491,956
Total assets and deferred outflows of resources	<u>\$ 1,542,092,928</u>	<u>\$ 447,747</u>	<u>\$ 1,542,540,675</u>	<u>\$ 99,513,346</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 15,782,546	\$ -	\$ 15,782,546	\$ 3,597,219
Construction and retainage payable	1,705,869	-	1,705,869	-
Salaries and wages payable	23,286,732	-	23,286,732	2,345,534
Accrued payroll taxes and withholdings payable	2,898,317	-	2,898,317	-
Accrued interest payable	1,127,440	-	1,127,440	-
Due to other governmental agencies	16,007,106	-	16,007,106	431,608
Sales tax payable	1,003	-	1,003	-
Unearned revenue	242,807	50,231	293,038	187,883
Other liabilities	1,120	-	1,120	271,251
Noncurrent liabilities:				
Due within one year	51,208,069	-	51,208,069	2,558,062
Due in more than one year	757,830,368	-	757,830,368	68,866,782
Total liabilities	870,091,377	50,231	870,141,608	78,258,339
Deferred inflows of resources				
Accumulated increase in fair value of hedging derivatives	5,418,303	-	5,418,303	-
Pension	13,640,208	-	13,640,208	8,482,200
Total liabilities and deferred inflows of resources	889,149,888	50,231	889,200,119	86,740,539
<b>NET POSITION</b>				
Net Investment in capital assets	822,500,658	-	822,500,658	10,025,324
Restricted for:				
State required carryover programs	14,207,528	-	14,207,528	-
Debt service	17,881,430	-	17,881,430	-
Capital outlay	86,447,064	-	86,447,064	-
Food service	8,595,786	-	8,595,786	-
Other purposes	76,224	-	76,224	5,101,276
Unrestricted	(296,765,648)	397,516	(296,368,132)	(2,353,793)
Total net position	<u>\$ 652,943,042</u>	<u>\$ 397,516</u>	<u>\$ 653,340,558</u>	<u>\$ 12,772,807</u>

The accompanying notes are an integral part of these statements.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
Instructional services	\$ 593,877,412	\$ 2,552,378	\$ -	\$ -
Instructional support services	93,061,307	-	-	-
Student transportation services	30,557,540	585,508	-	-
Operation and maintenance of plant	70,149,240	-	-	5,489,593
School administration	45,929,339	-	-	-
General administration	58,517,812	-	-	-
Food services	56,311,112	2,157,365	51,938,788	-
Community services and other	2,598,208	-	-	-
Unallocated interest on long-term debt	11,755,539	-	-	1,392,858
Unallocated depreciation expense *	2,314,180	-	-	-
Total governmental activities	<u>965,071,689</u>	<u>5,295,251</u>	<u>51,938,788</u>	<u>6,882,451</u>
<b>Business-type activities:</b>				
Florida School Retiree Benefits Consortium	636,981	743,903	-	-
Total primary government	<u>\$ 965,708,670</u>	<u>\$ 6,039,154</u>	<u>\$ 51,938,788</u>	<u>\$ 6,882,451</u>
<b>Component units:</b>				
Polk Education Foundation and Charter Schools	<u>\$ 103,541,214</u>	<u>\$ 4,189,282</u>	<u>\$ 5,966,980</u>	<u>\$ 529,623</u>

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

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

The accompany notes are an integral part of these statements.



**Net (Expense) Revenue and  
Changes in Net Position**

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (591,325,034)	\$ -	\$ (591,325,034)	\$ -
(93,061,307)	-	(93,061,307)	-
(29,972,032)	-	(29,972,032)	-
(64,659,647)	-	(64,659,647)	-
(45,929,339)	-	(45,929,339)	-
(58,517,812)	-	(58,517,812)	-
(2,214,959)	-	(2,214,959)	-
(2,598,208)	-	(2,598,208)	-
(10,362,681)	-	(10,362,681)	-
(2,314,180)	-	(2,314,180)	-
<u>(900,955,199)</u>	<u>-</u>	<u>(900,955,199)</u>	<u>-</u>
-	106,922	106,922	-
<u>(900,955,199)</u>	<u>106,922</u>	<u>(900,848,277)</u>	<u>-</u>
-	-	-	(92,855,329)
162,001,789	-	162,001,789	-
45,862,387	-	45,862,387	-
43,048,151	-	43,048,151	-
630,275,511	-	630,275,511	92,379,547
1,289,991	-	1,289,991	114,196
8,519,000	-	8,519,000	551,143
13,545,168	-	13,545,168	-
<u>904,541,997</u>	<u>-</u>	<u>904,541,997</u>	<u>93,044,886</u>
3,586,798	106,922	3,693,720	189,557
649,356,244	290,594	649,646,838	13,545,913
-	-	-	(962,663)
-	-	-	12,583,250
<u>\$ 652,943,042</u>	<u>\$ 397,516</u>	<u>\$ 653,340,558</u>	<u>\$ 12,772,807</u>

**THE SCHOOL DISTRICT OF POLK COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017**

	General	Other Federal Programs	Local Capital Improvement	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 5,509,673	\$ -	\$ -	\$ 23,711,905	\$ 10,923,680	\$ 40,145,258
Investments	78,333,545	-	22,934,563	31,366,543	16,313,416	148,948,067
Accounts and interest receivable	1,976,297	79,373	514,313	1,544	35,984	2,607,511
Due from other governmental agencies	1,047,955	8,727,222	23,726	7,674,329	4,121,326	21,594,558
Due from other funds	11,743,672	-	-	-	-	11,743,672
Inventories	6,117,743	-	-	-	2,134,445	8,252,188
Prepaid Items	3,236,430	63,261	-	-	-	3,299,691
Total assets	<u>\$ 107,965,315</u>	<u>\$ 8,869,856</u>	<u>\$ 23,472,602</u>	<u>\$ 62,754,321</u>	<u>\$ 33,528,851</u>	<u>\$ 236,590,945</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 4,582,731	\$ 819,827	\$ -	\$ 980,358	\$ 143,449	\$ 6,526,365
Construction contracts and retainage payable	743,645	-	-	962,224	-	1,705,869
Salaries and wages payable	23,260,254	17,188	-	-	9,290	23,286,732
Payroll deductions and withholdings	2,898,306	-	-	-	10	2,898,316
Due to other funds	-	7,832,482	3,859,086	1,544	50,560	11,743,672
Due to other governmental agencies	15,798,309	124,135	-	-	84,662	16,007,106
Sales tax payable	467	-	-	-	536	1,003
Accrued Interest payable	-	-	-	-	9,621	9,621
Unearned revenue	-	-	-	-	242,806	242,806
Matured interest payable	-	-	-	-	605,845	605,845
Total liabilities	<u>47,283,712</u>	<u>8,793,632</u>	<u>3,859,086</u>	<u>1,944,126</u>	<u>1,146,779</u>	<u>63,027,335</u>
Fund balances						
Nonspendable:						
Inventories	6,117,743	-	-	-	2,134,445	8,252,188
Prepaid amounts	3,236,430	63,261	-	-	-	3,299,691
Restricted:						
State required carryover	11,774,848	-	-	-	-	11,774,848
Special revenues	-	12,963	-	-	-	12,963
Food service	-	-	-	-	6,461,341	6,461,341
Debt service	-	-	-	-	17,881,430	17,881,430
Capital projects	630,471	-	19,613,516	60,810,195	5,904,856	86,959,038
Other	2,432,680	-	-	-	-	2,432,680
Assigned:						
Other	336,528	-	-	-	-	336,528
Unassigned						
Total fund balances	<u>60,681,603</u>	<u>76,224</u>	<u>19,613,516</u>	<u>60,810,195</u>	<u>32,382,072</u>	<u>173,563,610</u>
Total liabilities and fund balances	<u>\$ 107,965,315</u>	<u>\$ 8,869,856</u>	<u>\$ 23,472,602</u>	<u>\$ 62,754,321</u>	<u>\$ 33,528,851</u>	<u>\$ 236,590,945</u>

The accompanying notes are an integral part of these statements.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2017**

**Total Fund Balances - Governmental Funds** \$ 173,563,610

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

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. 1,078,707,844

The deferred outflows and deferred inflows related to pensions are applied to future periods and, therefore, are not reported in governmental funds.

Deferred outflows related to pensions:	165,674,413	
Deferred inflows related to pensions:	<u>(13,640,208)</u>	
		152,034,205

The deferred outflows related to accumulated change in the fair value of hedging derivatives and unamortized loss on debt refunding are applied to future periods and, therefore, are not reported in governmental funds.

Deferred outflows related to derivatives:	16,944,900	
Deferred inflows related to derivatives:	<u>(5,418,303)</u>	
		11,526,597

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. This is the net position in Internal Service funds, net of investment in capital assets. 25,048,391

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. This is the total long-term liabilities, less claims payable included in internal service funds. (787,425,631)

Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported as liabilities in the governmental funds. This is the amount of accrued interest in excess of the matured interest payable recorded in governmental funds. (511,974)

**Total Net Position - Governmental Activities** \$ 652,943,042

The accompanying notes are an integral part of these statements.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
June 30, 2017**

	General	Other Federal Programs	Local Capital Improvement	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Local sources:						
Ad valorem taxes	\$ 162,001,789	\$ -	\$ 45,862,387	\$ -	\$ -	\$ 207,864,176
Local sales tax	-	-	-	43,048,151	-	43,048,151
Impact fees	-	-	-	13,545,168	-	13,545,168
Food services	-	-	-	-	2,157,364	2,157,364
Other	11,477,084	28,336	167,129	129,061	247,946	12,049,556
Total local sources	173,478,873	28,336	46,029,516	56,722,380	2,405,310	278,664,415
State sources:						
Florida education finance program	420,094,961	-	-	-	-	420,094,961
Categorical programs	114,619,373	-	-	-	-	114,619,373
Workforce development	8,555,886	-	-	-	-	8,555,886
Food services	-	-	-	-	719,696	719,696
Charter school capital outlay	-	-	-	1,590,214	-	1,590,214
Other	2,940,731	51,337	-	-	6,882,451	9,874,519
Total state sources	546,210,951	51,337	-	1,590,214	7,602,147	555,454,649
Federal sources:						
Federal grants direct	1,081,013	14,695,570	-	-	1,063,584	16,840,167
Federal grants through state and local	1,264,614	62,027,536	-	-	-	63,292,150
Food services	-	-	-	-	51,219,092	51,219,092
Other	-	-	-	-	2,290,691	2,290,691
Total federal sources	2,345,627	76,723,106	-	-	54,573,367	133,642,100
Total revenues	722,035,451	76,802,779	46,029,516	58,312,594	64,580,824	967,761,164
<b>EXPENDITURES</b>						
Current:						
Instruction	518,142,562	36,922,847	-	-	1,360,363	556,425,772
Student personnel services	32,249,193	5,925,392	-	-	40,522	38,215,107
Instructional media services	7,201,870	874,255	-	-	694	8,076,819
Instruction and curriculum development services	4,462,310	7,876,631	-	-	122,699	12,461,640
Instructional staff training services	2,640,550	17,044,571	-	-	290,990	19,976,111
Instructional related technology	9,428,999	-	-	-	-	9,428,999
Board	2,324,447	-	-	-	-	2,324,447
General administration	2,885,094	2,906,551	-	-	-	5,791,645
School administration	42,983,524	632	-	-	-	42,984,156
Non capitalizable facilities acquisition and construction	7,071,133	2,346	-	1,916,286	-	8,989,765
Fiscal services	2,722,464	161,213	-	-	-	2,883,677
Food services	-	62,370	-	-	53,157,460	53,219,830
Central services	10,917,023	1,611,565	-	-	-	12,528,588
Student transportation services	34,060,661	226,953	-	-	-	34,287,614
Operation of plant	44,437,175	85,375	-	-	22,018	44,544,568
Maintenance of plant	21,642,257	35,793	-	-	308,661	21,986,711
Administrative technology services	5,888,453	109	-	-	53,360	5,941,922
Community services and other	292,138	2,156,912	-	-	-	2,449,050
Debt service:						
Principal retirement	-	-	-	-	36,237,495	36,237,495
Interest	-	-	-	-	9,446,775	9,446,775
Dues, fees and other	-	-	-	-	755,064	755,064
Capital outlay:						
Facilities acquisition and construction	2,441,149	4,500	-	12,814,194	503,288	15,763,131
Other capital outlay	8,911,052	866,454	-	-	624,458	10,401,964
Total expenditures	760,702,054	76,764,469	-	14,730,480	102,923,847	955,120,850
Excess (deficiency) of revenues over (under) expenditures	(38,666,603)	38,310	46,029,516	43,582,114	(38,343,023)	12,640,314
<b>OTHER FINANCING SOURCES (USES):</b>						
Refunding bonds issued	-	-	-	-	26,891,000	26,891,000
Premium on sale of refunding bonds	-	-	-	-	84,885	84,885
Payments to refunded bond escrow agent	-	-	-	-	(26,228,709)	(26,228,709)
Transfers in	35,634,864	-	-	-	45,444,846	81,079,710
Transfers out	(111,163)	-	(46,919,813)	(31,996,095)	(936,673)	(79,963,744)
Total other financing sources and uses	35,523,701	-	(46,919,813)	(31,996,095)	45,255,349	1,863,142
Net change in fund balances	(3,142,902)	38,310	(890,297)	11,586,019	6,912,326	14,503,456
Fund balances - beginning	63,824,505	37,914	20,503,813	49,224,176	25,469,746	159,060,154
Fund balances - ending	\$ 60,681,603	\$ 76,224	\$ 19,613,516	\$ 60,810,195	\$ 32,382,072	\$ 173,563,610

The accompanying notes are an integral part of these statements.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**

**June 30, 2017**

**Net Change in Fund Balances - Total Governmental Funds** \$ 14,503,456

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$43,184,425) is less than capitalized expenditures of (\$26,096,350) during the current period. (17,088,075)

The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net position differs by the book value of assets sold. (550,011)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This represents the net long-term debt reduction in excess of other financing sources/uses in governmental funds. 34,096,494

Premiums and discounts on debt issued are reported in the governmental funds in the year debt is issued, but are deferred and amortized over the life of the debt in the statement of activities. This is the amount of amortization during the current period. 852,104

Upfront payments associated with interest rate swaps/swaptions are reported in governmental funds in the year debt is issued, but are deferred and amortized over the term of the swap/swaption in the statement of activities. This is the amount of amortization during the current period. 269,980

Interest accrual on long-term debt. 215,022

Net pension liability (20,508,825)

Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds:

Other postemployment health care benefits (548,279)

Compensated absences 1,264,744

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. (8,919,812)

**Change in Net Position of Governmental Activities** \$ 3,586,798

The accompanying notes are an integral part of these statements.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
June 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Local sources:				
Ad valorem taxes	\$ 160,677,751	\$ 160,677,751	\$ 162,001,789	\$ 1,324,038
Other	8,040,281	8,958,580	11,477,084	2,518,504
Total local sources	168,718,032	169,636,331	173,478,873	3,842,542
State sources:				
Florida education finance program	423,393,152	427,471,013	420,094,961	(7,376,052)
Categorical programs	115,783,429	116,319,807	114,619,373	(1,700,434)
Workforce development	8,507,792	8,507,792	8,555,886	48,094
Other	1,200,000	1,200,000	2,940,731	1,740,731
Total state sources	548,884,373	553,498,612	546,210,951	(7,287,661)
Federal sources:				
Federal direct	1,040,000	1,040,347	1,081,013	40,666
Federal through state and local	2,400,000	2,400,000	1,264,614	(1,135,386)
Total federal sources	3,440,000	3,440,347	2,345,627	(1,094,720)
Total revenues	721,042,405	726,575,290	722,035,451	(4,539,839)
<b>EXPENDITURES</b>				
Current:				
Instruction	518,669,537	527,668,315	518,142,562	9,525,753
Student Personnel Services	28,831,886	29,247,732	32,249,193	(3,001,461)
Instructional Media Services	7,382,079	7,420,315	7,201,870	218,445
Instruction and Curriculum Development Services	4,308,127	4,190,220	4,462,310	(272,090)
Instruction Staff Training Services	838,519	2,853,588	2,640,550	213,038
Instruction Related Technology	7,795,053	11,144,266	9,428,999	1,715,267
Board	2,172,700	3,519,243	2,324,447	1,194,796
General Administration	3,108,649	3,277,414	2,885,094	392,320
School Administration	45,686,380	45,968,051	42,983,524	2,984,527
Non Capitalizable Facilities Acquisition and Construction	6,926,361	14,217,478	7,071,133	7,146,345
Fiscal Services	3,090,390	3,147,678	2,722,464	425,214
Central Services	10,924,628	11,783,264	10,917,023	866,241
Student Transportation	31,860,071	32,925,860	34,060,661	(1,134,801)
Operation of Plant	45,389,507	46,053,273	44,437,175	1,616,098
Maintenance of Plant	20,538,224	31,217,466	21,642,257	9,575,209
Administrative Technology Services	6,432,550	6,847,246	5,888,453	958,793
Community Services	188,713	430,704	292,138	138,566
Capital Outlay:				
Facilities acquisition and construction	1,794,360	5,650,594	2,441,149	3,209,445
Other capital outlay	11,563,630	13,779,565	8,911,052	4,868,513
Total expenditures	757,501,364	801,342,272	760,702,054	40,640,218

**THE SCHOOL DISTRICT OF POLK COUNTY**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures	<u>(36,458,959)</u>	<u>(74,766,982)</u>	<u>(38,666,603)</u>	<u>36,100,379</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	28,294,338	56,387,884	35,634,864	(20,753,020)
Transfers out	<u>-</u>	<u>(111,163)</u>	<u>(111,163)</u>	<u>-</u>
Total other financing sources and uses	<u>28,294,338</u>	<u>56,276,721</u>	<u>35,523,701</u>	<u>(20,753,020)</u>
Net change in fund balances	(8,164,621)	(18,490,261)	(3,142,902)	15,347,359
Fund balances - beginning	<u>63,824,505</u>	<u>63,824,505</u>	<u>63,824,505</u>	<u>-</u>
Fund balances - ending	<u>\$ 55,659,884</u>	<u>\$ 45,334,244</u>	<u>\$ 60,681,603</u>	<u>\$ 15,347,359</u>

The accompanying notes are an integral part of these statements.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**OTHER FEDERAL PROGRAMS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local sources:				
Other	\$ -	\$ -	\$ 28,336	\$ 28,336
Total local sources	-	-	28,336	28,336
State sources:				
Other	406,686	495,404	51,337	(444,067)
Total state sources	406,686	495,404	51,337	(444,067)
Federal sources:				
Federal direct	11,907,245	24,483,193	14,695,570	(9,787,623)
Federal through state and local	90,392,371	102,978,553	62,027,536	(40,951,017)
Total federal sources	102,299,616	127,461,746	76,723,106	(50,738,640)
 Total revenues	 102,706,302	 127,957,150	 76,802,779	 (51,154,371)
<b>EXPENDITURES</b>				
Current:				
Instruction	53,408,573	68,218,287	36,922,847	31,295,440
Student Personnel Services	8,669,817	8,738,503	5,925,392	2,813,111
Instructional Media Services	1,025,992	1,043,850	874,255	169,595
Instruction and Curriculum Development Services	9,313,291	11,033,165	7,876,631	3,156,534
Instruction Staff Training Services	21,664,350	26,230,988	17,044,571	9,186,417
Instruction Related Technology	115,468	876	-	876
General Administration	4,255,901	5,003,667	2,906,551	2,097,116
School Administration	291	793	632	161
Non Capitalizable Facilities Acquisition and Construction	-	-	2,346	(2,346)
Fiscal Services	43,849	238,219	161,213	77,006
Food Service	33,743	88,056	62,370	25,686
Central Services	1,008,768	2,785,451	1,611,565	1,173,886
Student Transportation	524,037	637,181	226,953	410,228
Operation of Plant	69,373	164,276	85,375	78,901
Maintenance of Plant	40,585	43,365	35,793	7,572
Administrative Technology Services	-	109	109	-
Community Services	2,111,429	2,277,821	2,156,912	120,909
Capital Outlay:				
Facilities acquisition and construction	-	14,500	4,500	10,000
Other capital outlay	420,835	1,438,043	866,454	571,589
 Total expenditures	 102,706,302	 127,957,150	 76,764,469	 51,192,681



**THE SCHOOL DISTRICT OF POLK COUNTY**

**OTHER FEDERAL PROGRAMS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures	-	-	38,310	38,310
Net change in fund balances	-	-	38,310	38,310
Fund balances - beginning	37,914	37,914	37,914	-
Fund balances - ending	<u>\$ 37,914</u>	<u>\$ 37,914</u>	<u>\$ 76,224</u>	<u>\$ 38,310</u>

The accompanying notes are an integral part of these statements.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2017**

	<b>Business-Type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 447,747	\$ 7,196,059
Investments	-	47,847,578
Accounts receivable	-	874,862
Total current assets	<u>447,747</u>	<u>55,918,499</u>
Noncurrent Assets:		
Capital assets, net of accumulated depreciation	-	2,166,039
Total assets	<u>\$ 447,747</u>	<u>\$ 58,084,538</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ -	\$ 9,256,340
Due to other agencies	-	962
Unearned revenue	50,231	-
Estimated liability for claims	-	7,996,738
Total current liabilities	<u>50,231</u>	<u>17,254,040</u>
Noncurrent liabilities:		
Estimated liability for claims	-	13,616,067
Total liabilities	<u>\$ 50,231</u>	<u>\$ 30,870,107</u>
<b>NET POSITION</b>		
Investment in capital assets	\$ -	\$ 2,166,039
Unrestricted	397,516	25,048,392
Total net position	<u>\$ 397,516</u>	<u>\$ 27,214,431</u>

The accompanying notes are an integral part of these statements.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017**

	<b>Business-Type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>OPERATING REVENUES:</b>		
Premium revenue from other funds	\$ -	\$ 103,937,508
Other revenue	743,903	2,543,136
Total operating revenues	<u>743,903</u>	<u>106,480,644</u>
<b>OPERATING EXPENSES:</b>		
Salaries & benefits	133,379	232
Purchased services	503,573	7,721,356
Energy services	-	14,863
Materials and supplies	29	158,175
Capital outlay	-	149,265
Depreciation	-	48,080
Claims	-	105,401,462
Total operating expenses	<u>636,981</u>	<u>113,493,433</u>
Operating income (loss)	<u>106,922</u>	<u>(7,012,789)</u>
<b>NON-OPERATING REVENUE(EXPENSES):</b>		
Interest	-	252,436
Miscellaneous	-	1,122,544
Total non-operating revenue	<u>-</u>	<u>1,374,980</u>
Income before transfers	106,922	(5,637,809)
Transfers in	-	602,755
Transfers out	<u>-</u>	<u>(1,718,721)</u>
Change in net position	106,922	(6,753,775)
Total net position - beginning	<u>290,594</u>	<u>33,968,206</u>
Total net position - ending	<u>\$ 397,516</u>	<u>\$ 27,214,431</u>

The accompanying notes are an integral part of these statements.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
JUNE 30, 2017**

	<b>Business-Type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers and users	\$ 743,903	\$ -
Receipts from interfund services provided	-	103,062,646
Payment to suppliers	(515,601)	(7,411,691)
Payment to employees	(133,380)	(232)
Payments for interfund services used	-	(104,261,432)
Other receipts (payments)	(25,303)	2,543,136
Net cash provided (used) by operating activities	<u>69,619</u>	<u>(6,067,573)</u>
<b>CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Transfers from other funds	-	602,755
Transfers to other funds	-	(1,722,921)
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>(1,120,166)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from Disposition of Capital Assets	-	1,126,743
Acquisition and Construction of Capital Assets	-	(2,214,119)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(1,087,376)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	-	(66,523)
Interest and dividends earned on investments	-	252,437
Net cash provided (used) by investing activities	<u>-</u>	<u>185,914</u>
Net increase (decrease) in cash and cash equivalents	69,619	(8,089,201)
Cash and cash equivalents - Beginning of year	<u>378,128</u>	<u>15,285,260</u>
Cash and cash equivalents - End of year	<u>\$ 447,747</u>	<u>\$ 7,196,059</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating Income (loss)	\$ 106,922	\$ (7,012,789)
Adjustments to reconcile operating income (loss) to net cash provided(used) by operating activities:		
Depreciation expense	-	48,080
Change in assets and liabilities:		
accounts receivable	-	(874,862)
accounts payable	(12,000)	1,188,070
unearned revenue	(25,303)	-
estimated liability for claims	-	583,928
Total adjustments	<u>(37,303)</u>	<u>945,216</u>
Net cash provided (used) by operating activities	<u>\$ 69,619</u>	<u>\$ (6,067,573)</u>

The accompanying notes are an integral part of these statements.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**STATEMENT OF ASSETS AND LIABILITIES**

**FIDUCIARY FUND**

**JUNE 30, 2017**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash	\$ 2,268,232
Investments	6,828,827
Accounts receivable	434,638
Inventory	562,273
Total assets	<u>\$ 10,093,970</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 27,824
Sales tax payable	1,172
Due to student organizations	10,064,974
Total liabilities	<u>\$ 10,093,970</u>

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Polk County District School Board (the "Board") has direct responsibility for the operation, control, and supervision of District Schools and is considered a primary government for financial reporting. The School District of Polk County, Florida (the "District") is considered part of the Florida system of public education.

The governing body of the District is the Board, which is comprised of seven elected members. The appointed Superintendent of Schools is the executive officer of the School Board. Geographic boundaries of the District correspond with those of Polk County, Florida.

The accompanying basic financial statements present the District and its discretely presented component units, entities for which the District is considered financially accountable. The District's discretely presented component units are combined into a single column in the government-wide financial statements to emphasize that they are legally separate from the District.

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 (the "GASB") Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600 and amended by Statement No. 61 – *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and no. 34*. The application of these criteria provides for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading or incomplete.

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

Blended Component Unit – The Financing Corporation for the School Board of Polk County, Florida ("Financing Corporation") was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in a subsequent note on certificates of participation. Since the Financing Corporation provides its services entirely for the benefit of the District and the Financing Corporation and the District have the same board of directors, the financial activities of the Financing Corporation are included in the accompanying basic financial statements as a blended component unit. Separate financial statements for the Financing Corporation are not published.

Discretely Presented Component Units – The Polk Education Foundation and Business partnership, Inc. ("Foundation") is a separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to receive, hold, and administer property and to make expenditures for the benefit of students within the District as well as the District itself. The Foundation is a component unit of the District because it would be misleading to exclude the Foundation due to its operational and inter-relationships with the District. An audit of the Foundation's financial statements is conducted by independent certified public accountants and is filed in the District's administrative office.

Complete financial statements of the Foundation can be obtained from their administrative office at:

Polk Education Foundation  
1530 Shumate Drive  
Bartow, FL 33830

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**A. Reporting Entity (continued)**

Charter Schools – 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. Each Charter School operates under a charter approved by its sponsor, the Polk County District School Board. The district used guidance provided by the Florida Department of Education for inclusion of the charter schools in the District's reporting entity, in part due to exclusion being considered misleading. In addition, they create a financial burden on the District because the charter schools' full time equivalent (FTE) student enrollment is the basis for the District to provide funding to the charter schools. An audit of each Charter School for the fiscal year ended June 30, 2017, is required and is filed at the District's administrative office.

The audited financial statements of 3 charter schools included a restatement to beginning net position amounting to \$962,662. One of the restatements was made to correct a misstatement in the prior year. The other two restatements are due to charter schools being new component units to the district. A charter school is considered a component unit once students are enrolled and the beginning net positions not previously recorded in the District's financial report are usually comprised of startup costs incurred prior to the first year of operation.

Complete audited financial statements of the individual charter schools can be obtained from their administrative offices. These schools include:

Babson Park Elementary  
815 N. Scenic HWY  
Babson Park, FL 33827

Hartridge Academy  
1400 HWY 92 W.  
Winter Haven, FL 33881

Berkley Elementary Charter School  
5240 Berkley Road  
Auburndale, FL 33823

Hillcrest Elementary  
1051 State Rd. 60 E  
Lake Wales, FL 33853

Berkley Accelerated Middle  
5316 Berkley Road  
Auburndale, FL 33823

Janie Howard Wilson Elementary  
306 Florida Avenue  
Lake Wales, FL 33853

Compass  
550 E. Clower Street  
Bartow, FL 33830

Lake Wales High School  
#1 Highlander Way  
Lake Wales, FL 33853

Cypress Junction Montessori  
220 5<sup>th</sup> Street SW  
Winter Haven, FL 33880

Lakeland Montessori Middle  
800 E. Palmetto  
Lakeland, FL 33801

Discovery Academy  
1000 Buena Vista Dr.  
Lake Alfred, FL 33850

Lakeland Montessori Inc.  
1124 N. Parker Avenue  
Lakeland, FL 33805

Discovery High School  
1000 N Buena Vista Dr  
Lake Alfred, FL 33850

Magnolia Montessori Academy  
1540 New Jersey Rd  
Lakeland, FL 33803

Edward W. Bok Academy  
13895 HWY 27  
Lake Wales, FL 33853

McKeel Charter System  
411 N. Florida Avenue  
Lakeland, FL 33801

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**A. Reporting Entity (continued)**

New Beginnings High School  
250 Magnolia Ave, Suite 200  
Winter Haven, FL 33880

Our Children's Academy  
150 Ave B SE  
Winter Haven, FL 33881

Polk Avenue Elementary  
110 E. Polk Avenue  
Lake Wales, FL 33853

Polk Pre-Collegiate Academy  
5316 Berkley Road  
Auburndale, FL 33823

Ridgeview Global Studies  
Academy  
1000 Dunson Rd  
Davenport, FL 33896

**B. Basis of Presentation**

Government-wide Financial Statements – Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School District as a whole. These statements include the non-fiduciary financial activity of the primary government and its component units. The statements distinguish between governmental activities of the District and those that are considered business-type activities.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and are, thereby, clearly identifiable to a particular function or segment. 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 meet the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions.

Fund Financial Statements – Governmental fund financial statements are prepared using the current financial resources measurement focus, whereas, the proprietary and fiduciary fund financial statements are prepared using the economic resources measurement focus. Agency funds have no measurement focus. 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. Non major governmental 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 – accounts for all financial resources not accounted for and reported in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

Other Federal Programs – accounts for and reports on activities of Federal programs other than Federal stimulus and food service.

Local Capital Improvement – accounts for and reports on funds received by the District from a tax levied by the School Board against taxable value of property used to finance projects advertised for expenditure pursuant to this authority.



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**B. Basis of Presentation (continued)**

Other Capital Projects Fund – accounts for and reports on other miscellaneous funds from various sources used for capital outlay as follows: Proceeds from Certificates of Participation Bonds; Sales Tax Revenues; Sales Tax Bond Proceeds; Land Sale Proceeds; Impact Fee Revenue; State Class Size Reduction Funds; State Classroom First Lottery Bond Proceeds; State SIT Awards; and Charter School Capital Outlay.

Additionally, the District reports the following fund types:

Internal Service Funds – accounts for the self-insured programs for employee group health, casualty, liability, and workers' compensation coverage for the Board.

Enterprise Fund – accounts for the financial activities of the Florida Schools Retiree Benefits Consortium (FSRBC).

Fiduciary (Agency) Fund – accounts for resources held by the schools, which are collected for and used by student and school athletic, class, and club activities.

**C. 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 internal service, enterprise and fiduciary fund 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 as revenues 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 or soon enough thereafter to pay liabilities of the current period.

Property taxes, interest and certain General Fund program grants associated with the current fiscal year are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. For this purpose, 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, revenues are recognized at the time the expenditures are made, provided receipt of funds is considered available.

Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized as expenditures when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 major operating revenues of the District's internal service funds are from charges for employee health insurance premiums. The major operating expenses for the internal service funds include administrative expenses, claims and

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**C. Basis of Accounting (continued)**

insurance premiums for excess coverage. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

The Foundation and Charter schools, shown as discretely presented component units, are presented under the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

**D. Deposits and Investments**

Banks qualified as public depositories under Florida law hold cash deposits. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The exhibits presented in this Comprehensive Annual Financial Report (the "CAFR") consider cash as those accounts used as demand deposit accounts. In addition, the statement of cash flows for proprietary funds considers as cash and cash equivalents those accounts used as demand deposit accounts, all highly liquid investments with an original maturity of three months or less, and cash held by fiscal agents.

The District invests in money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at amortized cost.

The District also has investment management agreements with Florida Fixed Income Trust (FI. FIT), reported at fair value and the Florida Education Investment Trust Fund (FEITF), reported at net asset value and their respective custodians. Investments made locally consist of money market funds, United States Treasury Securities, Federal Notes and Corporate notes.

The District categorizes its fair value measurements with the fair value hierarchy established in accordance with generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. Types and amounts of investment held at fiscal year-end are described in a subsequent note.

**E. Interfund Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as "due to/from other funds" in the fund financial statements.

**F. Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption in the course of District operations. All inventories are stated on a moving-average basis. The costs of inventories are recorded as expenditures when used (consumption method), rather than when purchased. Prepaid items consist of payment of items which will benefit future accounting periods, such as property insurance.

**G. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of 1 year or more.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**G. Capital Assets (continued)**

Such assets, except land acquired prior to 1977 and buildings and fixed equipment acquired prior to 1976, are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated acquisition value at the date of donation.

The value of land acquired prior to 1977 is reported at the assessed value recorded by the Polk County Property Appraiser as of March 10, 1977. Buildings and fixed equipment acquired prior to 1976 are reported at replacement cost at June 30, 1976, as determined for insurance purposes at that time.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during the construction phase of capital assets are not capitalized as part of the cost of construction.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets are:</u>	<u>Years</u>
Buildings	50
Building Improvements	40
Improvements Other Than Buildings	20
Motor Vehicles	10
Furniture, Fixtures & Equipment	5-7
Software & Audio Visual Materials	3-5
Computers	5

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

**H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial net position reports a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category. They are unamortized loss on debt refunding and pensions and Other Postemployment Benefits (OPEB), reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial net position reports a separate section for deferred inflow of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. They are accumulated increase in fair value of hedging derivatives and pensions.

**I. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**I. Long Term Liabilities (continued)**

method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond 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 period in which the debt is issued. The face amount of debt issued is 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.

The District entered into interest rate swap agreements to hedge interest rates on outstanding debt. The fair values of these instruments are reflected on the government-wide financial statements. On the fund level financial statements, up-front premium payments received are recognized as other financing sources. In addition, the net interest expenditures resulting from agreements are recorded in the financial statements.

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.

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

**J. 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 one year 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 these 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 for the unexpended balance of categorical educational program resources.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay ("PECO") money, to the District on an annual basis. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Department. A schedule of revenue from State sources for the current year is presented in a subsequent note.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**K. Property Taxes - Revenue Recognition**

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

Property taxes consist of ad-valorem taxes on real and personal property within the District. The Polk County Property Appraiser determines property values and property taxes are collected by the Polk County Tax Collector.

The Board adopted the 2016 tax levy on September 6, 2016. Taxes become an enforceable lien on property as of January 1; 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 four percent for early payment.

Taxes become delinquent on April 1 of the year following the year of assessment and 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 the June 30 fiscal year-end.

Property tax revenue is recognized when the District receives taxes; however, revenue is accrued for taxes collected by the Polk 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.

**L. 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 grantor 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.

**M. Use of Estimates**

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**N. 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.

The District's retirement plans and related amounts are described in a subsequent note.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**O. Impact of Recently Issued Accounting Principles**

Recently Issued and Adopted Accounting Pronouncements

The GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* in June 2015. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2016. The District does not have an irrevocable OPEB trust, therefore, the adoption of GASB 74 does not have any impact on the District's financial statements.

The GASB issued Statement No. 77, *Tax Abatement Disclosures* in August 2015. This Statement requires the disclosure of information about the nature and magnitude of tax abatements. The requirements of this Statement are effective for financial statement for reporting periods beginning after December 15, 2015. The adoption of GASB 77 did not have any impact on the District's financial statements.

The GASB issued Statement No. 82, *Pension Issue - an amendment of GASB Statements No. 67, No. 68, and No. 73* in March 2016. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for reporting periods beginning after June 15, 2016. The District has implemented this Statement for fiscal year 2017 by changing covered employee payroll to covered payroll specifically related to pension plan benefits in required supplementary information.

Recently Issued Accounting Pronouncements with Potential Future Impact – Not Yet Adopted

The GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017, which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Among other things, GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

The GASB issued Statement No. 85, *Omnibus 2017*. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). This Statement is effective for reporting periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

The GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use and underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**O. Impact of Recently Issued Accounting Principles (continued)**

intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

**2. DIFFERENCES BETWEEN GOVERNMENT-WIDE FINANCIAL STATEMENTS AND GOVERNMENTAL FUND STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position**

The Governmental Funds balance sheet includes a reconciliation between Total Fund Balances-Governmental Funds and Total Net Position-Governmental Activities reported on the statement of net position. One element of that reconciliation explains, "Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds". The details of this \$787,425,631 difference are as follows:

Bonds Payable, Including Premium	\$	(58,022,474)
Certificates of Participation, Net of Discount and Deferred Amount		(199,046,967)
Compensated Absences Payable		(37,947,729)
Derivative Instrument, Including Upfront Payment		(15,796,422)
Obligations under Capital Lease		(286,223)
Net Pension Liability		(433,352,488)
Other Post-Employment Benefits		<u>(42,973,328)</u>
Net adjustment to reduce Total Fund Balances-Total		
Governmental Funds to Total Net Position-Governmental Activities	\$	<u>(787,425,631)</u>

**3. BUDGETARY COMPLIANCE ACCOUNTABILITY**

The School Board follows procedures established by State statutes and State Board of Education 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 State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each function (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.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**3. BUDGETARY COMPLIANCE ACCOUNTABILITY (continued)**

- 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.
  
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund-function level. The School Board made several supplemental budgetary appropriations throughout the year. Supplemental budgetary appropriations are presented in budget and actual comparison statements by original budget and final budget amounts and discussed in the Management's Discussion and Analysis.



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**4. INVESTMENTS**

As of June 30, 2017, the District has the following investments and maturities:

Investment	Average Maturity	Fair Value	Valuation Measurement Method/Level
<b>Money Market Funds</b>			
Bank of Central Florida Insured Cash Sweep Purchases	No Maturity	\$ 6,021,842	Amortized Costs
Fidelity Prime Money Market Portfolio Class I	31 Days	365,070	Amortized Costs
Federated Prime Cash Obligations Money Market Fund (Held by Fifth Third Bank)	31 Days	888,813	Amortized Costs
Florida Community Bank Money Markets	No Maturity	34,099,229	Amortized Costs
State Board of Administration - Debt Service Account	6 Months	125,294	Amortized Costs
Total Money Market Funds		41,500,248	
<b>Other Investments</b>			
Florida Education Investment Trust Fund (FEITF)	37 Days	15,488,614	Net Asset Value
Florida Fixed Income Trust-CP Pool	90 Days	24,107,841	Net Asset Value
Florida Fixed Income -Enhanced Cash Pool	6 Months	17,212,258	Net Asset Value
		56,808,713	
Ultra-short Income Portfolio (Held by Morgan Stanley)	38 Days	50,216,928	Fair Value Level 2
Trust Fund Investment US Bank Agricultural Bank CP	Less than 6 months	3,156,255	Fair Value Level 2
United States Treasury Notes	3 to 5 years	30,259,964	Fair Value Level 2
Trust Fund Investment US Bank United States Treasury Notes	6 months	6,818,444	Fair Value Level 2
Federal Agency Notes - Various	2 to 5 Years	3,646,052	Fair Value Level 2
Corporate Notes - Various	3 to 10 Years	11,217,868	Fair Value Level 2
		105,315,511	
		\$ 203,624,472	
Investments are reflected in the financial statements as follows			
Governmental Funds		\$ 148,948,067	
Internal Service Funds		47,847,578	
Governmental Activities		196,795,645	
Fiduciary Funds		6,828,827	
		\$ 203,624,472	
Interest Rate Swaps		\$ (3,998,976)	Fair Value Level 2

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**4. INVESTMENTS (continued)**

Debt securities and interest rate Swaps classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investments classified under the Net Asset Value classification include the Intergovernmental investment pool funds, which are held with FEITF, and Florida Fixed Income Trust pools, which are valued using a NAV of \$1.00 per share. These funds have no unfunded commitments and allows unlimited daily redemptions and investments with a 1-day minimum holding period. These funds have investments in negotiable certificate of deposits, commercial paper, repurchase agreements, certificate of deposit – FHLB LOC, Federal Agencies, Municipal Bonds, Corporate Notes, and US Treasury Notes.

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's investment policy limits investments to a maximum of five years, unless specifically matched with cash flow needs as a means of managing its exposure to fair value losses arising from increasing interest rates.

The District has a formal investment policy as authorized by Section 218.415, Florida Statutes, that generally limits investments to a maximum of five years, but which allows investments to exceed five years when there is opportunity to achieve a greater return and /or the average life is expected to be less.

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, the investment must be immediately placed for safekeeping in a secured vault. The District does not have a formal investment policy that addresses custodial credit risk.

The District has \$11.2 million of underlying securities in Corporate Notes that are held by the investment's counterparty, not in the name of the District.

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 investment pool authorized pursuant to the Florida Inter-local Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**4. INVESTMENTS (continued)**

The District's investment policy allows for investments in certificates of deposit, time deposits, United States Government Securities, United States Government Agency Securities, United States Government Enterprises and Instrumentalities Securities, money market funds that are rated "AAm" or "AAm-G" or better by Standard & Poor's or the equivalent by another rating agency, and other forms of authorized investments described in the Florida Statutes.

As of June 30, 2017, the District's investment in United States Treasury Bills, United States Treasury Notes, and Federal Agency Notes are rated AA+ by Standard & Poor's and Aaa by Moody's.

As of June 30, 2017, the Trust Fund Investment US Bank Agricultural Bank of China NY in Commercial Paper was rated A-1 by Standard & Poor's and P-1 by Moody's. The Ultra Short Income Portfolio Class I Bond Fund held by Morgan Stanley was rated AAf/s1 by Fitch. Fidelity Prime Money Market Portfolio Class I, held by Wells Fargo Securities, was rated AAAm by S&P. The Florida Education Investment Trust Fund (FEITF), which is an Intergovernmental Investment Pool, was rated AAAm by S&P. Federated Prime Cash Obligation Money Market, held by Fifth Third Bank, was rated AAAm by S&P and the Florida Fixed Income Trust (FIT), which is an inter-local governmental agreement in a commercial paper pool and an Enhanced Cash Pool was rated AAf by Standard and Poor's.

As of June 30, 2017, the District's investment in various Corporate Notes was rated by Standard & Poor's between AA- and BBB+ and Moody's rating between A1 and A3.

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.

The District is at risk for the Corporate Notes held by the District, which represent 5.51 percent of total investments. The remainder of the investments are issued or explicitly guaranteed by the United States Government or are in mutual funds, external investment pool, other pooled investments or are less than 5 percent of total investments which do not require disclosure for concentration credit risk.

Foreign Currency Risk

The District's exposure to foreign currency risk is as follows:

<u>Investment</u>	<u>Currency</u>	<u>Maturity</u>	<u>Fair Value</u>
Agricultural Bank of China LTD/NY commercial paper	Chinese Yuan	9/22/2017	3,156,255.

The District's investments in foreign currency-denominated commercial paper were rated A-1 by Standard and Poor's and P-1 by Moody's Investors Service. The District's investment policy does not limit its investment in foreign currency.

**5. ACCOUNTS RECEIVABLE**

The majority of receivables are due from other agencies. These receivables and the remaining accounts receivables are considered to be fully collectible.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**6. CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 99,387,716	\$ 98	\$ -	\$ 99,387,814
Construction in Progress	42,407,733	14,313,837	39,260,437	17,461,133
Total capital assets, not being depreciated	<u>141,795,449</u>	<u>14,313,935</u>	<u>39,260,437</u>	<u>116,848,947</u>
Capital assets, being depreciated:				
Improvements Other Than Buildings	54,379,009	708,755	-	55,087,764
Buildings and Fixed Equipment	1,462,968,212	39,113,254	-	1,502,081,466
Furniture, Fixtures, and Equipment	85,122,344	4,614,515	4,412,400	85,324,459
Motor Vehicles	71,467,372	6,600,086	3,965,292	74,102,166
Audio Visual Materials and Computer Software	10,532,866	6,242	454,131	10,084,977
Total capital assets, being depreciated	<u>1,684,469,803</u>	<u>51,042,852</u>	<u>8,831,823</u>	<u>1,726,680,832</u>
Less accumulated depreciation for:				
Improvements Other Than Buildings	36,216,482	1,532,007	-	37,748,489
Buildings and Fixed Equipment	560,124,935	32,470,422	-	592,595,357
Furniture, Fixtures, and Equipment	72,264,639	4,641,617	3,984,093	72,922,163
Motor Vehicles	51,341,595	4,332,049	3,847,093	51,826,551
Audio Visual Materials and Computer Software	9,971,671	208,330	450,626	9,729,375
Total accumulated depreciation	<u>729,919,322</u>	<u>43,184,425</u>	<u>8,281,812</u>	<u>764,821,935</u>
Total capital assets, being depreciated, net	<u>954,550,481</u>	<u>(19,172,683)</u>	<u>550,011</u>	<u>934,827,787</u>
Capital assets, net	<u>\$ 1,096,345,930</u>	<u>\$ (4,858,748)</u>	<u>\$ 12,779,338</u>	<u>\$ 1,078,707,844</u>

Depreciation expense was charged to functions as follows:

Instructional services	\$ 21,985,753
Instructional support services	4,020,789
Student Transportation	1,463,694
Operation & maintenance of plant	8,714,736
School Administration	1,836,638
General Administration	370,681
Food Services	2,273,990
Community Services	203,964
Unallocated	2,314,180
Total Depreciation Expense	<u>\$ 43,184,425</u>

**7. CERTIFICATES OF PARTICIPATION**

The Certificates of Participation ("COPS" or "Certificates") are instruments issued to finance lease purchase agreements in accordance with Section 235.056, Florida Statutes. US Bank, N.A. is the trustee for the certificates and makes all interest, principal, and fee payments, invests idle funds, and complies with the requirements of the issue documents. The certificates mature serially and the debt service is funded by transfers from Capital Improvement Fund (Section 236.25). The following is a description of the COPS:

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**7. CERTIFICATES OF PARTICIPATION (continued)**

**Series 2003B**

The District entered into a refunding arrangement on July 30, 2003, to advance refund the COPS, Series 1994, issued on behalf of the District by the Financing Corporation for the School Board of Polk County, Florida. The financing was accomplished through the issuance of COPS, Series 2003B, totaling \$19,700,000, to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement associated with the Series 2003B Certificates, the District has given a ground lease on District property to the Financing Corporation for the School Board of Polk County, Florida, with a rental fee of \$10 per year. By a master lease-purchase agreement, the properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. The initial term of the lease is 1 year commencing on July 30, 2003, renewable annually, and ending on the earlier of (a) the date on which the Series 2003B certificate has been paid or provision for such payment has been made pursuant to the Trust Agreement or (b) January 1, 2018.

If the District fails to renew the master lease-purchase agreement and to provide for the rent payments through to term, the District may be required to surrender the site included under the Ground Lease Agreement, together with improvements thereon, to the trustee for the benefit of the securers of the Certificates for a period of time specified by the arrangement, which may be up to approximately 25 years from the date of inception of the arrangement.

The District property included in the 2003B ground lease under this arrangement includes the land on which the Series 1994 Project is located. The Series 1994 Project was for the construction of Lake Region Senior High School.

Net proceeds of the Series 2003B Certificates were placed in an irrevocable trust to provide for the future debt service payments on the Series 1994 Certificates. Accordingly, the trust account assets and the liability for the Series 1994 Certificates are not included in the Board's financial statements.

The Series 2003B Certificates include serial certificates maturing from 2004 through 2018 and term certificates maturing in 2018. The lease payments on the Series 2003B Certificates are payable by the District, semiannually, on July 1 and January 1 at interest rates ranging from 2.0 to 4.0 percent.

**Series 2004-QZAB/COPS**

The District entered into a financing arrangement on June 8, 2004, characterized as a lease-purchase agreement, with the Financing Corporation for the School Board of Polk County, Florida, whereby the District secured financing through Qualified Zone Academy Bonds ("QZABs") for technology improvements. The financing was accomplished through the issuance of Qualified Zone Academy Bonds-Certificates of Participation, Series 2004, totaling \$3,561,000, to be repaid from the proceeds of rents paid by the District. As a condition of this 2004 financing arrangement, the District gave title to the equipment to the Financing Corporation. The initial term of the lease is for the period commencing on June 8, 2004, and ending on the earlier of: (a) the date on which the Series 2004 QZAB/Certificates and all other amounts due in respect of the Trust Agreement or the Lease Agreement have been paid in full or (b) June 7, 2020 (both dates inclusive). The technology equipment covered by the ground lease is leased back to the District.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
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**June 30, 2017**

**7. CERTIFICATES OF PARTICIPATION (continued)**

If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the equipment included under the Ground Lease Agreement for the benefit of the securers of the QZAB/Certificates for a period of time specified by the arrangement, which may be up to approximately 16 years from the date of inception of the arrangement.

The District technology equipment included in the ground lease under this arrangement includes approximately 5,442 computers and monitors.

The Series 2004-QZAB/COPS mature on June 7, 2020 and require the District to make annual payments into an escrow account from 2005 through 2009 at \$403,617 per year. The total amount paid into escrow in the form of a sinking fund (\$2,018,084) with interest earnings should be sufficient to pay off the principal due on term certificates maturing in 2020, considering the subsidy. The escrow/sinking fund is included in Investments. The QZABs are financial instruments that provide a different kind of subsidy in the form of a tax credit to a bank, in this case, Wachovia Bank, N.A., which holds the QZABs. The District was eligible for this program since the schools which participated had at least 35 percent or more of their students eligible for free or reduced lunch under the National School Lunch Act, and the District had established a partnership with a business, Gateway, who provided the 10 percent matching in online training classes for teachers and students.

**Series 2009C-QSCB/COPS**

The District entered into a financing arrangement on December 30, 2009, which was characterized as a lease-purchase agreement in the form of Qualified School Construction Bonds, with the Financing Corporation. The financing was accomplished through the issuance of COPS Series 2009C, totaling \$20,543,000, to be repaid from the proceeds of rents paid by the District.

As a condition of the 2009 financing arrangement, the District has given a ground lease on District property to the Financing Corporation for the School Board of Polk County, Florida, with a rental fee of \$10 per year. The initial term of the lease is for the period commencing on December 30, 2009, and ending on the earlier of: (a) the date on which the Series 2009C Certificates and all other amounts due in respect of the Trust Agreement or the Lease Agreement have been paid in full or (b) December 15, 2024 (both dates inclusive). The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District.

If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the Certificates for a period of time specified by the arrangement, which may be up to approximately 25 years from the date of inception of the arrangement.

The District properties included in the ground lease under this arrangement include lands on which the Series 2009C project is located. The Series 2009C project was for the reconstruction of Mulberry Middle School.

The lease payments are payable by the District into a sinking fund on an annual basis, and interest at a rate of 1.95% is paid quarterly. Sinking fund proceeds are invested and accumulate over the life of the bonds, ending in a lump sum repayment to the bondholders at bond maturity. The interest earnings of the sinking fund are estimated. Therefore, the final principal payment will be adjusted as required based upon final interest earned. Bondholders earn federal tax credits in lieu of interest.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**7. CERTIFICATES OF PARTICIPATION (continued)**

The following is a schedule of required sinking fund deposits and estimated earnings to accumulate through maturity in the sinking fund:

Payment Due Date (FY)	Principal	Interest Earned Sinking Fund	Estimated Sinking Fund Balance
2011	\$ 1,104,527	\$ -	\$ 1,104,527
2012	1,104,527	33,136	2,242,190
2013	1,104,527	67,266	3,413,983
2014	1,104,527	102,420	4,620,930
2015	1,104,527	138,628	5,864,085
2016	1,104,527	175,923	7,144,535
2017	1,104,527	214,336	8,463,398
2018	1,104,527	253,902	9,821,827
2019	1,104,527	294,655	11,221,009
2020	1,104,527	336,630	12,662,166
2021	1,104,527	379,865	14,146,558
2022	1,104,527	424,397	15,675,482
2023	1,104,527	470,264	17,250,273
2024	1,104,526	517,507	18,872,306
2025	1,104,526	566,168	20,543,000
	<u>\$ 16,567,903</u>	<u>\$ 3,975,097</u>	<u>\$ 20,543,000</u>

**Series 2010A**

The District entered into a financing arrangement on March 9, 2010 to advance refund the Certificates of Participation, Series 1999A. The refunding was accomplished through the issuance of Certificates of Participation, Series 2010A, totaling \$51,315,000, to be repaid by the proceeds of rents paid by the District.

As a condition of the financing arrangement associated with the Series 2010A Certificates, the District has given a ground lease on District property to the Financing Corporation, with a rental fee of \$10 per year. By a master lease-purchase agreement, the properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. The initial term of the lease is for the period commencing on March 9, 2010, and ending on the earlier of: (a) the date on which the Series 2010A Certificates and all other amounts due in respect of the Trust Agreement or the Lease Agreement have been paid in full or (b) January 1, 2024 (both dates inclusive).

If the District fails to renew the master lease-purchase agreement and to provide for the rent payments through to term, the District may be required to surrender the site included under the Ground Lease Agreement, together with improvements thereon, to the trustee for the benefit of the securers of the Certificates for a period of time specified by the arrangement, which may be up to approximately 25 years from the date of inception of the arrangement.

The District property included in the 2010A ground lease under this arrangement includes the land on which the Series 1999A projects are located. The Series 1999A Project was for the construction of Sandhill Elementary, Pinewood Elementary, Berkley Elementary and Ridgeview Elementary Schools, and an addition to Lakeland Senior High School.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**7. CERTIFICATES OF PARTICIPATION (continued)**

The net proceeds of the Series 2010A Certificates were used to currently refund the Series 1999A Certificates.

The lease payments are payable by the District, semiannually, on the fifteenth (15th) day proceeding January 1<sup>st</sup> and July 1<sup>st</sup>, at interest rates ranging from 3.00 to 4.25 percent.

**Series 2010C-QSCB/COPS**

The District entered into a financing arrangement on November 22, 2010, which was characterized as a lease-purchase agreement in the form of Qualified School Construction Bonds, with the Financing Corporation for the School Board of Polk County, Florida. The financing was accomplished through the issuance of COPS, Series 2010C, totaling \$21,223,000, to be repaid from the proceeds of rents paid by the District.

The District has elected to receive a refundable credit from the United States Department of Treasury in accordance with Section 6431(f) of the Internal Revenue Code of 1986, as amended, equal to the lesser of the amount of interest payable with respect to the Certificates on such date or the amount of interest which would have been payable with respect to the Certificates on such date if such interest were determined at the tax credit rate otherwise applicable to such Certificates in accordance with the Code. Because the tax credit rate set by the Department of Treasury on November 18, 2010 (5.49%) exceeds the interest rate on the Certificates (5.38%), the interest rate applicable to the Certificates is the maximum allowable interest rate credit, which will be paid to the District with respect to the Certificates (the "Subsidy Payments").

As a condition of the 2010 financing arrangement, the District has given a ground lease on District property to the Financing Corporation, with a rental fee of \$10 per year. The initial term of the lease is for the period commencing on November 1, 2010 and ending on the earlier of: (a) the date on which the Series 2010C Certificates and all other amounts due in respect of the Trust Agreement or the Lease Agreement have been paid in full or (b) October 31, 2034 (both dates inclusive). The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District.

If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the Certificates for a period of time specified by the arrangement, which may be up to approximately 25 years from the date of inception of the arrangement.

The District properties included in the ground lease under this arrangement include land on which the Series 2010C Project is located. The Series 2010C Project was for the construction of the Freshman Academy at Winter Haven High School; the Freshman Academy at Kathleen Senior High School; reconstruction of the Winter Haven High School Master Plan Phase II.

The lease payments are payable by the District into a sinking fund on an annual basis, and interest at a rate of 2.75% is paid quarterly. Sinking fund proceeds are invested and accumulate over the life of the bonds, ending in a lump sum repayment to the bondholders at bond maturity. The interest earnings of the sinking fund are estimated. Therefore, the final principal payment will be adjusted as required based upon final interest earned. Bondholders earn federal tax credits in lieu of interest.



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**7. CERTIFICATES OF PARTICIPATION (continued)**

The following is a schedule of required sinking fund deposits and estimated earnings to accumulate through maturity in the sinking fund:

Payment Due Date (FY)	Principal	Interest Earned Sinking Fund	Estimated Sinking Fund Balance
2012	\$ 1,117,000	\$ 11,434	\$ 1,128,434
2013	1,093,040	37,323	2,258,797
2014	1,067,130	62,269	3,388,196
2015	1,041,777	87,071	4,517,044
2016	1,017,539	112,411	5,646,994
2017	992,673	136,725	6,776,392
2018	967,390	162,009	7,905,791
2019	942,455	186,944	9,035,190
2020	917,520	211,879	10,164,589
2021	891,958	238,130	11,294,677
2022	868,346	261,121	12,424,144
2023	842,715	285,926	13,552,785
2024	817,780	311,619	14,682,184
2025	792,845	336,554	15,811,583
2026	765,959	361,373	16,938,915
2027	744,019	388,548	18,071,482
2028	719,154	409,143	19,199,779
2029	693,104	436,294	20,329,177
2030	669,423	224,400	21,223,000
	<u>\$ 16,961,827</u>	<u>\$ 4,261,173</u>	<u>\$ 21,223,000</u>

**Series 2012B**

The District entered into a refunding arrangement on September 24, 2012, to current refund the COPS, Series 2009B (formerly Series 2008A and 1998). The refunding was accomplished through the issuance of COPS, Series 2012B, totaling \$36,805,000, to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement associated with the Series 2012B Certificates, the District has given a ground lease on District property to the Financing Corporation, with a rental fee of \$10 per year. By a master lease-purchase agreement, the properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. The initial term of the lease is for the period commencing on September 24, 2012, and ending on the earlier of: (a) the date on which the Series 2012B Certificates and all other amounts due in respect of the Trust Agreement or the Lease Agreement have been paid in full or (b) January 1, 2023 (both dates inclusive).

If the District fails to renew the master lease-purchase agreement and to provide for the rent payments through to term, the District may be required to surrender the site included under the Ground Lease Agreement, together with improvements thereon, to the trustee for the benefit of the securers of the Certificates for a period of time specified by the arrangement, which may be up to approximately 25 years from the date of inception of the arrangement.

The District property included in the 2012B ground lease under this arrangement includes the land on which the Series 1998 Project is located. The Series 1998 Project was for the construction of Sleepy Hill Middle School and Dundee Ridge Middle School.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**7. CERTIFICATES OF PARTICIPATION (continued)**

The net proceeds of the Series 2012B Certificates were used to currently refund the Series 2009B Certificates.

The Series 2012B Certificates include serial certificates maturing through 2023, and term certificates maturing in 2023. The lease payments on the Series 2012B Certificates are payable by the District annually on January 1 at interest rates ranging from approximately 3.762 to 9.728 percent.

Please refer to the Floating-to-Fixed Cancelable Interest Rate Swap disclosure at note 13 for information regarding outstanding swaps associated with Series 2012B (originally Series 2008A).

**Series 2015A**

The District entered into a refunding arrangement on October 30, 2015, to current refund the COPS, Series 2012A (formerly Series 2009A and 2003A). The refunding was accomplished through the issuance of COPS, Series 2015A, totaling \$42,360,000, to be repaid from the proceeds of rents paid by the District.

As a condition of the 2015A financing arrangement, the District has given a ground lease on District property to the Financing Corporation, with a rental fee of \$10 per year. The initial term of the lease is for the period commencing on October 30, 2015, and ending on the earlier of: (a) the date on which the Series 2015A Certificates and all other amounts due in respect of the Trust Agreement or the Lease Agreement have been paid in full or (b) January 1, 2028 (both dates inclusive). The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District.

If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the Certificates for a period of time specified by the arrangement, which may be up to approximately 25 years from the date of inception of the arrangement.

The District properties included in the ground lease under this arrangement include land on which the original Series 2003A Projects are located. The following five schools are in this arrangement: Chain of Lakes Elementary, Ridge Community High School, Sandhill Elementary Classroom Addition, Ridgeview Elementary Classroom Addition, and Haines City High School Administrative Suite/Media Center.

The net proceeds of the Series 2015A Certificates were used to currently refund the Series 2012A Certificates.

The Series 2015A Certificates include serial certificates maturing through 2028 and term certificates maturing in 2028. The lease payments on the Series 2015A Certificates are payable by the District, annually, on January 1. The lease payments are payable by the District, monthly, at an interest rate of 4.565 percent.

Please refer to the Floating-to-Fixed Cancelable Interest Rate Swap disclosure at note 13 for information regarding outstanding swap associated with Series 2015A (formerly Series 2015A and 2003A).

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**7. CERTIFICATES OF PARTICIPATION (continued)**

**Series 2015B**

The District entered into a refunding arrangement on October 30, 2015, to advance refund the COPS Series 2010D (formerly known as 2001A). The refunding was accomplished through the issuance of COPS, Series 2015B, totaling \$42,850,000, to be repaid by the proceeds of rents paid by the District.

As a condition of the 2015B financing arrangement, the District has given a ground lease on District property to the Financing Corporation, with a rental fee of \$10 per year. The initial term of the lease is for the period commencing on October 30, 2015 and ending on the earlier of: (a) the date on which the Series 2015B Certificates and all other amounts due in respect of the Trust Agreement or the Lease Agreement have been paid in full or (b) January 1, 2026 (both dates inclusive). The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District.

If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the Certificates for a period of time specified by the arrangement, which may be up to approximately 25 years from the date of inception of the arrangement.

The District properties included in the ground lease under this arrangement include land on which the original Series 2001 projects are located. The following 10 schools are in this arrangement: Elementary Schools E & F (N.E. Roberts Elementary and R. Bruce Wagner Elementary), Auditorium Lake Gibson High School, Homer K. Addair Academy (formerly known as the Lake Alfred Career Development Academy), Classroom Wing Jewett Elementary, Agri Science Center/Gym Auburndale Senior High, New Cafeteria/Remodel Bartow Senior & Haines City High Schools, Administration Building, Kathleen Elementary, Quad Classroom Lewis Elementary.

The net proceeds of the 2015B Certificates were used to currently refund the Series 2010D Certificates.

The lease payments are payable by the District, monthly, on the first (1st) day each month, at an interest rate of 5.49 percent.

**Series 2016A**

The District entered into a partial refunding arrangement on April 4, 2016, to current refund the COPS, Series 2012B (formerly Series 2009B, 2008A, and 1998). The refunding was accomplished through the issuance of COPS, Series 2016A, totaling \$33,725,000, to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement associated with the Series 2016A Certificates, the District has given a ground lease on District property to the Financing Corporation, with a rental fee of \$10 per year. By a master lease-purchase agreement, the properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. The initial term of the lease is for the period commencing on April 4, 2016, and ending on the earlier of: (a) the date on which the Series 2016A Certificates and all other amounts due in respect of the Trust Agreement or the Lease Agreement have been paid in full or (b) January 1, 2023 (both dates inclusive).

If the District fails to renew the master lease-purchase agreement and to provide for the rent payments through to term, the District may be required to surrender the site included under the Ground Lease Agreement, together with improvements thereon, to the Trustee for the benefit of the securers of the Certificates for a period of time specified by the arrangement, which may be up to approximately 25 years from the date of inception of the arrangement.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**7. CERTIFICATES OF PARTICIPATION (continued)**

The District property included in the 2016A ground lease under this arrangement includes the land on which the Series 1998 Project is located. The Series 1998 Project was for the construction of Sleepy Hill Middle School and Dundee Ridge Middle School.

The net proceeds of the Series 2016A Certificates were used to partially refund the Series 2012B Certificates.

The Series 2016A Certificates include serial certificates maturing through 2023, and term certificates maturing in 2023. The lease payments on the Series 2016A Certificates are payable by the District annually on January 1 at interest rates 1.70 percent.

Please refer to the Floating-to-Fixed Cancelable Interest Rate Swap disclosure at note 13 for information regarding outstanding swaps associated with Series 2016A (originally Series 2012B and 2008A).

**Series 2017A**

The District entered into a refunding arrangement on June 30, 2017, to partially advance refund the Certificates of Participation, Series 2010A (formerly Series 1999A) The refunding was accomplished through the issuance of Certificates of Participation, Series 2017A, totaling \$26,331,000, to be repaid by the proceeds of rents paid by the District.

As a condition of the financing arrangement associated with the Series 2017A Certificates, the District has given a ground lease on District property to the Financing Corporation, with a rental fee of \$10 per year. By a master lease-purchase agreement, the properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. The initial term of the lease is for the period commencing on June 30, 2017, and ending on the earlier of: (a) the date on which the Series 2017A Certificates and all other amounts due in respect of the Trust Agreement or the Lease Agreement have been paid in full or (b) January 1, 2024 (both dates inclusive).

If the District fails to renew the master lease-purchase agreement and to provide for the rent payments through to term, the District may be required to surrender the site included under the Ground Lease Agreement, together with improvements thereon, to the trustee for the benefit of the securers of the Certificates for a period of time specified by the arrangement, which may be up to approximately 25 years from the date of inception of the arrangement.

The District property included in the 2017A ground lease under this arrangement includes the land on which the Series 2010A (formerly 1999A) projects are located. The Series 2010A Project was for the construction of Sandhill Elementary, Pinewood Elementary, Berkley Elementary and Ridgeview Elementary Schools, and an addition to Lakeland Senior High School.

The lease payments are payable by the District, semiannually, on the fifteenth (15th) day proceeding January 1<sup>st</sup> and July 1<sup>st</sup>, at an interest rate of 1.95 percent.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**7. CERTIFICATES OF PARTICIPATION (continued)**

The following is a summary of Certificates of Participation payable:

	<u>Balance at 6/30/17</u>
Series 2003B, \$19,700,000, Issued 07/30/03	\$ 1,710,000
Series 2004-QZAB/COPS, \$3,561,000, Issued 06/08/04	3,561,000
Series 2009C QSCB, \$20,543,000, Issued 12/30/2009	20,543,000
Series 2010A (Refinances 1999A), \$51,315,000, Issued 03/09/2010	11,690,000
Series 2010C QSCB, \$21,223,000, Issued 11/22/10	21,223,000
Series 2012B (Refinances 2009B), \$36,805,000, Issued 09/24/12	3,070,000
Series 2015A (Refinances 2012A), \$42,360,000, Issued 10/30/15	40,895,000
Series 2015B (Refinance 2010D), \$42,850,000, Issued 10/30/15	40,080,000
Series 2016A (Partial Refinance 2012B), \$33,725,000, Issued 04/04/16	30,330,000
Series 2017A (Partial Refinance 2010A), \$26,331,000, Issued 06/30/17	<u>26,331,000</u>
 Total Certificates of Participation	 <u>\$199,433,000</u>

The following is a schedule by years of future minimum lease payments under the lease agreements, together with the present value of minimum lease payments as of June 30, 2017:

Fiscal Year Ended <u>June 30</u>	Certificates of Participation		
	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 17,856,718	\$ 12,138,000	\$ 5,718,718
2019	17,551,907	12,300,000	5,251,907
2020	21,095,605	16,217,000	4,878,605
2021	17,484,374	12,963,000	4,521,374
2022	17,573,048	13,363,000	4,210,048
2023-2027	107,371,094	94,184,000	13,187,094
2028-2032	17,425,220	17,045,000	380,220
2033-2036	21,223,000	21,223,000	-
<u>Grand Totals</u>	<u>\$ 237,580,966</u>	<u>\$ 199,433,000</u>	<u>\$ 38,147,966</u>
Total COPS		\$ 199,433,000	
Less: Unamortized Premium/Discount		<u>(386,033)</u>	
Total COPS Payable		<u>\$ 199,046,967</u>	

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**8. BONDS PAYABLE**

The following is a description of debt issues:

State School Bonds

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

Sales Tax Bonds

These bonds are authorized by the Constitution and Laws of the State of Florida, particularly Chapter 1010, Florida Statutes, Chapter 212, Part I, Florida Statutes, and other applicable provisions of law. The bonds are secured by a pledge of the proceeds received pursuant to a Local Option Half-Cent Sales Tax passed by Polk County voters which commenced January 1, 2004 for a period not to exceed fifteen (15) years. Sales tax received for the current year was \$43,048,151. For the fiscal year, the amount of principal, interest, and fees on Sales Tax Bonds was \$25,905,001.

The following is a summary of bonds payable at June 30, 2017:

<u>State School Bonds:</u>	<u>Balance at 6/30/2017</u>
Series 2009-A (Refunding Portion), \$655,000, Issued 08/15/2009. This refunded 1999-A, Matures Serially 01/01/2019, Interest Rate of 5.0 Percent, Payable in Future Annual Installments Ranging from \$70,000 to \$80,000, Semiannual Interest.	\$ 155,000
Series 2009-A (New Money Portion), \$4,220,000, Issued 08/15/2009, Matures Serially to 1/01/2029, Interest Rates Ranging from 4.0 to 5.0 Percent, Payable in Future Annual Installments Ranging from \$100,000 to \$460,000, Semiannual Interest Payments Range from \$9,775 to \$78,000.	3,490,000
Series 2010-A, \$365,000, Issued 10/14/10, Matures Serially to 1/1/21, Interest Rates Ranging from 4.0 to 5.0 Percent. Payable in Future Annual Installments Ranging from \$30,000 to \$50,000, Semiannual Interest Payments Range from \$1,250 to \$5,900.	180,000
Series 2011-A, \$440,000, Issued 01/05/12, Matures Serially to 1/1/23, Interest Rates Ranging from 3.0 to 5.0 Percent. Payable in Future Annual Installments Ranging from \$15,000 to \$35,000, Semiannual Interest Payments Range from \$525 to \$4,225.	160,000
Series 2014-A, \$900,000, Issued 05/22/14, Matures Serially to 1/1/25, Interest Rates Ranging from 3.0 to 5.0 Percent. Payable in Future Annual Installments Ranging from \$72,000 to \$110,000, Semiannual Interest Payments Range from \$1,230 to \$20,090.	734,000
Series 2014-B, \$2,709,000, Issued 12/2/14, Matures Serially to 1/1/20, Interest Rates Ranging from 2.0 to 5.0 Percent. Payable in Future Annual Installments Ranging from \$34,000 to \$1,585,000, Semiannual Interest Payments Range from \$360 to \$78,015.	362,000
Series 2017-A, \$1,035,000, Issued 04/29/2017. This refund 2006-A, Matures Serially to 01/01/2026, Interest Rate of 5.0 Percent, Payable in Future Annual Installments Ranging from \$42,000 to \$86,000, Semi-Annual Interest Payments Range from \$2,150 to \$14,000.	<u>560,000</u>
Total State School Bonds	<u>5,641,000</u>

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**8. BONDS PAYABLE (continued)**

Sales Tax Bonds:

	Balance at 6/30/2017
Series 2007, \$109,445,000, issued 11/30/2007; matures serially to 10/01/2018; interest rates ranging from 3.3375 to 5.0 percent; payable in future annual installments ranging from \$10,815,000 to \$12,535,000, semiannual interest payments range from \$300,850 to \$1,143,519.	\$ 24,470,000
Series 2014, \$43,470,000, issued 10/01/14, refunding Series 2004 and partially refunding Series 2005; matures serially to 10/1/18; interest rate is 1.55 percent; payable in future annual installments ranging from \$5,120,000 To \$12,995,000, semiannual interest payments range from \$100,711 to \$336,893.	25,780,000
Total Sales Tax Bonds	50,250,000
Total Bonds Payable	\$ 55,891,000

The various bonds were issued to finance capital outlay projects of the District.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2017 are as follows:

State School Bonds

Fiscal Year

Ended

June-30

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 956,333	\$ 726,000	\$ 230,333
2019	706,380	497,000	209,380
2020	639,345	454,000	185,345
2021	615,035	449,000	166,035
2022	584,660	439,000	145,660
2023-2027	2,640,325	2,196,000	444,325
2028-2029	936,950	880,000	56,950
Total	\$ 7,079,028	\$ 5,641,000	\$ 1,438,028

Sales Tax Bonds

Fiscal Year

Ended

June-30

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 25,915,181	\$ 24,720,000	\$ 1,195,181
2019	25,931,561	25,530,000	401,561
Totals	\$ 51,846,742	\$ 50,250,000	\$ 1,596,742

State School Bonds	\$ 5,641,000
Sales Tax Bonds	50,250,000
Sub Total Bonds	\$ 55,891,000
Plus Unamortized Bond Premium/Discount	2,131,474
Total Bonds Payable	\$ 58,022,474

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**9. CAPITAL LEASES**

The classes and amounts of property being acquired by the District under capital leases are as follows:

<u>Asset Description</u>	<u>Asset Balance</u>
Networking equipment	\$1,143,994

The amortization of assets recorded under capital leases is included with depreciation expense in the accompanying financial statements.

Following are the future minimum lease payments and the present value of the minimum lease payments as of June 30, 2017:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 291,047	\$ 286,223	\$ 4,824
Total Minimum Lease Payments	291,047	286,223	4,824
Less: Interest	(4,824)	-	-
Present value of minimum payments	<u>\$ 286,223</u>	<u>\$ 286,223</u>	<u>\$ 4,824</u>

The stated and imputed interest rates range from 1.18% to 2.80%.

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

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

<u>Description</u>	<u>BALANCE</u>			<u>BALANCE</u>	<u>DUE WITHIN</u>	<u>DUE AFTER</u>
	<u>7/1/2016</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>6/30/2017</u>	<u>ONE YEAR</u>	<u>ONE YEAR</u>
Certificates of Participation (COP)	\$ 208,112,000	\$ 26,331,000	\$ 35,010,000	\$ 199,433,000	\$ 12,138,000	\$ 187,295,000
COP-Prem/Discount	(517,307)	-	(131,274)	(386,033)	(66,824)	(319,209)
Bonds Payable	81,027,000	560,000	25,696,000	55,891,000	25,446,000	30,445,000
Bonds Payable-Prem/Discount	3,114,852	-	983,378	2,131,474	983,378	1,148,096
Derivative Instruments	20,067,984	-	6,830,833	13,237,151	-	13,237,151
Borrowing – Swap Upfront Payment	2,829,251	-	269,980	2,559,271	269,980	2,289,291
Obligations Under Capital Lease	567,717	-	281,494	286,223	286,223	-
Compensated Absences Payable	39,212,473	1,801,842	3,066,586	37,947,729	4,154,574	33,793,155
Estimated Liability for Claims	21,028,877	2,635,177	2,051,249	21,612,805	7,996,738	13,616,067
Net Pension Liability	291,451,697	141,900,791	-	433,352,488	-	433,352,488
Other Post-Employment Benefits	42,425,049	3,717,287	3,169,008	42,973,328	-	42,973,328
<b>Total</b>	<u>\$ 709,319,593</u>	<u>\$ 176,946,097</u>	<u>\$ 77,227,254</u>	<u>\$ 809,038,436</u>	<u>\$ 51,208,069</u>	<u>\$ 757,830,367</u>



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. CHANGES IN LONG-TERM LIABILITIES (continued)**

For the governmental activities, compensated absences and post-employment benefits are generally liquidated with resources of the General Fund. Estimated insurance claims are generally liquidated with resources of the internal service funds.

**11. DEFEASED DEBT**

On June 30, 2017 the District entered into a partial refunding arrangement with Regions Capital Advantage to currently refund the 2010A COPS, \$24,111,000, with the 2017A series COPS, \$26,331,000. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the District's financial statements. As a result of the refunding, the District will see an approximate decrease in debt service payments in the amount of \$1,085,148.

**12. ESTIMATED ARBITRAGE REBATE**

The District is not aware of any arbitrage at June 30, 2017.

**13. DERIVATIVE INSTRUMENTS**

**Floating-to-Fixed Cancelable Interest Rate Swap:**

In connection with the issuance on July 30, 2003 of the \$50,355,000 variable-rate Certificates of Participation Series 2003A, the District entered into a floating-to-fixed cancelable interest rate swap with Citibank, N.A., New York ("Citibank"), effective through January 1, 2028, to hedge against future increases in interest rates. The swap effectively converted the Certificates into 25-year synthetic fixed rate debt obligations with a fixed rate of 3.87 percent. In exchange for an upfront premium payment of \$3,440,000 received by the District, the swap counterparty has the right to cancel the swap on any date on or after August 1, 2008, without making a termination payment. In exchange for an additional reduction in the fixed rate paid by the District on the swap, the counterparty has the right to pay a lower Alternate Floating Rate equal to 69.5 percent one month London Interbank Offer Rate (LIBOR) rather than the Securities Industry and Financial Markets Association ("SIFMA"). The counterparty currently pays this lower Alternate Rate. In the event the swap is terminated, the District will be exposed to potentially higher interest rate payments on the Certificates which would equal prevailing interest rates. Also, if the District terminates the swap and the swap has a negative fair value, the District would be liable to the counterparty for a payment equal to the swap's fair value. The District expects that the rate on the swap in the Alternate Rate in which the District receives 69.5 percent of LIBOR and the rate on the Series 2003A Certificates will be substantially the same throughout the term of the swap. The counterparty is a major municipal swap dealer and as of June 30, 2017 was rated A by Fitch Rating, AA by Standard & Poor's, and Aa1 by Moody's Investors Service. As of June 30, 2017, the swap associated with Series 2015A (2003A, 2009A, & 2012A), with a notional amount of \$41,140,000 in which the District pays 4.565% and receives 69.5% of one-month LIBOR, had a fair value of \$(5,966,456).

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
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**13. DERIVATIVE INSTRUMENTS (continued)**

**Interest Rate Swaption Agreement:**

On October 5, 2005, the District entered into an interest rate swaption with Citibank, whereby Citibank has (or had) the right to enter into an interest rate swap agreement associated with the Series 2001A Certificates of Participation. As an alternative to advance refunding the prior certificates, the Board approved the future current refunding of all or a portion of the outstanding prior certificates and the execution of the swaption agreement for an upfront premium associated with each prior certificate. The District entered into the swaption primarily to modify its risk of interest rate changes with respect to the refunding certificates, and to lock in and receive on a current basis an amount equal to or greater than the present value savings achievable if the prior certificates were refunded.

On December 30, 2010, the Series 2001A issue was refunded with the proceeds of the Series 2015B (2010D) issue, with a notional amount of \$41,400,000. The fair value of the swap was (\$7,230,681) as of June 30, 2017. The 2001A swap is now associated with the Series 2015B (2010D) issue. The swaption was exercised by Citibank on December 30, 2010. Under the terms of the swap agreement, the District will make semiannual payments to Citibank based on the notional amount and a fixed rate equal to each corresponding issue as specified in the table above. Citibank will make semi-annual payments to the District based on an amortized notional amount and a variable rate equal to the SIFMA Municipal Swap Index, less 0.75%. The underlying swap will be for the entire duration of the refunding certificates, subject to certain events of default or termination events. The District or the counterparty may terminate the swap if the other party fails to perform under the terms of the agreement. If the District terminates the swap and the swap has a negative fair value, the District would be liable to the counterparty for a payment equal to the swap's fair value.

**Borrowings of Hybrid Derivative Investment:**

The District received upfront payments of \$2,041,000 for the 2001A swaption. In addition, the District received an upfront payment of \$3,440,000 for an option on its 2003 Interest Rate Swap. The upfront payments were composed of intrinsic and time value of option components resulting in a hybrid derivative. The borrowings on the swaptions accreted interest between the inception date and the exercise date. The hybrids are composed of the intrinsic value, the time value and the at market swap. At June 30, 2017, the intrinsic portion and time value portion were valued at \$779,038 and \$1,780,233, respectively, for a total liability for upfront payments of \$2,559,271.

**Floating-to-Fixed Interest Rate Swap**

The Series 2008A (2012B) issue, with a notional amount of \$2,710,000 in which the District pays 4.126% and receives the SIFMA Municipal Swap Index less 0.65%, had, as of June 30, 2017, a fair value of \$(40,014). All fair values are calculated by the counterparty, and are flat mark-to-market, and all negative marks represent a liability to the District.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
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**13. DERIVATIVE INSTRUMENTS (continued)**

The fair value and notional amounts of derivative instruments outstanding at June 30, 2017, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2017 financial statements are as follows:

		<u>2017 Changes in Fair Value</u>		<u>Fair Value at June 30, 2017</u>		
		<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
<b>Governmental Activities</b>						
<b>Hedging Derivatives</b>						
<b>Deferrals Since Refundings:</b>						
2003 Interest Rate Swap (2015A COPS)	Deferred inflow of Resources		\$3,413,592	Debt	\$3,390,825	\$40,380,000
2008A Interest Rate Swap (2012B COPS)	Deferred inflow of resources		\$82,502	Debt	66,418	\$2,710,000
2001A - Swap (2015B COPS)	Deferred outflow of Resources		<u>\$3,334,739</u>	Debt	<u>1,961,060</u>	\$40,000,000
Total Deferrals since Refundings			<u>\$6,830,833</u>		<u>\$5,418,303</u>	
<b>Original Deferred Amount of Refunding:</b>						
2003 Interest Rate Swap	Deferred amount on refunding				(\$9,357,281)	
2008A Interest Rate Swap	Deferred amount on refunding				(106,432)	
2001A SWAP	Deferred amount on refunding				<u>(9,191,741)</u>	
Total Derivatives at Refundings					<u>(\$18,655,454)</u>	
Derivatives Instruments Liability					<u>(\$13,237,151)</u>	

The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. DERIVATIVE INSTRUMENTS (continued)**

Objective and Terms of Derivative Instruments

The following table displays the objective and terms of the District's derivative instruments outstanding at June 30, 2017, along with the credit rating of the associated counterparty:

	Objective	Notional	Effective Date	Maturity Date	Amount of Cash Received	Terms	Counterparty	Counterparty Credit Rating
Governmental Activities								
Hedging Derivatives:								
2003 Interest Rate Swap	Hedge changes in cash flows on the 2003 Certificates (2012A & 2015A)	\$ 44,140,000	7/30/2003	1/1/2028	\$ 3,440,000	Pay 4.565%; receive 69.5% 1 mo LIBOR	Citibank NA, New York	A1,A+,A+
2008A Interest Rate Swap	Hedge changes in cash flows on the 2008A Certificates (2012B)	\$ 2,715,000	6/24/2008	1/1/2018	N/A	Pay 4.126%; receives SIFMA - 0.65%	Citibank NA, New York	A1,A+,A+
2001A - Swap	Hedge against future increase in interest rates (2015B,2010D)	\$ 41,400,000	1/1/2011	1/1/2026	\$ 2,041,000	Pay 5.49%; receive 69.5% 1 mo LIBOR	Citibank NA, New York	A1,A+,A+

As of June 30, 2017 aggregate debt service requirements of the District's debt and receipts and disbursements on associated derivative instruments are as follows, assuming current interest rates on debt and current reference rates on hedging instruments will remain the same.

2012B Period Ending	Bond Principal	Bond Interest Expense Projected at SIFMA (.91%)	Swap Payment Fixed at 5.143%	Swap Receipt Projected at SIFMA minus 0.65% (.16%)	Total
1/1/2018	\$ 2,710,000	\$ 27,937	\$ 157,890	\$ 7,982	\$ 2,887,845
1/1/2019	-	3,276	18,515	936	20,855
1/1/2020	-	31,213	18,515	8,918	40,810
1/1/2021	35,000	31,213	18,515	8,918	75,810
1/1/2022	125,000	30,895	16,715	8,827	163,783
1/1/2023	200,000	29,757	10,286	8,502	231,541
	<b>\$ 3,070,000</b>	<b>\$ 154,291</b>	<b>\$ 240,436</b>	<b>\$ 44,083</b>	<b>\$ 3,420,644</b>

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
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**13. DERIVATIVE INSTRUMENTS (continued)**

<b>2015A</b>				<b>Swap Receipt</b>	
<b>Period</b>	<b>Bond</b>	<b>Bond Interest</b>	<b>Swap Payment</b>	<b>Projected at</b>	<b>Total</b>
<b>Ending</b>	<b>Principal</b>	<b>Expense</b>	<b>Fixed at 4.565%</b>	<b>SIFMA minus</b>	
		<b>Projected at</b>		<b>SIFMA (0.91%)</b>	
		<b>SIFMA (0.91%)</b>		<b>0.02% (0.89%)</b>	
7/1/2018	\$ 790,000	\$ 372,145	\$ 1,866,857	\$ (363,966)	\$ 3,392,968
7/1/2019	800,000	364,956	1,830,793	(356,935)	3,352,684
7/1/2020	830,000	357,676	1,794,273	(349,815)	3,331,764
7/1/2021	800,000	350,123	1,756,384	(342,428)	3,248,935
7/1/2022	810,000	342,843	1,719,864	(335,308)	3,208,015
7/1/2023	870,000	335,472	1,682,887	(328,099)	3,216,458
7/1/2024	910,000	327,555	1,643,172	(320,356)	3,201,083
7/1/2025	945,000	319,274	1,601,630	(312,257)	3,178,161
7/1/2026	985,000	310,674	1,558,491	(303,846)	3,158,011
7/1/2027	16,110,000	301,711	1,513,526	(295,080)	18,220,317
7/1/2028	17,045,000	155,110	778,104	(151,701)	18,129,915
	<b>\$40,895,000</b>	<b>\$ 3,537,539</b>	<b>\$ 17,745,981</b>	<b>\$ (3,459,791)</b>	<b>\$65,638,311</b>

**2015B**

<b>Period</b>	<b>Bond</b>	<b>Bond Interest</b>	<b>Swap Payment</b>	<b>Swap Receipt</b>	<b>Total</b>
<b>Ending</b>	<b>Principal</b>	<b>Expense</b>	<b>Fixed at 5.49%</b>	<b>Projected at</b>	
		<b>Projected at</b>		<b>SIFMA minus</b>	
		<b>SIFMA (0.91%)</b>		<b>SIFMA (0.75%)</b>	
		<b>SIFMA (0.91%)</b>		<b>(.16%)</b>	
7/1/2018	\$ 1,550,000	\$ 364,728	\$ 2,200,392	\$ 64,128	\$ 4,050,992
7/1/2019	1,555,000	350,623	2,115,297	61,648	3,959,272
7/1/2020	1,640,000	336,473	2,029,928	59,160	3,947,241
7/1/2021	1,705,000	321,549	1,939,892	56,536	3,909,905
7/1/2022	1,825,000	306,033	1,846,287	53,808	3,923,512
7/1/2023	1,925,000	289,426	1,746,095	50,888	3,909,633
7/1/2024	1,875,000	271,908	1,640,412	47,808	3,739,512
7/1/2025	13,665,000	254,846	1,537,475	44,808	15,412,513
7/1/2026	14,340,000	130,494	787,266	22,944	15,234,816
	<b>\$40,080,000</b>	<b>\$ 2,626,080</b>	<b>\$ 15,843,044</b>	<b>\$ 461,728</b>	<b>\$58,087,396</b>

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**13. DERIVATIVE INSTRUMENTS (continued)**

Credit Risk

The District is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the District's policy to require counterparty collateral posting provisions on all swap agreements. These terms require full collateralization of the fair value of the derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty's credit rating fall below AA as issued by Standard & Poor's or Aa as issued by Moody's Investors Services. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. The District has never failed to access collateral when required. There were no derivatives in asset positions.

It is the District's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Interest Rate Risk

The District is exposed to interest rate risk on its pay-fixed interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as LIBOR or the SIFMA swap index decreases, the District's net payment on the swap increases which is offset by the variable rate paid on the hedged debt.

Termination Risk

The District or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract including if either parties credit rating fall below designated levels. In addition, the District is exposed to termination risk on its 2003 and 2008 interest rate swaps should a termination event occur and the counterparty elects to terminate the swap. If at the time of termination, a hedging derivative instrument is in a liability position, the District would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

**14. FUND BALANCE REPORTING**

There are two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The District has inventories and prepaid items that are considered nonspendable. The District does not have any nonspendable funds related to endowments.

In addition to the nonspendable fund balance, there is a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- **Restricted** – fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed** – fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- **Assigned** – fund balances that contain self-imposed constraints of the government to be used for a particular purpose. Assignment may be made only by the governing body or official.
- **Unassigned** – fund balance of the general fund that is not constrained for any particular purpose.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**14. FUND BALANCE REPORTING(continued)**

The District has classified its fund balances with the following hierarchy:

**Nonspendable**

The District has inventories and prepaid items totaling \$11,551,879 that are classified as nonspendable.

**Spendable**

The District has classified the spendable fund balances as Restricted, Assigned, and Unassigned and considered each to have been spent when expenditures are incurred. When an expenditure is incurred for purposes for which restricted, committed, assigned, and unassigned resources are available, the District's policy is that expenditures should be applied against restricted resources first, then committed, assigned, and unassigned, respectively. The District currently has no funds classified as Committed.

- **Restricted for State Required Carryover Programs, Special Revenues, Food Service, Debt Service, and Capital Projects**

Federal Laws, Florida Statutes, and local ordinances require that certain revenues be specifically designated for the purposes of State required carryover programs, special revenues, debt service, and capital projects. The funds have been included in the restricted category of fund balance. The restricted fund balances total \$125,522,300 and represents \$11,774,848 in State required carryover programs (Advanced Placement - \$0.7 million, School Recognition - \$0.3 million, Career Academy Certification - \$1.9 million, Lottery - \$2.1 million, Digital Classrooms - \$.6 million, International Baccalaureate - \$.3 million, enhancements - \$.3 million, and Instructional Materials - \$5.5 million), \$2,432,680 in State and Local grants (including Drivers Education and Safety Trust - \$1.0 million, Fuel Tax - Paving – \$0.6 million, Pre-K Early Intervention - \$.5, and Polk County Board of County Commissioners - \$0.3 million), \$12,963 in other federal projects, \$6,461,341 in food service, \$17,881,430 in debt service, and \$86,959,038 in capital projects.

- **Assigned for School Operations**

The District has set aside certain spendable fund balance for school operations. At year-end, the assigned fund balance is \$336,528 for school operations. The assigned fund balance for school operations includes other grants.

- **Unassigned**

The unassigned fund balance for the General Fund is \$36,152,903.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**14. FUND BALANCE REPORTING (continued)**

Description	Major				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Other Federal Programs	Local Capital Improvement	Other Capital Projects		
Fund Balances:						
Nonspendable:						
Inventories	\$ 6,117,743	\$ -	\$ -	\$ -	\$ 2,134,445	\$ 8,252,188
Prepaid Amounts	3,236,430	63,261	-	-	-	3,299,691
Restricted:						
State Required Carryover	11,774,848	-	-	-	-	11,774,848
Federal & State Grants	-	12,963	-	-	-	12,963
Food Service	-	-	-	-	6,461,341	6,461,341
State & Local Grants	2,432,680	-	-	-	-	2,432,680
Debt Service	-	-	-	-	17,881,430	17,881,430
Capital Projects	630,471	-	19,613,516	60,810,195	5,904,856	86,959,038
Assigned:						
School Operations	336,528	-	-	-	-	336,528
Unassigned	36,152,903	-	-	-	-	36,152,903
<b>Total Fund Balances</b>	<b>\$ 60,681,603</b>	<b>\$ 76,224</b>	<b>\$ 19,613,516</b>	<b>\$ 60,810,195</b>	<b>\$ 32,382,072</b>	<b>\$ 173,563,610</b>

On November 12, 2013, the Board established a fiscal planning policy (6210). The policy establishes a targeted operating fund balance of five percent (5%) of the District's projected General Fund revenues. On June 26, 2012, the Board approved a resolution (2011/2012-20) that granted authority to and designated the Assistant Superintendent of Business Services (retitled to Associate Superintendent – Chief Financial Officer) to determine fund balance classifications and assignments of amounts to be used for specific purposes. This authority shall remain in effect until modified by Board action.

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

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

Fund	Interfund	
	Receivables	Payables
Major:		
General Fund	\$ 11,743,672	\$ -
Special Revenue	-	7,832,482
Capital Projects		
Local Capital Improvements	-	3,859,086
Other Capital Projects	-	1,544
Nonmajor Governmental	-	50,560
<b>Total</b>	<b>\$ 11,743,672</b>	<b>\$ 11,743,672</b>



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**15. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)**

The interfund amounts represent temporary loans to cover expenditures incurred prior to reimbursement from outside sources.

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

General Fund	\$ 35,634,864	\$ 111,163
Special Revenue	-	-
Capital Projects		
Local Capital Improvements	-	46,919,813
Other Capital Projects	-	31,996,095
Nonmajor Governmental	45,444,846	936,673
Internal Service	602,755	1,718,721
Total	<u>\$ 81,682,465</u>	<u>\$ 81,682,465</u>

The transfers out of the capital projects funds were primarily to provide debt service principal and interest payments, to fund property casualty premiums, and assist in funding repairs and maintenance. The remaining transfers between funds were operational in nature.

**16. RESERVE FOR 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 Florida Department of Education requires that fund balances be reserved at fiscal year-end to report an amount likely to be expended from the 2017-2018 fiscal year budget as a result of purchase orders outstanding at June 30, 2017.

<u>Funds</u>	<u>Significant* Outstanding Encumbrances</u>
Major:	
General	\$ 5,506,528
Special Revenue	448,025
Capital Projects:	
Local Capital Improvement	-
Other Capital Projects	6,700,876
Nonmajor Governmental	-
Total	<u>\$ 12,655,429</u>

\*Outstanding encumbrances \$100,000 and greater

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**17. PROPERTY TAXES**

The following is a summary of millages and taxes levied on the 2016 tax roll for fiscal year 2016-2017:

	<u>MILLAGES</u>		<u>TAXES</u>	
	Maximum		Levied	
	<u>Authorized</u>	<u>Levied</u>	<u>(100%)</u>	<u>Collected</u>
<u>GENERAL FUND</u>				
Non-voted School Tax:				
Required Local Effort	4.549	4.549	\$143,791,920	\$138,040,428
Discretionary Local Effort	0.748	0.748	23,643,956	22,698,228
Prior Years				1,263,133
 <u>CAPITAL PROJECTS FUNDS</u>				
Non-voted Tax:				
Local Capital Improvements	1.50	1.50	47,414,350	45,535,023
Prior Years				327,364
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>6.797</u>	<u>6.797</u>	<u>\$214,850,226</u>	<u>\$207,864,176</u>

Actual current-year property taxes collected totaled 96 percent of taxes levied. The Polk County Tax Collector is not required by law to make an accounting to the Board of the differences between taxes levied and taxes collected. However, because discounts are allowed for early payment of taxes and because of other reasons for non-collection, the Board budget estimates a 4 percent shortfall between taxes levied and taxes collected.

**18. STATE RETIREMENT PROGRAMS**

**Florida Retirement System (“FRS”) – Defined Benefit Pension Plans**

**General Information about the FRS** The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (“HIS”) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and 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’ Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. STATE RETIREMENT PROGRAMS (continued)**

**A. FRS Pension Plan**

**Plan Description** The FRS Pension Plan ("Plan") is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("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 County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class* – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011 vest at six years of creditable service and employees enrolled in the 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 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 Plan may include up to four years of credit for military service toward creditable service.

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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 employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional 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. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**Benefits Provided** Benefits under the 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. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017**

**18. STATE RETIREMENT PROGRAMS (continued)**

The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<b><i>Regular Class members initially enrolled before July 1, 2011</i></b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b><i>Regular Class members initially enrolled on or after July 1, 2011</i></b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b><i>Elected County Officers</i></b>	<b>3.00</b>
<b><i>Senior Management Service Class</i></b>	<b>2.00</b>

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent 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. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011 will not have a cost-of-living adjustment after retirement.

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

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	7.52
FRS, Elected County Officers	3.00	42.47
FRS, Senior Management Service	3.00	21.77
DROP - Applicable to Members of the Above Classes	0.00	12.99
FRD, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The District's contributions to the Plan totaled \$42,692,604 for fiscal year ended June 30, 2017.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**18. STATE RETIREMENT PROGRAMS (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 a liability of \$260,064,556 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-2016 fiscal year contributions relative to the 2015-2016 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was 1.0299 percent, which was a decrease of 0.0678 from its proportionate share measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$37,628,455 related to the Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,912,543	\$ 2,421,377
Change of assumptions	15,733,127	-
Net difference between projected and actual earnings on FRS pension plan investments	67,223,517	-
Changes in proportion and difference between District FRS contributions and proportionate share of contributions	-	9,985,167
District FRS contributions subsequent to the measurement date	26,061,040	-
<b>Total</b>	<b>\$ 128,930,227</b>	<b>\$ 12,406,544</b>

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**18. STATE RETIREMENT PROGRAMS (continued)**

The deferred outflows of resources related to pension, totaling \$26,061,040, resulting from District contributions to the 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	\$ 11,810,311
2019	11,810,311
2020	38,018,211
2021	25,638,697
2022	2,488,308
Thereafter	696,805
	\$ 90,462,643

**Actuarial Assumptions** The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	7.60 percent, net of pension plan investment expense including inflation

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**18. STATE RETIREMENT PROGRAMS (continued)**

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:

<u>Asset Class</u>	<u>Policy Allocation</u>	<u>Annual Arithmetic Mean</u>	<u>Annualized Geometric Mean</u>	<u>Standard Deviation</u>
Cash	0.4%	2.97%	2.96%	1.75%
Fixed Income	18.0%	4.43%	4.36%	4.00%
US Bank/Leveraged Loans	1.2%	5.41%	5.16%	7.50%
Global Equity	54.1%	7.82%	6.56%	16.95%
US REITs	1.0%	7.65%	5.96%	19.70%
Private Real Estate Property	10.2%	6.45%	5.81%	12.00%
Timber	0.5%	6.66%	5.91%	13.00%
Infrastructure	0.4%	7.65%	6.71%	14.65%
Private Equity	8.7%	11.50%	7.82%	30.00%
Commodities	0.2%	5.66%	4.05%	18.95%
Hedge Funds - Multi-Strategy	2.1%	6.16%	5.81%	8.85%
Hedge Funds - Even-Driven	0.6%	6.41%	6.06%	8.90%
Hedge Funds - Equity Hedge	0.5%	6.92%	6.31%	11.70%
Strategic Investments	2.1%	5.70%	5.31%	9.35%
<b>Total Fund</b>	<b>100%</b>	<b>7.20%</b>	<b>6.60%</b>	<b>12.10%</b>
US Inflation*			2.60%	1.85%

\*US Inflation assumption adopted by the 2014 FRS Actuarial Assumptions Conference and applied to the real return assumptions in Mililiman's capital market outlook model.

**Discount Rate** The discount rate used to measure the total pension liability was 7.60 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) 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	\$ 478,796,455	\$ 260,064,556	\$ 77,999,138

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**18. STATE RETIREMENT PROGRAMS (continued)**

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

**Payable to the Pension Plan** At June 30, 2017, the District reported a payable of \$5,302,670 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2017.

**B. 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 and is administered by the Division of Retirement within the Florida Department of Management Services.

**Benefits Provided** 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. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, 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 1.26 percent of payroll pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three 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 \$7,706,959 for the fiscal year ended June 30, 2017.

**Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions** At June 30, 2017, the District reported a net pension liability of \$173,287,932 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-2016 fiscal year contributions relative to the total 2015-2016 fiscal year contributions of all participating members. At June 30, 2016 the District's proportionate share was 1.4868 percent, which was an increase of 0.01947 from its proportionate share measured as of June 30, 2015.



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**18. STATE RETIREMENT PROGRAMS (continued)**

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$14,556,885, related to the HIS Plan. In addition, the District reported as deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 394,686
Change of assumptions	27,193,282	-
Net difference between projected and actual earnings on FRS pension plan investments	87,618	-
Changes in proportion and difference between District FRS contributions and proportionate share of contributions	2,119,027	838,978
District FRS contributions subsequent to the measurement date	<u>7,706,959</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>37,106,886</u></b>	<b>\$ <u>1,233,664</u></b>

The deferred outflows of resources related to pensions, totaling \$7,706,959, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 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	\$ 4,973,318
2019	4,973,319
2020	4,956,634
2021	4,948,626
2022	4,462,543
Thereafter	<u>3,851,823</u>
	<u>\$ 28,166,263</u>

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**18. STATE RETIREMENT PROGRAMS (continued)**

**Actuarial Assumptions** The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	2.85 percent, net of pension plan investment expense including inflation

Mortality rates were based on the Generations RP-2000 with Projected Scale BB.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial study for the period July 1, 2008 through June 30, 2013.

**Discount Rate** The discount rate used to measure the total pension liability was 2.85 percent, which is a reduction from 3.80 percent used in the preceding measurement date. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 2.85 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.85 percent) or 1-percentage-point higher (3.85 percent) than the current rate:

	1% Decrease 1.85%	Current Discount Rate 2.85%	1% Increase 3.85%
District's proportionate share of the net pension liability	\$ 198,800,628	\$ 173,287,932	\$ 152,113,787

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

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**18. STATE RETIREMENT PROGRAMS (continued)**

**Payable to the Pension Plan** At June 30, 2017, the District reported a payable of \$88,024 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2017.

The aggregate amount of net pension liabilities, related deferred outflows of resources and deferred inflows of resources and pension expense for the District's defined benefit pension plans are summarized below:

	Pension Plan	HIS Plan	Total
Net pension liabilities	\$ 260,064,556	\$ 173,287,932	\$ 433,352,488
Deferred outflows of resources related to defined benefit plans	128,930,227	37,106,886	166,037,113
Deferred inflows of resources related to defined benefit plans	12,406,544	1,233,664	13,640,208
Pension expense	37,628,455	14,556,885	52,185,340

**FRS – Defined Contribution Pension Plan**

The District contributes to the FRS Investment Plan ("Investment Plan"). The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in 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. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member's accounts during the 2016-2017 fiscal year were as follows:

<b><u>Class</u></b>	<b><u>Percent of Gross Salary</u></b>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**18. STATE RETIREMENT PROGRAMS (continued)**

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 0.04 percent of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended June 30, 2016, 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.

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.

The District's Investment Plan pension expense totaled \$980,157 for the fiscal year ended June 30, 2017.

**19. DEFERRED COMPENSATION PLAN**

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. Effective January 1997, Internal Revenue Code, Section 457, was amended to (1) provide that assets in such plans be held for the exclusive benefit of the plan participants and (2) eliminate provisions that the plan assets were property of the District (employer). Under the amended provisions of the Internal Revenue Code, Section 457, the assets of the District's deferred compensation plan are not held in a fiduciary capacity by the District and, accordingly, are not reported in the District's basic financial statements.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**20. CONSTRUCTION CONTRACT COMMITMENTS**

<b>LOCATION</b>	<b>Contracted Amount</b>	<b>Completed Amount</b>	<b>Committed Amount</b>
Kingsford Elem	\$ 118,905	\$ 94,423	\$ 24,482
North Lakeland Elem	109,800	53,545	56,255
Floral Ave Elem	109,620	64,380	45,240
Brigham Academy	131,652	-	131,652
Brigham Academy	131,832	39,810	92,022
Ridge Community HS	403,000	95,953	307,047
Bartow Academy	250,439	93,035	157,404
Rochelle SOTA	264,860	118,446	146,414
Blake Academy	296,334	115,912	180,422
Jewett Middle	299,985	93,142	206,843
Lake Region HS	251,714	122,981	128,733
Lakeland Highlands Middle	444,860	-	444,860
Jewett Middle	227,239	100,677	126,562
Lake Region HS	140,512	45,064	95,448
Garden Grove Elem	167,151	41,382	125,769
Citrus Ridge	26,992,701	20,653,164	6,339,537
Lake Gibson HS	8,253,577	7,671,456	582,121
Fort Meade Sr	984,684	407,186	577,498
Countywide	3,156,750	764,828	2,391,922
<b>Total</b>	<b>\$ 42,735,615</b>	<b>\$ 30,575,384</b>	<b>\$ 12,160,231</b>

**21. SCHEDULE OF STATE REVENUE SOURCES**

The District's principal source of revenues is the State, which provided approximately 57 percent of revenues in the 2016-17 fiscal year. The following is a schedule of State revenue sources and amounts:

<u>Sources</u>	<u>Amount</u>
Florida Education Finance Program	\$ 420,094,961
Class Size Reduction	107,508,574
Workforce Development	8,507,792
Other Categorical Programs	7,159,273
Capital & Debt Service	3,664,823
Public Education Capital Outlay	3,271,341
Charter School Capital Outlay	1,590,214
Miscellaneous	381,627
Florida State License Tax	904,398
Discretionary Lottery Funds	1,651,950
Food Service Supplement	719,696
<b>TOTAL STATE REVENUE SOURCES</b>	<b>\$ 555,454,649</b>

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

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**22. ALTERNATIVE RETIREMENT PLAN**

Effective August 1, 1995, the District established an Alternative to Social Security Plan for all part-time temporary employees. This plan is authorized under Internal Revenue Code (“IRC”) Section 3121(b)(7)(f) as an alternative plan to Social Security for all employees not eligible for state retirement coverage under this plan, which is administered under IRC Section 457(b). Neither the Board nor the employees contribute the 6.2% FICA Tax to Social Security. Instead, the employees contribute 7.5%, on a pre-tax basis, into the alternative plan, where it is available to the employees at retirement or termination, in accordance with the provisions of IRC Section 457(b). The plan is coordinated and administered by MidAmerica Administrative & Retirement Solutions. The underlying investment provider is American United Life Insurance Company (AUL). Employee contributions to the plan during the 2016-2017 fiscal year totaled \$221,852 and the related 6.2% FICA tax savings to the Board was \$183,398.

**23. OPERATING LEASES**

Expenditures for operating leases during 2016-2017 totaled \$8,036,231. These leases are generally for a one-year period, but for the most part are automatically renewable unless notice is given to the contrary. The leases cover copy machines, computer software, land, data-processing equipment, facility rentals, and other miscellaneous items. While the cost of operating leases for 2017-2018 is \$8,886,645, the amount for later years is indeterminate because of plans to replace rental portables with permanent facilities.

**24. POSTEMPLOYMENT HEALTHCARE BENEFITS**

*Plan Description.* The Postemployment Healthcare Benefits Plan (“PHBP”) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees under the age of Medicare parts A and B eligibility, who retire from the District, and eligible dependents, may continue to participate in the District’s self-insured health and hospitalization plan for medical/prescription coverage. The District subsidizes these premium rates paid by retirees by allowing them to participate in the PHBP at the blended group (implicitly subsidized) premium rates for both active and retired employees. Effective January 1, 2015, Medicare eligible parts A and B retirees and or their dependents will be provided coverage outside of the District’s self-insured health and hospitalization plan for medical/prescription coverage. The PHBP does not issue a stand-alone report and is not included in the report of a Public Employee Retirement System or another entity.

*Funding Policy.* For the PHBP, contribution requirements of the plan members and the District are established and may be amended by the Board. Effective January 1, 2015, the District offered a self-insured health and hospitalization plan for retirees and dependents not eligible for Medicare. Prior to January 1, 2015 both Medicare and non-Medicare eligible retirees and dependents participated in the plan. PHBP members receiving benefits contribute the following per month:

Non Medicare Parts A and B Eligible	<u>Health Plan</u>
Retirees Only	\$535
Retirees + Spouse	\$958

Regarding the District’s annual Other Post Employment Benefit (OPEB) costs and the net OPEB obligation, the District has not advanced funded or established a funding methodology for these items. For fiscal year ending June 30, 2017, 507 retirees received postemployment healthcare benefits. The District provided required contributions of \$3,169,008 toward the annual OPEB cost, comprised of \$6,808,681 in incurred claims and other costs paid by the District for coverage of retirees and their dependents, net of retiree contributions totaling \$3,742,588.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**24. POSTEMPLOYMENT HEALTHCARE BENEFITS (continued)**

*Annual OPEB Cost and Net OPEB Obligation.* The District's annual OPEB cost (expense) is calculated based on the annual required contribution, an amount actuarially determined in accordance with parameters of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation for postemployment healthcare benefits:

<u>Description</u>	<u>Amount</u>
Normal Cost (service cost for one year)	\$ 2,633,291
Amortization of Unfunded Actuarial Accrued Liability	3,074,710
Interest on Normal Cost and Amortization	-
Annual Required Contribution	5,708,001
Interest on Net OPEB Obligation	1,272,751
Adjustment to Annual Required Contribution	<u>(3,263,465)</u>
Annual OPEB Cost (Expense)	3,717,287
Contribution Toward the OPEB Cost	<u>(3,169,008)</u>
Increase in Net OPEB Obligation	548,279
Net OPEB Obligation, Beginning of Year	<u>42,425,049</u>
Net OPEB Obligation, End of Year	<u>\$ 42,973,328</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$3,762,406	86.33%	\$39,994,372
June 30, 2016	\$3,822,837	36.42%	\$42,425,049
June 30, 2017	\$3,717,287	85.25%	\$42,973,328

*Funding Status and Funding Progress.* The funded status of the plan at January 1, 2016, the most recent actuarial valuation period, was as follows:

Actuarial Accrued Liability (AAL)	\$41,179,051
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$41,179,051
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$413,705,125
UAAL as a Percentage of Covered Payroll	9.95%

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**24. POSTEMPLOYMENT HEALTHCARE BENEFITS (continued)**

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 terminations, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the 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. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements and is intended to provide multiyear trend information about whether the actuarial value of the plan assets is increasing over time relative to the AAL.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive 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 plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Effective January 1, 2015, the District joined the Florida School Retiree Benefits Consortium (“FSRBC”) to provide Medicare-eligible retirees and spouses medical and prescription coverage through FSRBC, outside of the District’s self-insured plan. To reflect this change all Medicare-eligible retirees were assumed to lapse coverage under the core District plan beginning January 1, 2015, a change from 75% lapsing assumed for the base period.

The entry age normal actuarial cost method was used to estimate the unfunded actuarial accrued liability and the annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3 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 an inflation rate of 2.5%, projected salary increases of 3.0% - 7.25%, and a payroll growth rate of 3 percent per year and an annual healthcare cost trend rate of 6.5 percent for calendar year 2017, reduced by 0.25 percent per year, to an ultimate rate of 4.54 percent after 24 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls over a 20-year period. The remaining amortization period at June 30, 2017 was 13 years. The amortization period was closed.

**25. 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 Board has established an individual self-insurance program for various traditional liability coverage and group medical coverage. The Board established self-insurance programs for workers’ compensation, comprehensive general liability, fleet liability, professional (errors and omissions) liability, boiler and machinery liability, and group health insurance coverage. The District has entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis for workers’ compensation, general liability, fleet liability, and group health insurance. The District has contracted with third party insurance administrators to administer the self-insurance programs, including the processing, investigating, and payment of claims. Settled claims resulting from the risks described above have not exceeded commercial insurance coverage for the past three years.

Premiums for the various coverages are calculated based on estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for catastrophic losses. The total liabilities and net position at June 30, 2017 were \$58,084,537, made up of net position of \$27,214,431 and the estimated liability for unpaid claims and other accounts payable. This estimated liability for unpaid claims (not covered by excess insurance) in the amount of \$21,612,805 at June 30, 2017 is based on estimates provided by qualified loss reserve specialists.



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**25. RISK MANAGEMENT PROGRAMS (continued)**

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

	Beginning-of- Fiscal-Year Claims Liability	Current-Year Claims and Changes in Estimates	Claim Payments	End-of-Fiscal- Year Claims Liability
2015-2016	\$ 23,759,215	\$ 90,447,895	\$ ( 93,178,233)	\$ 21,028,877
2016-2017	\$ 21,028,877	\$ 107,033,378	\$ ( 106,449,450)	\$ 21,612,805

Additionally, the Board purchases \$20,000 of term life insurance for each employee and makes available supplemental life insurance on a non-contributory basis. As required by state statute, the Board purchased commercial insurance for building and contents coverage. Settled claims have not exceeded any insurance coverage in any of the past three fiscal years.

The District purchased property insurance coverage with a limit of \$50 million with key deductibles of \$100,000 for all perils excluding named windstorm or flood damages if the property is located in Flood Zones A & V. In addition, the equipment breakdown (boiler & machinery) deductible is \$10,000. The named windstorm maximum deductible out-of-pocket is \$20 million for 2017. The flood deductible is \$100,000. For Flood Zones A & V, the deductible is \$500,000 per building and \$500,000 contents per building. For 2017, Terrorism coverage has a \$50 million limit.

The administrator for the general and fleet liability self-insurance program and the worker's compensation program is John Eastern from July 1, 2016 to June 30, 2017. Florida Blue administers the District's group medical plan portion and Welldyne administers the prescription plan portion of the self-insured group health program.

**26. CONSORTIUM**

The District is a member of, and fiscal agent for, Florida School Retirees' Benefit Consortium ("FSRBC"). FSRBC offers retiree benefits (Medicare advantage and supplement programs). FSRBC is governed by a board of directors composed of nine (9) members selected by the Independent Benefits Council ("IBC") Board of Directors representing the Florida School Boards Association, Inc.; Florida Association of District School Superintendents, Inc.; Florida Association of School Administrators, Inc.; Florida Education Association; retirees from public school districts; and benefit managers from public school districts. As fiscal agent, the District has established an enterprise fund to account for FSRBC's resources and operations.

**27. CONTINGENT LIABILITIES**

**GRANTS:**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Board expects such amounts, if any, to be immaterial.

**LAWSUITS:**

The School Board is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Board's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Board.

THE SCHOOL BOARD OF POLK COUNTY, FLORIDA  
 POST EMPLOYMENT HEALTH CARE BENEFITS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 June 30, 2017

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability Entry Age (1)	Unfunded Actuarial Accrued Liability (3)	Funded Ratio (2)	Covered Payroll	Unfunded Actuarial Liability as a Percentage of Covered Payroll
1/1/2012	-	\$98,325,268	\$98,325,268	0%	\$388,887,036	25.28%
1/1/2014	-	\$37,387,959	\$65,391,639	0%	\$408,529,371	9.15%
1/1/2016	-	\$41,179,051	\$41,179,051	0%	\$413,705,125	9.95%

- Notes:
- (1) The Entry Age Actuarial Cost Method is used to determine the Plan's funding requirements.
  - (2) The percentage funded is derived by dividing the actuarial value of plan assets by the actuarial accrued liability.
  - (3) The unfunded actuarial accrued liability is the actuarial accrued liability minus the actuarial value of plan assets.

Unaudited – see accompanying report of independent auditor.

THE SCHOOL BOARD OF POLK COUNTY, FLORIDA  
STATE RETIREMENT PROGRAMS  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of School Board of Polk County Proportionate Share of Net Pension Liability  
Florida Retirement System  
Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School Board of Polk County's proportion of the FRS net pension liability	1.029955435%	1.097838884%	1.104389771%	1.117915580%
School Board of Polk County's proportionate share of the FRS net pension liability	\$ 260,064,556	\$ 141,800,616	\$ 67,384,017	\$ 192,443,026
School Board of Polk County's covered payroll	\$ 459,070,936	\$ 445,311,752	\$ 397,471,489	\$ 428,706,063
School Board of Polk County's proportionate share of the FRS net pension liability as a percentage of its covered payroll	56.65%	31.84%	16.95%	44.89%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%	

Schedule of School Board of Polk County Contributions  
Florida Retirement System  
Last 10 Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 26,061,040	\$ 25,117,106	\$ 24,190,823	\$ 15,043,772
Contributions in relation to the contractually required contribution	26,061,040	25,117,106	24,190,823	15,043,772
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 464,416,622	\$ 459,070,936	\$ 445,311,752	\$ 428,706,063
Contributions as a percentage of covered payroll	5.61%	5.47%	5.43%	3.51%

Note

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

(2) Covered payroll includes all salaries and wages on which premium contributions are based in the FRS Defined Benefit Plan.

\*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

THE SCHOOL BOARD OF POLK COUNTY, FLORIDA  
STATE RETIREMENT PROGRAMS  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of School Board of Polk County Proportionate Share of Net Pension Liability  
Health Insurance Subsidy Program  
Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School Board of Polk County's proportion of the HIS net pension liability	1.486864795%	1.463739376%	1.459028367%	1.475547971%
School Board of Polk County's proportionate share of the HIS net pension liability	\$ 173,287,932	\$ 149,651,081	\$ 136,422,713	\$ 128,423
School Board of Polk County's covered payroll	\$ 459,070,936	\$ 445,311,752	\$ 397,471,489	\$ 428,706,063
School Board of Polk County's proportionate share of the HIS net pension liability as a percentage of its covered payroll	37.75%	33.61%	34.32%	0.03%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%	

Schedule of School Board of Polk County Contributions  
Health Insurance Subsidy Program  
Last 10 Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 7,706,959	\$ 7,621,130	\$ 4,998,140	\$ 4,833,522
Contributions in relation to the contractually required contribution	7,706,959	7,621,130	4,998,140	4,833,522
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 464,418,622	\$ 459,070,936	\$ 445,311,752	\$ 397,471,489
Contributions as a percentage of covered payroll	1.66%	1.66%	1.12%	1.22%

Note

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

(2) Covered payroll includes all salaries and wages on which premium contributions are based in the FRS Defined Benefit Plan.

\*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2017**

**1. SCHEDULE OF FUNDING PROGRESS**

The District is required to perform periodic actuarial valuations of its postemployment benefits other than pensions. For the January 1, 2016 valuation, the following key assumptions were modified to reflect current experience: (1) rates of retiree participation have been revised to reflect recent experience for both current retirees and active employees eligible for future benefits (2) the average cost of coverage for eligible members increased (3) certain demographic assumptions and retiree medical coverage assumptions were revised (4) medical trend rates for costs and premiums were revised and (5) medical trend cost years beyond 2025 were revised reflecting certain provisions of the Affordable Care Act. Although the actual net effect of these modifications was not calculated, the expense and liability figures increased significantly as a result of the revised actuarial valuation.

2015	\$3,762,406	86.33%
2016	\$3,822,837	36.42%
2017	\$3,717,287	85.25%

**2. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan**

*Changes of Assumptions*

As of June 30, 2016, the inflation rate assumption remained the same at 2.60%, the real payroll growth assumption remained at 0.65%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return remained 7.65%.

**3. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan**

*Changes of Benefit Terms*

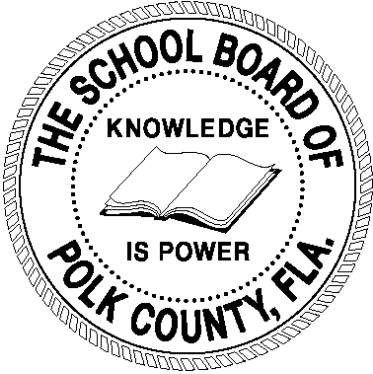
For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

*Changes of Assumptions*

The municipal rate used to determine total pension liability decreased from 3.80% to 2.85%.

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# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



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## Nonmajor Governmental Funds

### Special Revenue Funds

- **Food Services Fund** – Accounts for and reports on activities of the food service program.
- **Miscellaneous Special Revenue Fund** – Accounts for and reports on activities of programs received from sources other than the Federal and State government

### Debt Service Funds

The Debt Service Funds account for the payment of interest and principal of the current portion of long-term debt, primarily from tax proceeds and earnings on temporary investments.

- **State Board of Education Bonds Fund** – Accounts for and reports on payments of principal, interest, and related costs on various bond issues serviced by the State.
- **Other Debt Service Fund** – Accounts for and reports on payments of principal and related costs on various bond issues.
- **ARRA Debt Service Fund** – Accounts for and reports on payments of principal and related costs on various bond issues serviced by the Federal government.

### Capital Projects Funds

The Capital Projects Funds account for the financing and acquisition or construction of major capital facilities, such as new school buildings and additions to existing buildings, or for major renovation projects.

- **Capital Outlay Bond Issue Fund** – Accounts for and reports on bond issue proceeds received from the State Board of Education and issued at the request of the District.
- **Public Education Capital Outlay (PECO) Fund** – Accounts for and reports on funds received from the State for the construction and maintenance of schools.
- **Capital Outlay & Debt Service Fund** – Accounts for and reports on funds received from the State Board of Education Capital Outlay Bonds.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Special Revenue			Debt Service			
	Food Services	Miscellaneous Special Revenue	Total	State Board of Education Bonds	Other Debt Service	ARRA Debt Service	Total
<b>ASSETS</b>							
Cash	\$ 3,711,281	\$ -	\$ 3,711,281	\$ -	\$ 656,595	\$ 4,418,166	\$ 5,074,761
Investments	2,389,011	-	2,389,011	125,294	3,156,255	10,132,024	13,413,573
Accounts and interest receivable	27,422	-	27,422	-	8,562	-	8,562
Due from other governmental agencies	787,623	29,803	817,426	-	-	-	-
Inventories	2,134,445	-	2,134,445	-	-	-	-
Total assets	<u>\$ 9,049,782</u>	<u>\$ 29,803</u>	<u>\$ 9,079,585</u>	<u>\$ 125,294</u>	<u>\$ 3,821,412</u>	<u>\$ 14,550,190</u>	<u>\$ 18,496,896</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts and contracts payable	\$ 116,692	\$ 5,257	\$ 121,949	\$ -	\$ -	\$ -	\$ -
Salaries and wages payable	9,290	-	9,290	-	-	-	-
Payroll deductions and withholdings	10	-	10	-	-	-	-
Due to other funds	-	24,546	24,546	-	-	-	-
Due to other governmental agencies	84,662	-	84,662	-	-	-	-
Sales tax payable	536	-	536	-	-	-	-
Accrued interest on sale of bond	-	-	-	9,621	-	-	9,621
Unearned revenue	242,806	-	242,806	-	-	-	-
Matured interest payable	-	-	-	-	605,845	-	605,845
Total liabilities	<u>453,996</u>	<u>29,803</u>	<u>483,799</u>	<u>9,621</u>	<u>605,845</u>	<u>-</u>	<u>615,466</u>
<b>Fund balances:</b>							
<b>Nonspendable:</b>							
Inventories	2,134,445	-	2,134,445	-	-	-	-
<b>Restricted:</b>							
Debt service	-	-	-	115,673	3,215,567	14,550,190	17,881,430
Capital outlay	-	-	-	-	-	-	-
Food services	6,461,341	-	6,461,341	-	-	-	-
Total fund balances	<u>8,595,786</u>	<u>-</u>	<u>8,595,786</u>	<u>115,673</u>	<u>3,215,567</u>	<u>14,550,190</u>	<u>17,881,430</u>
Total liabilities and fund balances	<u>\$ 9,049,782</u>	<u>\$ 29,803</u>	<u>\$ 9,079,585</u>	<u>\$ 125,294</u>	<u>\$ 3,821,412</u>	<u>\$ 14,550,190</u>	<u>\$ 18,496,896</u>

See accompanying report of independent auditor.

(Continued)



**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Capital Projects			Total	Total Nonmajor Governmental Funds
	Capital Outlay Bond Issue	Public Education Capital Outlay	Capital Outlay and Debt Service		
<b>ASSETS</b>					
Cash	\$ 17,677	\$ -	\$ 2,119,961	\$ 2,137,638	\$ 10,923,680
Investments	-	-	510,832	510,832	16,313,416
Accounts and interest receivable	-	-	-	-	35,984
Due from other governmental agencies	-	3,271,341	32,559	3,303,900	4,121,326
Inventories	-	-	-	-	2,134,445
Total assets	<u>\$ 17,677</u>	<u>\$ 3,271,341</u>	<u>\$ 2,663,352</u>	<u>\$ 5,952,370</u>	<u>\$ 33,528,851</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and contracts payable	\$ -	\$ -	\$ 21,500	\$ 21,500	\$ 143,449
Salaries and wages payable	-	-	-	-	9,290
Payroll deductions and withholdings	-	-	-	-	10
Due to other funds	-	26,014	-	26,014	50,560
Due to other governmental agencies	-	-	-	-	84,662
Sales Tax Payable	-	-	-	-	536
Accrued interest on sale of bond	-	-	-	-	9,621
Unearned revenue	-	-	-	-	242,806
Matured interest payable	-	-	-	-	605,845
Total liabilities	<u>-</u>	<u>26,014</u>	<u>21,500</u>	<u>47,514</u>	<u>1,146,779</u>
Fund balances:					
Nonspendable:					
Inventories	-	-	-	-	2,134,445
Restricted:					
Debt service	-	-	-	-	17,881,430
Capital outlay	17,677	3,245,327	2,641,852	5,904,856	5,904,856
Food services	-	-	-	-	6,461,341
Total fund balances	<u>17,677</u>	<u>3,245,327</u>	<u>2,641,852</u>	<u>5,904,856</u>	<u>32,382,072</u>
Total liabilities and fund balances	<u>\$ 17,677</u>	<u>\$ 3,271,341</u>	<u>\$ 2,663,352</u>	<u>\$ 5,952,370</u>	<u>\$ 33,528,851</u>

See accompanying report of independent auditor.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NON MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Special Revenue			Debt Service			
	Food Services	Miscellaneous Special Revenue	Total	State Board of Education Bonds	Other Debt Service	ARRA Debt Service	Total
<b>REVENUES</b>							
Local sources:							
Food services	\$ 2,157,364	\$ -	\$ 2,157,364	\$ -	\$ -	\$ -	\$ -
Other	17,636	-	17,636	-	106,331	120,639	226,970
Total local sources	2,175,000	-	2,175,000	-	106,331	120,639	226,970
State sources:							
Food services	719,696	-	719,696	-	-	-	-
Other	-	-	-	1,392,858	-	-	1,392,858
Total state sources	719,696	-	719,696	1,392,858	-	-	1,392,858
Federal sources:							
Federal direct	-	-	-	-	-	1,063,584	1,063,584
Food services	51,219,092	-	51,219,092	-	-	-	-
Miscellaneous	-	2,290,691	2,290,691	-	-	-	-
Total federal through state and local	51,219,092	2,290,691	53,509,783	-	-	-	-
Total federal sources	51,219,092	2,290,691	53,509,783	-	-	1,063,584	1,063,584
Total revenues	54,113,788	2,290,691	56,404,479	1,392,858	106,331	1,184,223	2,683,412
<b>EXPENDITURES</b>							
Current:							
Instruction	-	1,360,363	1,360,363	-	-	-	-
Student personnel services	-	40,522	40,522	-	-	-	-
Instructional media services	-	694	694	-	-	-	-
Instruction and curriculum development services	-	122,699	122,699	-	-	-	-
Instructional staff training services	-	290,990	290,990	-	-	-	-
Food services	53,157,460	-	53,157,460	-	-	-	-
Operation of plant	-	22,018	22,018	-	-	-	-
Administrative technology services	-	308,662	308,662	-	-	-	-
Community services and other	-	53,360	53,360	-	-	-	-
Debt Service:							
Principal retirement	-	-	-	1,116,000	35,121,495	-	36,237,495
Interest	-	-	-	304,165	7,612,550	1,530,060	9,446,775
Dues, fees and other	-	-	-	654,946	91,674	5,700	752,320
Capital outlay:							
Facilities acquisition and construction	-	-	-	-	-	-	-
Other capital outlay	533,075	91,383	624,458	-	-	-	-
Total expenditures	53,690,535	2,290,691	55,981,226	2,075,111	42,825,719	1,535,760	46,436,590
Excess (deficiency) of revenues over (under) expenditures	423,253	-	423,253	(682,253)	(42,719,388)	(351,537)	(43,753,178)
<b>OTHER FINANCING SOURCES (USES):</b>							
Premium on sale of bonds	-	-	-	84,885	-	-	84,885
Refunding bonds issued	-	-	-	560,000	26,331,000	-	26,891,000
Payments to refunded bond escrow agent	-	-	-	-	(26,228,709)	-	(26,228,709)
Transfers in	111,163	-	111,163	-	42,764,333	2,569,350	45,333,683
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	111,163	-	111,163	644,885	42,866,624	2,569,350	46,080,859
Net change in fund balances	534,416	-	534,416	(37,368)	147,236	2,217,813	2,327,681
Fund balances - beginning	8,061,368	-	8,061,368	153,041	3,068,331	12,332,378	15,553,750
Fund balances - ending	\$ 8,595,784	\$ -	\$ 8,595,784	\$ 115,673	\$ 3,215,567	\$ 14,550,191	\$ 17,881,431

See accompanying report of independent auditor.

(Continued)

**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NON MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Capital Projects</u>				<b>Total Nonmajor Governmental Funds</b>
	<b>Capital Outlay Bond Issue</b>	<b>Public Education Capital Outlay</b>	<b>Capital Outlay and Debt Service</b>	<b>Total</b>	
<b>REVENUES</b>					
Local sources:					
Food services	\$ -	\$ -	\$ -	\$ -	\$ 2,157,364
Other	-	-	3,340	3,340	247,946
Total local sources	-	-	3,340	3,340	2,405,310
State sources:					
Food services	-	-	-	-	719,696
Other	-	3,271,341	2,218,252	5,489,593	6,882,451
Total state sources	-	3,271,341	2,218,252	5,489,593	7,602,147
Federal sources:					
Federal direct	-	-	-	-	1,063,584
Food services	-	-	-	-	51,219,092
Miscellaneous	-	-	-	-	2,290,691
Total federal through state and local	-	-	-	-	53,509,783
Total federal sources	-	-	-	-	54,573,367
Total revenues	-	3,271,341	2,221,592	5,492,933	64,580,824
<b>EXPENDITURES</b>					
Current:					
Instruction	-	-	-	-	1,360,363
Student personnel services	-	-	-	-	40,522
Instructional media services	-	-	-	-	694
Instruction and curriculum development services	-	-	-	-	122,699
Instructional staff training services	-	-	-	-	290,990
Food services	-	-	-	-	53,157,460
Operation of plant	-	-	-	-	22,018
Administrative technology services	-	-	-	-	308,662
Community services and other	-	-	-	-	53,360
Debt Service:					
Principal retirement	-	-	-	-	36,237,495
Interest	-	-	-	-	9,446,775
Dues, fees and other	-	-	2,744	2,744	755,064
Capital outlay					
Facilities acquisition and construction	-	-	503,288	503,288	503,288
Other capital outlay	-	-	-	-	624,458
Total expenditures	-	-	506,032	506,032	102,923,848
Excess (deficiency) of revenues over (under) expenditures	-	3,271,341	1,715,560	4,986,901	(38,343,024)
<b>OTHER FINANCING SOURCES (USES):</b>					
Premium on sale of bonds	-	-	-	-	84,885
Refunding bonds issued	-	-	-	-	26,891,000
Payments to refunded bond escrow agent	-	-	-	-	(26,228,709)
Transfers in	-	-	-	-	45,444,846
Transfers out	-	(936,673)	-	(936,673)	(936,673)
Total other financing sources and uses	-	(936,673)	-	(936,673)	45,255,349
Net change in fund balances	-	2,334,668	1,715,560	4,050,228	6,912,325
Fund balances - beginning	17,677	910,659	926,292	1,854,628	25,469,746
Fund balances - ending	\$ 17,677	\$ 3,245,327	\$ 2,641,852	\$ 5,904,856	32,382,071

See accompanying report of independent auditor.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**NON MAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Food Services</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Local sources:				
Food services	\$ 2,864,180	\$ 2,864,180	\$ 2,157,364	\$ (706,816)
Other	10,000	10,000	17,636	7,636
Total local sources	<u>2,874,180</u>	<u>2,874,180</u>	<u>2,175,000</u>	<u>(699,180)</u>
State sources:				
Food services	650,000	650,000	719,696	69,696
Other	-	-	-	-
Total state sources	<u>650,000</u>	<u>650,000</u>	<u>719,696</u>	<u>69,696</u>
Federal sources:				
Federal Direct				-
Federal through State/Local				-
Food services	50,982,501	50,982,501	51,219,093	236,592
Total federal sources	<u>50,982,501</u>	<u>50,982,501</u>	<u>51,219,093</u>	<u>236,592</u>
Total revenues	<u>54,506,681</u>	<u>54,506,681</u>	<u>54,113,789</u>	<u>(392,892)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	-	-	-	-
Student Personnel Services	-	-	-	-
Instructional Media Services	-	-	-	-
Instruction and Curriculum Development	-	-	-	-
Instruction Staff Training	-	-	-	-
Instruction Related Technology	-	-	-	-
Board	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Non Capitalizable Facilities acquisition and construction	-	-	-	-
Fiscal Services	-	-	-	-
Food services	55,253,593	55,364,756	53,157,459	2,207,297
Central Services	-	-	-	-
Student Transportation Services	-	-	-	-
Operation of Plant	-	-	-	-
Maintenance of Plant	-	-	-	-
Administrative Technology Services	-	-	-	-
Community Services	-	-	-	-
Capital outlay:				
Facilities acquisition and construction	-	-	-	-
Other capital outlay	660,000	660,000	533,075	126,925
Total expenditures	<u>55,913,593</u>	<u>56,024,756</u>	<u>53,690,534</u>	<u>2,334,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,406,912)</u>	<u>(1,518,075)</u>	<u>423,255</u>	<u>1,941,330</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	111,163	111,163	-
Total other financing sources and uses	<u>-</u>	<u>111,163</u>	<u>111,163</u>	<u>-</u>
Net change in fund balance	(1,406,912)	(1,406,912)	534,418	1,941,330
Fund balance - beginning	<u>8,061,368</u>	<u>8,061,368</u>	<u>8,061,368</u>	<u>-</u>
Fund balance - ending	<u>\$ 6,654,456</u>	<u>\$ 6,654,456</u>	<u>\$ 8,595,786</u>	<u>\$ 1,941,330</u>

See accompanying report of independent auditor.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**NON MAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Miscellaneous Special Revenue			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Food services	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total local sources	-	-	-	-
State sources:				
Food services	-	-	-	-
Other	-	-	-	-
Total state sources	-	-	-	-
Federal sources:				
Federal Direct	-	55,000	-	(55,000)
Federal through State/Local	306,023	2,633,766	2,290,691	(343,075)
Food services	-	-	-	-
Total federal sources	306,023	2,688,766	2,290,691	(398,075)
Total revenues	306,023	2,688,766	2,290,691	(398,075)
<b>EXPENDITURES:</b>				
Current:				
Instruction	39,134	1,400,786	1,360,363	40,423
Student Personnel Services	48,211	56,211	40,522	15,689
Instructional Media Services	20,128	20,128	694	19,434
Instruction and Curriculum Development	18,858	150,975	122,699	28,276
Instruction Staff Training	137,882	408,143	290,990	117,153
Instruction Related Technology	-	-	-	-
Board	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Non Capitalizable Facilities acquisition and construction	-	-	-	-
Fiscal Services	-	-	-	-
Food services	-	-	-	-
Central Services	-	-	-	-
Student Transportation Services	-	-	-	-
Operation of Plant	-	22,039	22,018	21
Maintenance of Plant	38,666	406,291	308,662	97,629
Administrative Technology Services	-	72,036	53,360	18,676
Community Services	-	-	-	-
Capital outlay:				
Facilities acquisition and construction	-	-	-	-
Other capital outlay	3,144	152,157	91,383	60,774
Total expenditures	306,023	2,688,766	2,290,691	398,075
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

See accompanying report of independent auditor.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**DEBT SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	State Board of Education Bonds Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Other	\$ -	\$ -	\$ -	\$ -
Total local sources	-	-	-	-
State sources:				
Other	1,401,635	1,401,635	1,392,858	(8,777)
Total state sources	1,401,635	1,401,635	1,392,858	(8,777)
Federal Sources:				
Federal grants direct	-	-	-	-
Total state sources	-	-	-	-
Total revenues	1,401,635	1,401,635	1,392,858	(8,777)
<b>EXPENDITURES:</b>				
Principal retirement	1,116,000	1,116,000	1,116,000	-
Interest	283,635	283,635	304,165	(20,530)
Dues, fees and other	2,000	2,000	654,946	(652,946)
Total expenditures	1,401,635	1,401,635	2,075,111	(673,476)
Excess (deficiency) of revenues over (under) expenditures	-	-	(682,253)	(682,253)
<b>OTHER FINANCING SOURCES (USES):</b>				
Premium on sale of bonds	-	-	84,885	84,885
Refunding bonds issued	-	-	560,000	560,000
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources and uses	-	-	644,885	644,885
Net change in fund balances	-	-	(37,368)	(37,368)
Fund balances - beginning	153,041	153,041	153,041	-
Fund balances - ending	\$ 153,041	\$ 153,041	\$ 115,673	\$ (37,368)

See accompanying report of independent auditor.

Other Debt Service			
Budgeted Amounts			Variance with Final Budget - Positive (Negative)
Original	Final	Actual	
\$ -	\$ -	\$ 106,331	\$ 106,331
-	-	106,331	106,331
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	106,331	106,331
34,386,495	34,386,495	35,121,495	(735,000)
9,009,934	9,009,934	7,612,550	1,397,384
24,465	32,928	91,675	(58,747)
43,420,894	43,429,357	42,825,720	603,637
(43,420,894)	(43,429,357)	(42,719,389)	709,968
-	-	-	-
-	-	26,331,000	26,331,000
-	-	(26,228,709)	(26,228,709)
43,420,894	43,429,357	42,764,333	(665,024)
43,420,894	43,429,357	42,866,624	(562,733)
-	-	147,235	147,235
3,068,331	3,068,331	3,068,331	-
\$ 3,068,331	\$ 3,068,331	\$ 3,215,566	\$ 147,235

(Continued)

**THE SCHOOL DISTRICT OF POLK COUNTY**

**DEBT SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ARRA Debt Service			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Other	\$ -	\$ -	\$ 120,639	\$ 120,639
Total local sources	<u>-</u>	<u>-</u>	<u>120,639</u>	<u>120,639</u>
State sources:				
SBE/COBI bond interest	-	-	-	-
Total state sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Federal Sources:				
Federal grants direct	1,141,797	1,141,797	1,063,584	(78,213)
Total federal sources	<u>1,141,797</u>	<u>1,141,797</u>	<u>1,063,584</u>	<u>(78,213)</u>
Total revenues	<u>1,141,797</u>	<u>1,141,797</u>	<u>1,184,223</u>	<u>42,426</u>
<b>EXPENDITURES:</b>				
Principal retirement	-	-	-	-
Interest	1,530,060	1,530,060	1,530,060	-
Dues, fees and other	5,700	5,700	5,700	-
Total expenditures	<u>1,535,760</u>	<u>1,535,760</u>	<u>1,535,760</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(393,963)</u>	<u>(393,963)</u>	<u>(351,537)</u>	<u>42,426</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Premium on sale of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	2,491,163	2,491,163	2,569,350	78,187
Total other financing sources and uses	<u>2,491,163</u>	<u>2,491,163</u>	<u>2,569,350</u>	<u>78,187</u>
Net change in fund balances	2,097,200	2,097,200	2,217,813	120,613
Fund balances - beginning	12,332,378	12,332,378	12,332,378	-
Fund balances - ending	<u>\$ 14,429,578</u>	<u>\$ 14,429,578</u>	<u>\$ 14,550,191</u>	<u>\$ 120,613</u>

See accompanying report of independent auditor.



**THE SCHOOL DISTRICT OF POLK COUNTY**

**CAPITAL PROJECTS FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Capital Outlay Bond Issue Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Local sales tax	-	-	-	-
Impact fees	-	-	-	-
Other	-	-	-	-
Total local sources	-	-	-	-
State sources:				
Capital outlay distributed to district	-	-	-	-
Interest on undistributed CO & DS	-	-	-	-
Charter school capital outlay funding	-	-	-	-
Total state sources	-	-	-	-
Total revenues	-	-	-	-
<b>EXPENDITURES:</b>				
Non-capitalized facilities acquisition and construction	-	-	-	-
Fiscal services				
Debt service:				
Dues, fees and other	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Other capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	17,677	17,677	17,677	(0)
Fund balances - ending	<u>\$ 17,677</u>	<u>\$ 17,677</u>	<u>\$ 17,677</u>	<u>\$ (0)</u>

See accompanying report of independent auditor.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**CAPITAL PROJECTS FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(amounts expressed in thousands)**

	Public Education Capital Outlay Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Local sales tax	-	-	-	-
Other	-	-	-	-
Total local sources	-	-	-	-
State sources:				
Capital outlay distributed to district	3,026,114	3,271,341	3,271,341	-
Interest on undistributed CO & DS	-	-	-	-
Total state sources	3,026,114	3,271,341	3,271,341	-
Total revenues	3,026,114	3,271,341	3,271,341	-
<b>EXPENDITURES:</b>				
	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	3,026,114	3,271,341	3,271,341	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(910,659)	(4,182,000)	(936,673)	3,245,327
Total other financing sources and uses	(910,659)	(4,182,000)	(936,673)	3,245,327
Net change in fund balances	2,115,455	(910,659)	2,334,668	3,245,327
Fund balances - beginning	910,659	910,659	910,659	-
Fund balances - ending	\$ 3,026,114	\$ -	\$ 3,245,327	\$ 3,245,327

(Continued)

**THE SCHOOL DISTRICT OF POLK COUNTY**

**CAPITAL PROJECTS FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

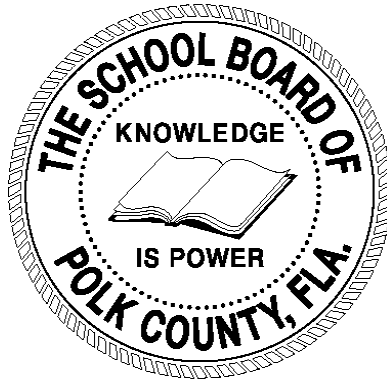
	Capital Outlay & Debt Service Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Local sales tax	-	-	-	-
Impact fees	-	-	-	-
Other	-	-	3,340	3,340
Total local sources	-	-	3,340	3,340
State sources:				
Capital outlay distributed to district	200,000	400,000	2,159,636	1,759,636
Interest on undistributed CO & DS	5,000	5,000	58,617	53,617
Charter school capital outlay funding	-	-	-	-
Total state sources	205,000	405,000	2,218,253	1,813,253
Total revenues	205,000	405,000	2,221,593	1,816,593
<b>EXPENDITURES:</b>				
Non-capitalized facilities acquisition and construction	-	-	-	-
Fiscal services	-	-	-	-
Debt service:				
Dues, fees and other	-	-	2,744	(2,744)
Facilities acquisition and construction	-	854,000	503,289	350,711
Other capital outlay	-	-	-	-
Total expenditures	-	854,000	506,033	347,967
Excess (deficiency) of revenues over (under) expenditures	205,000	(449,000)	1,715,560	2,164,560
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	205,000	(449,000)	1,715,560	2,164,560
Fund balances - beginning	926,292	926,292	926,292	-
Fund balances - ending	<u>\$ 1,131,292</u>	<u>\$ 477,292</u>	<u>\$ 2,641,852</u>	<u>\$ 2,164,560</u>

See accompanying report of independent auditor.

## Internal Service Funds

The Internal Service Funds account for the cost of the District's Insurance Funds

- **Workers' Compensation Fund** - Accounts for and reports on the workers' compensation program.
- **General Liability / Fleet Liability Fund** - Accounts for and reports on the automobile and general liability programs.
- **Errors & Omissions / Boiler & Machinery Fund** – Accounts for and reports on the errors and omissions and boiler and machinery liability programs.
- **Group Health Insurance Fund** – Accounts for and reports on the health insurance program.



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**THE SCHOOL DISTRICT OF POLK COUNTY**

**PROPRIETARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Workers'</u>	<u>Governmental</u>
	<u>Compensation</u>	<u>General Liability/ Fleet Liability</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 774,901	\$ 4,117,937
Investments	19,480,325	1,963,200
Accounts receivable	-	-
Total current assets	<u>20,255,226</u>	<u>6,081,137</u>
Noncurrent Assets:		
Buildings	-	-
Improvements other than buildings	-	20,626
Furniture, fixtures, and equipment	4,946	-
Total noncurrent assets	<u>4,946</u>	<u>20,626</u>
Total assets	<u>20,260,172</u>	<u>6,101,763</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	131,136	2,610
Due to other agencies	-	-
Estimated liability for claims	3,831,383	1,209,427
Total current liabilities	<u>3,962,519</u>	<u>1,212,037</u>
Noncurrent liabilities:		
Estimated liability for claims	6,523,706	2,059,294
Total noncurrent liabilities	<u>6,523,706</u>	<u>2,059,294</u>
Total liabilities	<u>10,486,225</u>	<u>3,271,331</u>
<b>NET POSITION</b>		
Net investment in capital assets	4,946	20,626
Unrestricted	9,769,001	2,809,806
Total net position	<u>\$ 9,773,947</u>	<u>\$ 2,830,432</u>

See accompanying report of independent auditor.

**Activities - Internal Service Funds**

<b>Errors &amp; Omissions/ Boiler &amp; Machinery</b>	<b>Group Health Insurance</b>	<b>Total</b>
\$ 179,959	\$ 2,123,262	\$ 7,196,059
1,751,620	24,652,433	47,847,578
-	874,862	874,862
<u>1,931,579</u>	<u>27,650,557</u>	<u>55,918,499</u>
-	2,034,239	2,034,239
-	4,684	25,310
-	101,544	106,490
-	2,140,467	2,166,039
<u>1,931,579</u>	<u>29,791,024</u>	<u>58,084,538</u>
-	9,122,594	9,256,340
-	962	962
-	2,955,928	7,996,738
-	12,079,484	17,254,040
-	5,033,067	13,616,067
-	5,033,067	13,616,067
-	17,112,551	30,870,107
-	2,140,467	2,166,039
1,931,579	10,538,006	25,048,392
<u>\$ 1,931,579</u>	<u>\$ 12,678,473</u>	<u>\$ 27,214,431</u>

***THE SCHOOL DISTRICT OF POLK COUNTY***

**PROPRIETARY FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Workers'</b>	<b>Governmental</b>
	<b>Compensation</b>	<b>General Liability/ Fleet Liability</b>
<b>OPERATING REVENUES:</b>		
Premium revenue from other funds	\$ 4,630,245	\$ 1,470,000
Other revenue	-	-
Total operating revenues	<u>4,630,245</u>	<u>1,470,000</u>
<b>OPERATING EXPENSES:</b>		
Salaries & benefits	-	-
Purchased services	1,623,113	437,597
Energy services	-	-
Materials and supplies	144,520	-
Capital outlay	129,067	-
Other	1,202,596	1,525,293
Depreciation	445	86
Total operating expenses	<u>3,099,741</u>	<u>1,962,976</u>
Operating income/(loss)	<u>1,530,504</u>	<u>(492,976)</u>
<b>NON-OPERATING REVENUE(EXPENSE):</b>		
Interest	107,011	10,531
Miscellaneous	997,400	129,344
Total non-operating revenue	<u>1,104,411</u>	<u>139,875</u>
Income (loss) before transfers	2,634,915	(353,101)
<b>TRANSFERS IN</b>	-	-
<b>TRANSFERS OUT</b>	<u>(748,062)</u>	<u>(65,277)</u>
Change in net position	1,886,853	(418,378)
Total net position - beginning	<u>7,887,094</u>	<u>3,248,810</u>
Total net position - ending	<u>\$ 9,773,947</u>	<u>\$ 2,830,432</u>

See accompanying report of independent auditor.



**| Activities - Internal Service Funds**

<b>Errors &amp; Omissions/ Boiler &amp; Machinery</b>	<b>Group Health Insurance</b>	<b>Total</b>
\$ -	\$ 97,837,263	103,937,508
-	2,543,136	2,543,136
-	100,380,399	106,480,644
-	232	232
-	5,660,646	7,721,356
-	14,863	14,863
-	13,655	158,175
-	20,198	149,265
-	102,673,573	105,401,462
-	47,549	48,080
-	108,430,716	113,493,433
-	(8,050,317)	(7,012,789)
2,992	131,902	252,436
-	(4,200)	1,122,544
2,992	127,702	1,374,980
2,992	(7,922,615)	(5,637,809)
-	602,755	602,755
-	(905,382)	(1,718,721)
2,992	(8,225,242)	(6,753,775)
1,928,587	20,903,715	33,968,206
\$ 1,931,579	\$ 12,678,473	27,214,431

**THE SCHOOL DISTRICT OF POLK COUNTY**

**PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Workers' Compensation</b>	<b>Governmental General Liability/ Fleet Liability</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from interfund services provided	\$ 4,630,245	\$ 1,470,000
Payment to suppliers	(1,952,137)	(420,690)
Payment/premium to employees	-	-
Payments for interfund services used	(3,114,028)	(1,399,005)
Other receipts	-	-
Net cash provided (used) by operating activities	<u>(435,920)</u>	<u>(349,695)</u>
<b>CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Transfers from other funds	-	-
Transfers to other funds	(748,062)	(65,277)
Net cash provided (used) by noncapital and related financing activities	<u>(748,062)</u>	<u>(65,277)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from Disposition of Capital Assets	997,400	129,343
Acquisition and construction of capital assets	(5,391)	(20,712)
Net cash provided (used) by capital and related financing activities	<u>992,009</u>	<u>108,631</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(707,012)	(918,079)
Interest and dividends earned on investments	107,012	10,531
Net cash provided (used) by investing activities	<u>(600,000)</u>	<u>(907,548)</u>
Net increase (decrease) in cash and cash equivalents	(791,973)	(1,213,889)
Cash and cash equivalents - Beginning of year	<u>1,566,874</u>	<u>5,331,826</u>
Cash and cash equivalents - End of year	<u>\$ 774,901</u>	<u>\$ 4,117,937</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 1,530,504	\$ (492,976)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	445	86
Change in assets and liabilities:		
accounts receivable	-	-
accounts payable	84,381	938
estimated liability for claims adjust expense	(2,051,250)	142,257
Total adjustments	<u>(1,966,424)</u>	<u>143,281</u>
Net cash provided (used) by operating activities	<u>\$ (435,920)</u>	<u>\$ (349,695)</u>

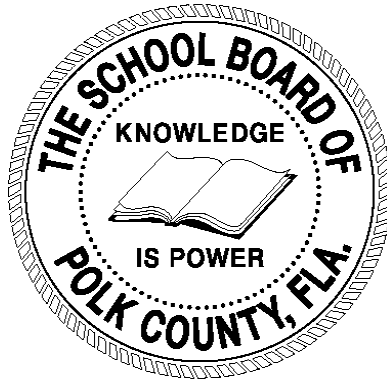
See accompanying report of independent auditor.

<b>Activities - Internal Service Funds</b>		
<b>Errors &amp; Omissions/ Boiler &amp; Machinery</b>	<b>Group Health Insurance</b>	<b>Total</b>
\$ -	\$ 96,962,401	\$ 103,062,646
-	(5,038,864)	(7,411,691)
-	(232)	(232)
-	(99,748,399)	(104,261,432)
-	2,543,136	2,543,136
-	(5,281,958)	(6,067,573)
-	602,755	602,755
-	(909,582)	(1,722,921)
-	(306,827)	(1,120,166)
-	-	1,126,743
-	(2,188,016)	(2,214,119)
-	(2,188,016)	(1,087,376)
(1,360,621)	2,919,189	(66,523)
2,992	131,902	252,437
(1,357,629)	3,051,091	185,914
(1,357,629)	(4,725,710)	(8,089,201)
1,537,588	6,848,972	15,285,260
<u>\$ 179,959</u>	<u>\$ 2,123,262</u>	<u>\$ 7,196,059</u>
\$ -	\$ (8,050,317)	\$ (7,012,789)
-	47,549	48,080
-	(874,862)	(874,862)
-	1,102,751	1,188,070
-	2,492,921	583,928
-	2,768,359	945,216
<u>\$ -</u>	<u>\$ (5,281,958)</u>	<u>\$ (6,067,573)</u>

## Agency Fund

The Agency Fund accounts for resources held by the District as custodian for others.

- **School Activity Fund** - Accounts for and reports on the school's activity funds.



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**THE SCHOOL DISTRICT OF POLK COUNTY**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>School Activity Fund</b>			
	<b>Balances July 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2017</b>
<b>ASSETS</b>				
Cash	\$ 7,520,801	\$ 59,709,081	\$ 64,961,650	\$ 2,268,232
Investments	499,733	23,835,107	17,506,013	6,828,827
Accounts receivable	523,628	1,744,173	1,833,163	434,638
Due from Budgetary Funds	826,922	3,261,259	4,088,181	-
Inventory	521,921	40,352	-	562,273
Total assets	<u>\$ 9,893,005</u>	<u>\$ 88,589,972</u>	<u>\$ 88,389,007</u>	<u>\$ 10,093,970</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 11,155	\$ 36,740,670	\$ 36,724,001	\$ 27,824
Sales tax payable	14,734	30,015	43,577	1,172
Due to student organizations	9,867,116	812,604	614,746	10,064,974
Total liabilities	<u>\$ 9,893,005</u>	<u>\$ 37,583,289</u>	<u>\$ 37,382,324</u>	<u>\$ 10,093,970</u>

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## Component Units

- **Discretely Presented Component Units** - Accounts for and reports on the Polk Education Foundation and Business Partnership, Inc. (Foundation) and the various charter schools.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
Year Ending June 30, 2017**

	<b>Babson Park Elementary</b>	<b>Berkley Accelerated Middle</b>	<b>Berkley Elementary Academy</b>	<b>BOK Academy</b>	<b>Compass Middle Charter</b>	<b>Cypress Junction Montessori</b>
<b>ASSETS</b>						
Cash	\$ -	\$ 778,316	\$ 1,768,834	\$ -	\$ 957,088	\$ 67,256
Certificates of Deposit	-	-	-	-	-	-
Investments	-	-	671,637	-	-	-
Accounts receivable	977,182	-	-	258,579	248	19,153
Due from other governmental agencies	-	333,844	6,663	-	19,241	-
Inventories	-	-	-	-	-	-
Deferred charges	-	-	-	-	-	-
Prepaid items	3,213	21,862	-	-	2,143	5,383
Other Assets	-	-	34,498	37,521	-	11,007
Capital assets (net of accumulated depreciation)						
Land	-	215,000	-	-	-	-
Land improvements	-	-	-	-	-	-
Construction in progress	-	-	-	112,704	-	-
Improvements other than buildings	5,844	-	-	40,573	-	9,623
Buildings and systems	-	5,391,726	49,971	2,555	-	-
Furniture, fixtures and equipment	40,214	23,013	89,735	136,847	14,199	8,606
Motor vehicles	-	-	197,172	51,382	56,268	-
Computer software	47,009	-	91,704	68,789	-	-
Total assets	<u>1,073,462</u>	<u>6,763,761</u>	<u>2,910,214</u>	<u>708,950</u>	<u>1,049,187</u>	<u>121,028</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related deferred outflows of resources	991,478	587,768	1,565,230	972,523	208,829	-
Total assets and deferred outflows resources	<u>\$ 2,064,940</u>	<u>\$ 7,351,529</u>	<u>\$ 4,475,444</u>	<u>\$ 1,681,473</u>	<u>\$ 1,258,016</u>	<u>\$ 121,028</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 404	\$ 57,682	\$ 271,999	\$ 67,559	\$ 96,534	15,465
Due to other governmental agencies	-	-	-	23,380	57,027	2,259
Salaries and wages payable	79,441	346,362	177,764	86,244	-	29,301
Deferred revenue	-	-	-	-	5,918	1,340
Other liabilities	-	-	-	-	-	-
Noncurrent liabilities:						
Due within one year	-	160,707	-	-	-	-
Due in more than one year	-	6,270,827	-	-	-	18,188
Net Pension Liability	1,899,124	1,424,968	3,071,815	1,780,607	547,347	-
Total liabilities	<u>1,978,969</u>	<u>8,260,546</u>	<u>3,521,578</u>	<u>1,957,790</u>	<u>706,826</u>	<u>66,553</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related deferred inflows of resources	347,221	23,101	460,246	231,453	94,613	-
<b>NET POSITION</b>						
Net investment in capital assets	93,067	(801,795)	428,582	412,850	70,467	18,229
Restricted for:						
Endowment - nonexpendable	-	-	-	-	-	-
Other purposes	-	-	-	-	-	10,262
Unrestricted	(354,317)	(130,323)	65,038	(920,620)	386,110	25,984
Total net position	<u>(261,250)</u>	<u>(932,118)</u>	<u>493,620</u>	<u>(507,770)</u>	<u>456,577</u>	<u>54,475</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,064,940</u>	<u>\$ 7,351,529</u>	<u>\$ 4,475,444</u>	<u>\$ 1,681,473</u>	<u>\$ 1,258,016</u>	<u>\$ 121,028</u>

See accompanying independent auditors' report.



**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
Year Ending June 30, 2017**

	Discovery Academy of Lake Alfred	Discovery High School	Hartridge Academy	Hillcrest Elementary	Janie Howard Wilson Elementary	Lake Wales High School
<b>ASSETS</b>						
Cash	\$ 369,671	\$ 151,244	\$ 1,197,758	\$ -	\$ -	\$ -
Certificates of Deposit	-	-	-	-	-	-
Investments	1,678,524	-	-	-	-	-
Accounts receivable	593,185	7,543,914	-	1,917,973	1,329,046	1,037,872
Due from other governmental agencies	72,903	169	32,720	-	-	-
Inventories	-	-	-	-	-	-
Deferred charges	-	-	-	-	-	-
Prepaid items	-	-	184,287	4,322	4,472	30,653
Other Assets	45,730	21,417	-	-	-	-
Capital assets (net of accumulated depreciation)						
Land	1,047,361	-	-	-	-	-
Land improvements	-	-	-	-	-	-
Construction in progress	865,848	-	-	-	-	17,621
Improvements other than buildings	-	-	117,287	1,269	-	51,854
Buildings and systems	6,240,302	-	-	-	-	-
Furniture, fixtures and equipment	608,729	139,189	27,905	55,307	(37,643)	186,566
Motor vehicles	1,911,722	-	113,198	-	-	-
Computer software	-	-	-	52,166	48,566	319,383
Total assets	<u>13,433,975</u>	<u>7,855,933</u>	<u>1,673,155</u>	<u>2,031,037</u>	<u>1,344,441</u>	<u>1,643,949</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related deferred outflows of resources	1,644,444	-	-	1,381,816	909,755	2,381,438
Total assets and deferred outflows resources	<u>\$ 15,078,419</u>	<u>\$ 7,855,933</u>	<u>\$ 1,673,155</u>	<u>\$ 3,412,853</u>	<u>\$ 2,254,196</u>	<u>\$ 4,025,387</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 407,625	\$ 55,279	\$ -	\$ -	\$ 21,223	\$ 100,000
Due to other governmental agencies	-	\$ -	-	-	-	-
Salaries and wages payable	374,710	7,774	114,210	123,377	49,067	230,566
Deferred revenue	-	-	-	-	-	-
Other liabilities	271,251	-	-	-	-	-
Noncurrent liabilities:						
Due within one year	435,091	435,091	-	-	-	-
Due in more than one year	8,026,552	7,430,757	-	-	-	-
Net Pension Liability	3,306,998	-	-	2,577,325	1,756,548	4,525,003
Total liabilities	<u>12,822,227</u>	<u>7,928,901</u>	<u>114,210</u>	<u>2,700,702</u>	<u>1,826,838</u>	<u>4,855,569</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related deferred inflows of resources	547,292	-	-	429,583	305,784	637,641
<b>NET POSITION</b>						
Net investment in capital assets	2,212,319	(453,996)	258,390	108,742	10,923	575,424
Restricted for:						
Endowment - nonexpendable	-	-	-	-	-	-
Other purposes	214,408	5,982	-	-	-	-
Unrestricted	(717,827)	375,046	1,300,555	173,826	110,651	(2,043,247)
Total net position	<u>1,708,900</u>	<u>(72,968)</u>	<u>1,558,945</u>	<u>282,568</u>	<u>121,574</u>	<u>(1,467,823)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 15,078,419</u>	<u>\$ 7,855,933</u>	<u>\$ 1,673,155</u>	<u>\$ 3,412,853</u>	<u>\$ 2,254,196</u>	<u>\$ 4,025,387</u>

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
Year Ending June 30, 2017**

	<b>Lakeland Montessori Schoolhouse</b>	<b>Lakeland Montessori Middle</b>	<b>Magnolia Montessori</b>	<b>McKeel Schools System</b>	<b>New Beginnings High School</b>	<b>Our Children's Academy</b>
<b>ASSETS</b>						
Cash	\$ 1,535,131	\$ 382,742	\$ 110,764	\$ 3,901,407	\$ 929,183	\$ 743,991
Certificates of Deposit	-	-	-	-	-	-
Investments	-	-	-	576,058	-	-
Accounts receivable	35,763	9,170	-	158,912	-	71,281
Due from other governmental agencies	-	-	5,330	108,002	80,460	-
Inventories	-	-	-	-	-	-
Deferred charges	-	-	-	-	-	-
Prepaid items	1,513	-	-	-	40,235	-
Other Assets	-	-	-	259,672	-	36,751
Capital assets (net of accumulated depreciation)	-	-	-	-	-	-
Land	306,000	-	-	588,178	-	-
Land improvements	4,000	-	-	524,743	-	-
Construction in progress	-	-	-	414,680	-	-
Improvements other than buildings	-	-	21,687	-	407,819	-
Buildings and systems	497,418	-	-	5,417,194	-	178,693
Furniture, fixtures and equipment	3,798	5,134	3,473	2,055,304	292,569	92,574
Motor vehicles	-	-	-	1,417,030	236,022	6,247
Computer software	-	-	-	-	-	-
Total assets	<u>2,383,623</u>	<u>397,046</u>	<u>141,254</u>	<u>15,421,180</u>	<u>1,986,288</u>	<u>1,129,537</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related deferred outflows of resources	-	-	-	8,248,270	919,739	1,277,785
Total assets and deferred outflows resources	<u>\$ 2,383,623</u>	<u>\$ 397,046</u>	<u>\$ 141,254</u>	<u>\$ 23,669,450</u>	<u>\$ 2,906,027</u>	<u>\$ 2,407,322</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 98,290	\$ 10,051	\$ 36,544	\$ 1,946,679	\$ 71,901	\$ 224,572
Due to other governmental agencies	-	29,382	-	-	-	166,704
Salaries and wages payable	-	-	-	-	23,518	71,380
Deferred revenue	105,189	12,887	15,185	13,580	-	-
Other liabilities	-	-	-	-	-	-
Noncurrent liabilities:	-	-	-	-	-	-
Due within one year	21,951	-	-	1,369,032	74,526	23,707
Due in more than one year	682,060	-	7,606	15,823,317	268,385	77,262
Net Pension Liability	-	-	-	-	892,581	1,929,338
Total liabilities	<u>907,490</u>	<u>52,320</u>	<u>59,335</u>	<u>19,152,608</u>	<u>1,330,911</u>	<u>2,492,963</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related deferred inflows of resources	-	-	-	4,063,268	111,582	359,710
<b>NET POSITION</b>						
Net investment in capital assets	129,339	5,134	25,160	4,433,881	593,499	176,545
Restricted for:	-	-	-	-	-	-
Endowment - nonexpendable	-	-	-	-	-	-
Other purposes	-	-	-	255,374	-	-
Unrestricted	1,346,794	339,592	56,759	(4,235,681)	870,035	(621,896)
Total net position	<u>1,476,133</u>	<u>344,726</u>	<u>81,919</u>	<u>453,574</u>	<u>1,463,534</u>	<u>(445,351)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,383,623</u>	<u>\$ 397,046</u>	<u>\$ 141,254</u>	<u>\$ 23,669,450</u>	<u>\$ 2,906,027</u>	<u>\$ 2,407,322</u>

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
Year Ending June 30, 2017**

	Polk Avenue Elementary	Polk Pre-Collegiate Academy	Ridgeview Global Studies Academy	Polk Education Foundation	TOTALS Component Units
<b>ASSETS</b>					
Cash	\$ -	\$ 576,222	\$ 757,459	\$ 2,046,627	\$ 16,273,693
Certificates of Deposit	-	-	-	-	-
Investments	-	-	788,276	3,316,105	7,030,600
Accounts receivable	860,942	-	-	18,317	14,831,537
Due from other governmental agencies	-	7,116	71,592	-	738,040
Inventories	-	-	-	-	-
Deferred charges	-	-	-	-	-
Prepaid items	4,375	-	-	-	302,458
Other Assets	-	-	13,905	2,647,645	3,108,146
Capital assets (net of accumulated depreciation)					
Land	-	-	1,226,512	-	3,383,051
Land improvements	-	-	-	-	528,743
Construction in progress	-	-	404,698	-	1,815,551
Improvements other than buildings	1,922	-	-	-	657,878
Buildings and systems	-	-	-	-	17,777,859
Furniture, fixtures and equipment	24,505	17,423	35,983	1,818	3,825,248
Motor vehicles	-	-	83,453	-	4,072,494
Computer software	16,240	-	32,235	-	676,092
Total assets	907,984	600,761	3,414,113	8,030,512	75,021,390
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related deferred outflows of resources	1,066,261	125,458	2,211,162	-	24,491,956
Total assets and deferred outflows resources	\$ 1,974,245	\$ 726,219	\$ 5,625,275	\$ 8,030,512	\$ 99,513,346
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 30,199	\$ 41,042	\$ 44,171	\$ 3,597,219
Due to other governmental agencies	-	152,856	-	-	431,608
Salaries and wages payable	64,357	146,869	420,594	-	2,345,534
Deferred revenue	-	33,784	-	-	187,883
Other liabilities	-	-	-	-	271,251
Noncurrent liabilities:					
Due within one year	-	-	37,957	-	2,558,062
Due in more than one year	-	-	78,268	-	38,683,222
Net Pension Liability	2,026,480	291,861	4,153,565	-	30,183,560
Total liabilities	2,090,837	655,569	4,731,426	44,171	78,258,339
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related deferred inflows of resources	286,095	4,731	579,880	-	8,482,200
<b>NET POSITION</b>					
Net investment in capital assets	42,667	17,423	1,666,656	1,818	10,025,324
Restricted for:					
Endowment - nonexpendable	-	-	-	1,634,154	1,634,154
Other purposes	-	-	50,615	2,930,481	3,467,122
Unrestricted	(445,354)	48,496	(1,403,302)	3,419,888	(2,353,793)
Total net position	(402,687)	65,919	313,969	7,986,341	12,772,807
Total liabilities, deferred inflows of resources and net position	\$ 1,974,245	\$ 726,219	\$ 5,625,275	\$ 8,030,512	\$ 99,513,346

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
Year Ending June 30, 2017**

	<b>Babson Park Elementary</b>	<b>Berkley Accelerated Middle</b>	<b>Berkley Elementary</b>
<b>EXPENSES</b>			
Instruction	\$ 2,404,224	\$ 2,476,788	\$ 4,031,003
Student support services	29,299	68,993	182,973
Instructional Media Services	73,705	648	55,841
Instruction and Curriculum Development Services	107,675	-	-
Instructional Staff Training Services	16,160	21,285	42,862
Instruction-Related Technology	1,112	-	-
Board	10,500	21,382	4,260
General administration	17,789	-	42,487
School administration	467,633	453,243	422,993
Facilities acquisition and construction	3,612	-	6,797
Fiscal Services	-	69,893	68,777
Food services	-	608	436,362
Central Services	-	22,241	15,097
Student transportation services	82,995	113,756	249,927
Operation of plant (7900)	172,768	256,254	420,804
Maintenance of plant (8100)	-	-	-
Community services and other	53,604	-	43,297
Interest on long term debt	-	316,465	5,162
Other Operating Expenses	-	22,861	-
Transfers	-	-	-
Total expenses	<u>\$ 3,441,076</u>	<u>\$ 3,844,417</u>	<u>\$ 6,028,642</u>
<b>PROGRAM REVENUES</b>			
Charges for services	\$ 145,339	\$ -	\$ 513,494
Operating grants and contributions	130,678	166,877	355,002
Capital grants and contributions	-	130,726	-
Net program expenses	<u>\$ (3,165,059)</u>	<u>\$ (3,546,814)</u>	<u>\$ (5,160,146)</u>
<b>GENERAL REVENUES</b>			
Federal	\$ -	\$ -	\$ -
State and Local Sources	3,177,000	2,847,138	4,753,371
Grants and contributions not restricted to specific programs	20,530	398,839	563,082
Investment earnings	-	-	-
Miscellaneous	-	-	-
Total general revenues	<u>\$ 3,197,530</u>	<u>\$ 3,245,977</u>	<u>\$ 5,316,453</u>
Change in net position	32,471	(300,837)	156,307
Net position - beginning	(293,721)	(631,281)	337,313
Adjustments to beginning net position	-	-	-
Net position - ending	<u>\$ (261,250)</u>	<u>\$ (932,118)</u>	<u>\$ 493,620</u>

See accompanying independent auditors' report.

<b>BOK Academy</b>	<b>Compass Middle Charter</b>	<b>Cypress Junction Montessori</b>	<b>Discovery Academy of Lake Alfred</b>	<b>Discovery High School</b>	<b>Hartridge Academy</b>	<b>Hillcrest Elementary</b>
\$ 2,830,883	\$ 671,725	\$ 650,433	\$ 3,430,343	\$ 1,452,419	\$ 1,114,623	\$ 3,652,148
142,778	285	-	804,424	114,681	9,938	100,571
925	-	-	97,683	877	-	126,299
3,167	-	-	-	4,779	-	147,209
9,737	4,464	52,195	140,375	-	-	55,987
48,197	-	13,830	-	-	-	13,614
10,000	9,102	8,779	42,793	8,416	16,515	10,500
23,148	-	12,506	77,111	77,690	-	26,533
402,729	220,050	231,342	855,829	131,741	193,397	559,989
277,319	-	-	207,564	207,564	117,322	6,624
-	22,728	10,078	63,441	24,650	-	-
-	-	19,288	816,802	1,488	-	-
-	1,691	-	64,576	15,279	34,398	-
483,690	98,185	7,638	961,702	91,246	53,702	124,351
582,223	30,688	204,516	396,486	137,894	94,907	233,308
745	-	-	-	-	26,017	-
25,019	-	3,978	-	-	-	16,567
-	-	2,549	169,586	186,356	-	-
-	-	-	-	-	-	-
-	-	-	377,150	-	-	-
<u>\$ 4,840,560</u>	<u>\$ 1,058,918</u>	<u>\$ 1,217,132</u>	<u>\$ 8,505,865</u>	<u>\$ 2,455,080</u>	<u>\$ 1,660,819</u>	<u>\$ 5,073,700</u>
\$ -	\$ -	\$ 131,038	\$ 239,784	\$ -	\$ -	\$ 126,434
106,495	107,772	247,622	965,877	225,000	120,122	249,312
-	-	7,436	-	-	-	-
<u>\$ (4,734,065)</u>	<u>\$ (951,146)</u>	<u>\$ (831,036.00)</u>	<u>\$ (7,300,204)</u>	<u>\$ (2,230,080)</u>	<u>\$ (1,540,697)</u>	<u>\$ (4,697,954)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,333,130	904,372	882,358	6,068,523	1,758,329	1,506,271	4,673,933
327,256	23,728	-	444,516	425,355	30,620	9,716
-	-	-	-	-	214	-
-	-	-	-	-	-	-
<u>\$ 4,660,386</u>	<u>\$ 928,100</u>	<u>882,358</u>	<u>\$ 6,513,039</u>	<u>2,183,684</u>	<u>\$ 1,537,105</u>	<u>\$ 4,683,649</u>
(73,679)	(23,046)	51,322	(787,165)	(46,396)	(3,592)	(14,305)
(434,091)	479,623	-	2,496,066	-	1,562,537	296,873
-	-	3,153	-	(26,573)	-	-
<u>\$ (507,770)</u>	<u>\$ 456,577</u>	<u>\$ 54,475</u>	<u>\$ 1,708,901</u>	<u>\$ (72,969)</u>	<u>\$ 1,558,945</u>	<u>\$ 282,568</u>

<b>Janie Howard Wilson Elementary</b>	<b>Lake Wales High School</b>	<b>Lakeland Montessori Schoolhouse</b>	<b>Lakeland Montessori Middle</b>	<b>Magnolia Montessori</b>	<b>McKeel Schools System</b>	<b>New Beginnings High School</b>
\$ 2,230,465	\$ 6,802,924	\$ 398,808	\$ 224,396	\$ 539,356	\$ 13,488,267	\$ 1,415,325
27,189	495,373	15,634	4,385	8,959	631,596	589,146
71,997	32,522	-	-	-	114,014	-
169,617	145,197	-	-	-	-	110,086
3,150	86,862	-	-	-	338,932	12,504
15,661	79,207	-	-	-	485,644	-
10,500	15,000	9,449	6,438	8,885	73,410	16,728
16,706	60,177	-	-	-	64,494	77,079
462,637	1,425,639	229,156	78,582	131,141	1,691,354	1,006,741
-	50,724	-	-	-	-	77,779
-	-	-	-	-	392,851	68,508
-	-	-	-	-	1,520,161	2,318
-	-	27,641	7,122	29,457	-	83,403
167,309	733,199	-	1,212	5,781	1,259,435	302,158
204,813	948,800	70,767	65,309	104,487	2,789,220	1,028,636
-	955	30,139	-	-	187,968	-
-	364,600	-	-	3,602	212,609	9,588
-	-	49,148	-	-	277,480	13,399
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 3,380,044</u>	<u>\$ 11,241,179</u>	<u>\$ 830,742</u>	<u>\$ 387,444</u>	<u>\$ 831,668</u>	<u>\$ 23,527,435</u>	<u>\$ 4,813,398</u>
\$ -	\$ 219,807	\$ 311,358	\$ -	\$ 139,391	\$ 1,980,102	\$ -
304,114	560,335	71,335	73,588	39,116	855,666	144,730
-	-	-	-	-	-	260,540
<u>\$ (3,075,930)</u>	<u>\$ (10,461,037)</u>	<u>\$ (448,049)</u>	<u>\$ (313,856)</u>	<u>\$ (653,161)</u>	<u>\$ (20,691,667)</u>	<u>\$ (4,408,128)</u>
\$ -	\$ 8,069	\$ -	\$ -	\$ -	\$ -	\$ -
3,050,589	9,743,342	552,820	370,050	598,329	21,070,877	4,566,484
5,873	626,153	1,149	5,066	33,030	183,152	101,739
-	-	626	142	-	-	-
-	-	-	1,432	-	-	-
<u>\$ 3,056,462</u>	<u>\$ 10,377,564</u>	<u>554,595</u>	<u>\$ 376,690</u>	<u>\$ 631,359</u>	<u>\$ 21,254,029</u>	<u>\$ 4,668,223</u>
(19,468)	(83,473)	106,546	62,834	(21,802)	562,362	260,095
141,042	(1,384,350)	1,369,587	281,892	103,721	830,455	1,203,439
-	-	-	-	-	(939,243)	-
<u>\$ 121,574</u>	<u>\$ (1,467,823)</u>	<u>\$ 1,476,133</u>	<u>\$ 344,726</u>	<u>\$ 81,919</u>	<u>\$ 453,574</u>	<u>\$ 1,463,534</u>

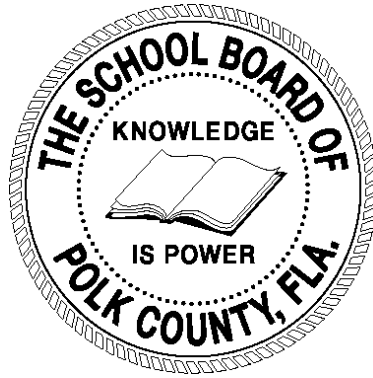
(continued)

<b>Our Children's Academy</b>	<b>Polk Avenue Elementary</b>	<b>Polk Pre-Collegiate Academy</b>	<b>Ridgeview Global Studies Academy</b>	<b>Polk Education Foundation</b>	<b>TOTALS Component Units</b>
\$ 2,035,911	\$ 2,805,025	\$ 420,634	\$ 5,769,677	\$ -	\$ 58,845,377
1,454,999	35,465	19,138	282,545	-	5,018,371
-	64,006	-	136,970	-	775,487
-	140,771	-	-	-	828,501
1,313	-	3,966	24,198	-	813,990
-	14,159	-	-	-	671,424
32,941	10,500	9,088	30,877	-	366,063
69,740	19,833	-	34,553	-	619,846
580,390	488,872	126,334	773,113	-	10,932,905
181,718	1,711	-	83,235	-	1,221,969
34,218	-	16,392	54,978	-	826,514
16,611	-	-	481,141	-	3,294,779
142	-	1,255	-	-	302,302
120,116	119,794	21,668	340,783	-	5,338,647
353,188	213,701	161,659	687,964	-	9,158,392
5,758	354	-	-	-	251,936
112	-	-	148,114	-	881,090
4,389	-	-	5,975	-	1,030,509
-	-	-	-	1,963,101	1,985,962
-	-	-	-	-	377,150
<u>\$ 4,891,546</u>	<u>\$ 3,914,191</u>	<u>\$ 780,134</u>	<u>\$ 8,854,123</u>	<u>\$ 1,963,101</u>	<u>\$ 103,541,214</u>
\$ -	\$ 80,245	\$ -	\$ 302,290	\$ -	\$ 4,189,282
356,082	300,162	22,110	564,985	-	5,966,980
97,362	-	33,559	-	-	529,623
<u>\$ (4,438,102)</u>	<u>\$ (3,533,784)</u>	<u>\$ (724,465)</u>	<u>\$ (7,986,848)</u>	<u>\$ (1,963,101)</u>	<u>\$ (92,855,329)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,069
3,953,779	3,599,685	712,227	7,792,070	-	86,914,677
382,735	53,670	53,670	145,204	1,621,718	5,456,801
-	-	-	-	113,214	114,196
-	-	-	-	549,711	551,143
<u>\$ 4,336,514</u>	<u>\$ 3,653,355</u>	<u>\$ 765,897</u>	<u>\$ 7,937,274</u>	<u>\$ 2,284,643</u>	<u>\$ 93,044,886</u>
(101,588)	119,571	41,432	(49,574)	321,542	189,557
(343,763)	(522,258)	24,487	363,543	7,664,799	13,545,913
-	-	-	-	-	(962,663)
<u>\$ (445,351)</u>	<u>\$ (402,687)</u>	<u>\$ 65,919</u>	<u>\$ 313,969</u>	<u>\$ 7,986,341</u>	<u>\$ 12,772,807</u>

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# Statistical Section

(UNAUDITED)





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## District Statistics

This part of the Polk County School Board's comprehensive annual financial report presents detail information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the District's overall financial health.

### Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

### Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenues sources, the property tax.

### Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.

### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

### Operating Information

These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

**SCHOOL DISTRICT OF POLK COUNTY  
NET POSITION BY COMPONENT - GOVERNMENT-WIDE  
LAST TEN FISCAL YEARS  
TABLE 1**

(accrual basis of accounting)  
(amounts in thousands)  
(unaudited)

	Fiscal Year				
	2017	2016	2015	2014	2013
Government activities:					
Net investment in capital assets	\$ 822,501	\$ 797,167	\$ 765,624	\$ 752,300	\$ 756,128
Restricted	127,208	105,187	109,845	120,340	125,960
Unrestricted	(296,766)	(252,998)	(253,284)	11,509	2,777
Total governmental activities net position	<u>652,943</u>	<u>649,356</u>	<u>622,185</u>	<u>884,149</u>	<u>884,865</u>
Business-type activities:					
Unrestricted	<u>398</u>	<u>290</u>	<u>122</u>	-	-
Total primary government	<u>\$ 653,341</u>	<u>\$ 649,646</u>	<u>\$ 622,307</u>	<u>\$ 884,149</u>	<u>\$ 884,865</u>

Note: The District had no business-type activities until the 2014-2015 fiscal year. Also in 2014-2015 fiscal year, GASB 68 was implemented for retirement reporting, resulting in a negative Unrestricted activity.

Source: District Records

		Fiscal Year		
2012	2011	2010	2009	2008
\$ 761,407	\$ 781,310	\$ 741,501	\$ 589,452	\$ 484,019
124,599	116,197	136,135	271,820	342,777
10,170	31,676	23,514	17,242	32,202
<u>896,176</u>	<u>929,183</u>	<u>901,150</u>	<u>878,514</u>	<u>858,998</u>
-	-	-	-	-
<u>\$ 896,176</u>	<u>\$ 929,183</u>	<u>\$ 901,150</u>	<u>\$ 878,514</u>	<u>\$ 858,998</u>

**SCHOOL DISTRICT OF POLK COUNTY  
CHANGES IN NET POSITION - GOVERNMENT WIDE  
LAST TEN FISCAL YEARS  
TABLE 2**

(accrual basis of accounting)  
(amounts in thousands)  
(unaudited)

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>EXPENSES</b>					
Instructional services	\$ 593,877	\$ 554,005	\$ 536,529	\$ 531,412	\$ 514,670
Instructional support services	93,061	90,111	83,923	84,267	82,988
Student transportation services	30,558	31,946	33,256	35,115	34,588
Operation and maintenance of plant	70,149	66,475	66,575	66,916	65,724
School administration	45,929	42,959	39,702	39,775	40,108
General administration	58,518	50,970	53,496	43,475	32,606
Food services	56,311	52,535	49,440	48,350	44,617
Community services and other	2,598	2,335	2,821	2,836	2,857
Interest on long term debt	11,756	15,789	12,998	16,288	19,050
Unallocated fiscal charges on long-term debt and depreciation expense	2,314	241	642	578	246
Total primary government expenses	965,071	907,366	879,382	869,012	837,454
<b>PROGRAM REVENUES</b>					
Charges for services:					
Instructional services	2,552	3,662	2,807	2,227	2,145
Student transportation services	586	572	532	509	516
Food services	2,157	2,820	4,740	6,427	6,990
Operating grants and contributions	51,939	49,120	43,618	38,673	35,599
Capital grants and contributions	6,882	5,672	6,864	3,388	3,392
Total primary government program revenues	64,116	61,846	58,561	51,224	48,642
Total primary government net (expenses) revenues	(900,955)	(845,520)	(820,821)	(817,788)	(788,812)
<b>GENERAL REVENUES</b>					
Property taxes levied for operational purposes	162,002	162,423	155,374	155,565	147,333
Property taxes levied for capital projects	45,862	42,918	40,529	38,597	36,886
Local sales taxes	43,048	40,757	38,290	43,260	34,082
Unrestricted grants and contributions	630,276	607,096	598,347	572,735	544,989
Investment earnings	1,290	1,393	796	775	1,220
Miscellaneous	22,064	18,104	17,241	9,880	14,255
Total primary government general revenues	904,542	872,691	850,577	820,812	778,765
<b>CHANGE IN NET POSITION</b>					
Total governmental activities	3,587	27,171	29,756	3,024	(10,047)
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>EXPENSES</b>	637	391	82	-	-
<b>PROGRAM REVENUES</b>					
Charges for services	744	560	203	-	-
<b>CHANGE IN NET POSITION</b>					
Total business-type activities	107	169	121	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 3,694</b>	<b>\$ 27,340</b>	<b>\$ 29,877</b>	<b>\$ 3,024</b>	<b>\$ (10,047)</b>

Note: The District had no business-type activities until the 2014-2015 fiscal year.  
Impact fees are included in miscellaneous earnings.

Source: District Records

Fiscal Year				
2012	2011	2010	2009	2008
\$ 501,427	\$ 538,107	\$ 523,680	\$ 517,548	\$ 526,183
83,720	91,279	85,524	75,282	77,000
36,358	36,143	34,430	34,329	34,030
92,047	78,757	83,849	80,175	89,209
40,310	43,096	42,785	42,743	43,573
33,190	34,456	36,651	36,250	33,970
43,949	45,588	45,300	43,818	41,184
3,194	3,327	3,045	1,511	961
19,908	19,776	22,488	27,460	20,128
186	189	533	1,284	329
<u>854,289</u>	<u>890,718</u>	<u>878,285</u>	<u>860,400</u>	<u>866,567</u>
2,346	1,888	1,908	1,376	1,173
470	505	463	482	490
7,304	8,649	9,599	10,488	10,656
34,978	35,862	33,547	53,178	52,533
3,372	11,212	12,107	29,196	36,580
<u>48,470</u>	<u>58,116</u>	<u>57,624</u>	<u>94,720</u>	<u>101,432</u>
(805,819)	(832,602)	(820,661)	(765,680)	(765,135)
158,902	173,763	195,839	210,238	189,956
38,651	41,306	48,373	62,631	68,866
32,341	30,459	29,510	31,071	33,370
524,209	600,709	551,962	476,204	608,245
696	2,904	4,207	2,590	13,922
18,013	11,494	13,406	8,305	17,171
<u>772,812</u>	<u>860,635</u>	<u>843,297</u>	<u>791,039</u>	<u>931,530</u>
(33,007)	28,033	22,636	25,359	166,395
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ (33,007)</u>	<u>\$ 28,033</u>	<u>\$ 22,636</u>	<u>\$ 25,359</u>	<u>\$ 166,395</u>

**SCHOOL DISTRICT OF POLK COUNTY  
 PLEDGED-REVENUE COVERAGE  
 LAST TEN FISCAL YEARS**

**TABLE 3**

(accrual basis of accounting)

(amounts in thousands)

(unaudited)

Fiscal Year Ending June 30,	Sales Tax Revenue Bonds			Coverage
	Sales Tax	Debt Service		
		Principal	Interest	
2017	\$ 43,048	\$ 23,940	\$ 1,964	60.2%
2016	40,757	23,270	2,823	64.0%
2015	38,290	21,220	4,541	67.3%
2014	35,882	20,235	6,257	73.8%
2013	34,082	19,340	7,151	77.7%
2012	32,341	18,525	7,970	81.9%
2011	30,459	17,765	8,728	87.0%
2010	29,510	17,115	9,380	89.8%
2009	31,071	16,535	9,959	85.3%
2008	33,370	8,480	6,919	46.1%

Source: District Records

**SCHOOL DISTRICT OF POLK COUNTY  
 GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS**

**TABLE 4**

(accrual basis of accounting)

(amounts in thousands)

(unaudited)

Fiscal Year Ending June 30,	Property Tax		Sales Tax	Total
	General Purposes	Capital Projects		
2017	\$ 162,001	\$ 45,862	\$ 43,048	\$ 250,911
2016	162,423	42,918	40,757	246,098
2015	155,374	40,529	38,290	234,193
2014	155,565	38,597	35,882	230,044
2013	147,333	36,886	34,082	218,301
2012	158,902	38,651	32,341	229,894
2012	173,763	41,306	30,459	245,528
2010	195,839	48,373	29,510	273,722
2009	210,238	62,631	31,071	303,940
2008	189,956	68,866	33,370	292,192

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Source: District Records

**SCHOOL DISTRICT OF POLK COUNTY**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**TABLE 5**  
(modified accrual basis of accounting)  
(amounts in thousands)  
(unaudited)

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>General Fund</b>					
Nonspendable	\$ 9,354	\$ 9,148	\$ 10,382	\$ 7,220	\$ 7,259
Restricted	14,838	10,679	6,508	5,901	9,632
Assigned	336	1,588	1,177	691	582
Unassigned	36,153	42,409	44,984	45,981	42,479
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total general fund	<u>\$ 60,681</u>	<u>\$ 63,824</u>	<u>\$ 63,051</u>	<u>\$ 59,793</u>	<u>\$ 59,952</u>
<b>All Other Governmental Funds</b>					
Nonspendable, reported in:					
Special revenue funds	\$ 2,198	\$ 1,678	\$ 1,468	\$ 1,237	\$ 1,175
Restricted, reported in:					
Special revenue funds	6,474	6,421	5,930	8,075	9,842
Capital projects funds	86,328	71,583	83,680	95,180	99,548
Debt service funds	17,882	15,554	13,272	11,695	8,653
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 112,882</u>	<u>\$ 95,236</u>	<u>\$ 104,350</u>	<u>\$ 116,187</u>	<u>\$ 119,218</u>

Note: GASB Statement 54 Fund Balance Reporting and Governmental Fund Type Definitions was implemented for the 2010-11 fiscal year.

Source: District Records



Fiscal Year					
2012	2011	2010	2009	2008	
\$ 7,653	\$ 7,664	\$ -	\$ -	\$ -	
12,580	8,237	-	-	-	
2,850	10,449	-	-	-	
52,230	53,049	-	-	-	
-	-	11,857	15,991	16,122	
-	-	56,961	46,071	41,620	
<u>\$ 75,313</u>	<u>\$ 79,399</u>	<u>\$ 68,818</u>	<u>\$ 62,062</u>	<u>\$ 57,742</u>	
\$ 1,270	\$ 1,332	\$ -	\$ -	\$ -	
9,930	8,063	-	-	-	
127,646	170,725	-	-	-	
7,086	4,520	-	-	-	
-	-	84,283	33,136	69,551	
-	-	7,279	5,996	5,696	
-	-	156,370	226,743	262,524	
<u>\$ 145,932</u>	<u>\$ 184,640</u>	<u>\$ 247,932</u>	<u>\$ 265,875</u>	<u>\$ 337,771</u>	

**SCHOOL DISTRICT OF POLK COUNTY  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN YEARS**

**TABLE 6  
(modified accrual basis of accounting)  
(amounts expressed in thousands)  
(unaudited)**

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>REVENUES</b>					
Local sources:					
Ad valorem taxes	\$ 207,864	\$ 205,341	\$ 195,903	\$ 194,161	\$ 184,219
Local sales tax	43,048	40,757	38,290	35,881	34,082
Impact Fees	13,545	10,325	8,494	7,379	5,133
Food services	2,157	2,820	4,740	6,446	6,989
Interest income	1,043	928	540	572	702
Other	11,007	10,814	12,107	13,482	13,102
Total local sources	<u>278,664</u>	<u>270,985</u>	<u>260,074</u>	<u>257,921</u>	<u>244,227</u>
State sources:					
Florida education finance program	420,095	400,711	386,495	368,371	339,640
Public education capital outlay	3,271	2,162	1,881	-	-
Food services	720	676	631	634	653
Grants and other	131,369	129,445	130,037	130,433	128,619
Total state sources	<u>555,455</u>	<u>532,994</u>	<u>519,044</u>	<u>499,438</u>	<u>468,912</u>
Federal sources:					
Food services	51,219	48,444	42,959	38,038	34,947
Federal grants direct	16,840	15,025	15,825	14,749	15,721
Federal grants through state and local	65,583	65,426	70,973	61,667	63,562
Total federal sources	<u>133,642</u>	<u>128,895</u>	<u>129,757</u>	<u>114,454</u>	<u>114,230</u>
Total revenues	<u>967,761</u>	<u>932,874</u>	<u>908,875</u>	<u>871,813</u>	<u>827,369</u>
<b>EXPENDITURES</b>					
Current:					
Instructional services:	556,426	533,801	528,291	510,130	491,148
Instructional support services:					
Student personnel services	38,215	38,302	37,182	36,456	31,996
Instructional media services	8,077	8,050	8,338	8,725	8,561
Instruction and curriculum development services	12,461	13,259	13,765	17,064	16,589
Instructional staff training services	19,976	17,215	16,189	9,455	11,718
Instructional related technology	9,429	10,577	8,680	9,085	10,098
Total instructional support services	<u>88,158</u>	<u>87,403</u>	<u>84,154</u>	<u>80,785</u>	<u>78,962</u>
Student transportation services	<u>34,288</u>	<u>32,964</u>	<u>32,785</u>	<u>33,999</u>	<u>33,601</u>
Operation and maintenance of plant:					
Operation of plant	44,545	44,030	43,103	42,344	44,262
Maintenance of plant	21,987	20,233	21,652	21,666	18,817
Total operation and maintenance of plant	<u>66,532</u>	<u>64,263</u>	<u>64,755</u>	<u>64,010</u>	<u>63,079</u>
School administration	<u>42,984</u>	<u>41,258</u>	<u>39,124</u>	<u>38,215</u>	<u>38,366</u>
General administration:					
Central services	12,528	12,413	11,493	10,885	10,909
Board	2,324	2,018	1,904	1,975	2,039
General administration	5,792	5,315	4,790	4,844	6,065
Fiscal services	2,884	3,121	3,173	3,169	2,995
Administrative technology services	5,942	6,009	5,927	5,489	5,081
Total general administration	<u>29,470</u>	<u>28,876</u>	<u>27,287</u>	<u>26,362</u>	<u>27,089</u>
Non-capitalizable facilities acquisition and construction	8,990	11,174	11,261	10,757	8,630
Food services	53,220	50,985	49,471	46,674	42,792
Community services and other	2,449	2,255	2,742	2,694	2,700
Debt Service:					
Principal retirement	36,237	35,484	34,366	32,775	31,408
Interest	9,447	12,185	14,544	16,941	18,139
Fiscal charges	755	507	153	75	872

		Fiscal Year							
		2012	2011	2010	2009	2008			
\$	197,553	\$	215,069	\$	244,212	\$	272,869	\$	258,822
	32,341		30,459		29,510		31,070		33,370
	3,764		2,738		4,284		6,437		10,308
	7,304		8,649		9,600		10,488		10,657
	543		1,796		2,998		5,986		11,434
	18,138		12,357		11,605		6,455		7,727
	<u>259,643</u>		<u>271,068</u>		<u>302,209</u>		<u>333,305</u>		<u>332,318</u>
	313,381		438,439		414,238		277,874		322,935
	-		7,855		8,750		19,385		33,133
	707		734		736		733		692
	127,261		13,287		13,591		156,113		255,051
	<u>441,349</u>		<u>460,315</u>		<u>437,315</u>		<u>454,105</u>		<u>611,811</u>
	34,271		35,128		32,819		30,222		27,980
	15,513		15,014		10,370		8,194		1,411
	70,575		136,834		116,671		59,096		55,614
	<u>120,359</u>		<u>186,976</u>		<u>159,860</u>		<u>97,512</u>		<u>85,005</u>
	821,351		918,359		899,384		884,922		1,029,134
	468,983		508,593		494,238		488,565		499,244
	31,602		34,874		33,814		30,713		30,133
	8,245		11,347		11,731		11,126		11,943
	16,405		16,351		14,634		12,501		13,893
	13,002		18,582		14,424		12,765		13,754
	8,980		5,202		6,157		4,054		3,871
	<u>78,234</u>		<u>86,356</u>		<u>80,760</u>		<u>71,159</u>		<u>73,594</u>
	33,051		34,683		33,736		32,509		33,041
	43,936		48,873		49,965		47,770		50,201
	16,501		20,844		22,604		24,323		27,086
	<u>60,437</u>		<u>69,717</u>		<u>72,569</u>		<u>72,093</u>		<u>77,287</u>
	37,670		40,648		40,253		40,310		41,645
	10,505		15,771		12,209		14,482		14,647
	2,372		2,398		2,469		2,450		2,087
	5,379		6,689		7,140		5,119		6,134
	3,017		3,267		2,945		2,714		2,865
	5,054		4,833		4,778		4,931		4,798
	<u>26,327</u>		<u>32,958</u>		<u>29,541</u>		<u>29,696</u>		<u>30,531</u>
	11,525		8,183		7,505		9,019		7,091
	40,630		43,121		42,764		41,357		39,504
	3,017		3,147		2,609		1,441		924
	30,077		28,749		27,340		26,232		17,739
	18,998		19,743		21,806		22,662		18,679
	1,210		1,210		3,110		5,439		1,487

**SCHOOL DISTRICT OF POLK COUNTY  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN YEARS**

**TABLE 6  
(modified accrual basis of accounting)  
(amounts expressed in thousands)  
(unaudited)**

	Fiscal Year				
	2017	2016	2015	2014	2013
Capital outlay					
Facilities acquisitions & construction	15,763	35,377	18,239	7,743	26,277
Other capital outlay	10,402	7,401	11,554	5,835	6,577
<b>Total expenditures</b>	<b>955,121</b>	<b>943,933</b>	<b>918,726</b>	<b>876,995</b>	<b>869,640</b>
Excess (deficiency) of revenues over (under) expenditures	12,640	(11,059)	(9,851)	(5,182)	(42,271)
<b>OTHER FINANCING SOURCES (USES):</b>					
Long term bonds issued	-	-	-	-	-
Premium on sale of bonds	-	-	-	140	-
Discount on sale of bonds	-	-	-	-	-
Refunding bonds issued	26,891	118,935	46,179	900	81,255
Premium on sale of refunding bonds	85	-	200	-	-
Loans incurred	-	-	-	-	-
Refunded loan payments	-	-	-	-	-
Payments to refunded bond escrow agent	(26,229)	(118,528)	(47,061)	(268)	(81,255)
Proceeds from capital leases	-	-	1,133	-	-
Sale of capital assets	-	-	-	-	-
Insurance loss recoveries	-	1,199	7	19	7
Transfers in	81,080	77,260	87,407	94,287	81,788
Transfers out	(79,964)	(76,148)	(86,593)	(93,086)	(80,334)
<b>Total other financing sources and uses</b>	<b>1,863</b>	<b>2,718</b>	<b>1,272</b>	<b>1,992</b>	<b>1,461</b>
<b>Net change in fund balances</b>	<b>\$ 14,503</b>	<b>\$ (8,341)</b>	<b>\$ (8,579)</b>	<b>\$ (3,190)</b>	<b>\$ (40,810)</b>
Debt service as a percentage of non-capital expenditures	4.92%	5.29%	5.50%	5.76%	5.92%

Source: District Records

Fiscal Year				
2012	2011	2010	2009	2008
43,073	92,108	66,320	93,864	145,912
12,673	18,089	16,736	19,554	4,048
865,905	987,305	939,287	953,900	990,726
(44,554)	(68,946)	(39,903)	(68,978)	38,408
-	21,223	24,763	-	109,445
48	55	177	-	5,757
-	-	(71)	-	-
440	44,485	141,550	36,690	-
-	-	-	114	-
-	-	-	8,500	-
-	-	-	(8,328)	-
(487)	(43,636)	(139,130)	(36,388)	-
-	-	-	-	-
-	-	-	-	-
183	11	13	18	271
82,405	77,136	80,792	82,677	62,729
(80,830)	(75,514)	(79,378)	(81,881)	(61,929)
1,759	23,760	28,716	1,402	116,273
\$ (42,795)	\$ (45,186)	\$ (11,187)	\$ (67,576)	\$ 154,681
6.06%	5.53%	5.74%	5.82%	4.33%

**SCHOOL DISTRICT OF POLK COUNTY  
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 TABLE 7  
 (amounts in thousands)  
 (unaudited)**

Fiscal Year Ended June 30,	Taxable Value for the School District						
	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Other (1) Property	Tangible Property	Less: Exemptions
2017	\$ 25,612,576	\$ 4,547,618	\$ 2,022,272	\$ 2,071,902	\$ 3,537,946	\$ 6,074,402	\$ 12,292,797
2016	23,771,417	4,236,898	1,766,486	1,956,536	3,347,595	6,176,176	11,521,005
2015	21,763,759	4,043,575	1,618,218	1,837,079	3,194,730	5,859,292	10,286,736
2014	19,419,786	3,966,947	1,562,888	1,710,091	3,141,635	5,869,626	9,125,755
2013	17,793,857	3,904,128	1,527,154	1,701,901	3,093,822	5,686,296	8,289,198
2012	19,307,684	3,745,586	1,529,632	1,781,720	3,076,148	5,797,920	8,670,916
2011	21,309,497	4,053,497	1,603,475	2,015,876	3,117,828	5,739,919	9,410,489
2010	26,723,862	4,739,161	1,923,016	2,455,444	3,309,839	5,753,893	11,949,037
2009	32,643,481	4,895,855	2,076,460	2,684,281	3,390,127	5,994,089	14,857,836
2008	32,964,168	4,632,919	1,911,166	2,596,122	3,410,106	5,910,289	15,612,607

(1) Category includes institutional, government, non-ag, and miscellaneous.

Note: Net Taxable Values are net Assessed Values after deducting allowable statutory exemptions.  
 Tax revenues for each fiscal year are based on the prior calendar year's net taxable values, e.g.: FY 2017 tax revenues are based on CY 2016 net taxable values.

Source: Florida Department of Revenue

<u>Net Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Taxable Value</u>	<u>Net Assessed Value as a Percentage of Estimated Taxable Value</u>
\$ 31,573,919	6.7970	\$ 43,967,539	71.81%
29,734,103	7.1490	41,350,735	71.91%
28,029,917	7.2080	38,400,400	72.99%
26,545,218	7.5470	35,752,837	74.25%
25,417,960	7.4920	33,783,998	75.24%
26,567,774	7.6700	35,317,184	75.23%
28,429,603	7.7920	37,751,839	75.31%
32,956,178	7.5860	44,905,215	73.39%
36,826,457	7.6340	51,684,293	71.25%
35,812,163	7.5120	51,424,769	69.64%

**SCHOOL DISTRICT OF POLK COUNTY  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
RATES PER \$1,000 ASSESSED VALUATION  
TABLE 8**

(unaudited)

	Fiscal Year				
	2017	2016	2015	2014	2013
District School Board:					
Required Local Effort	4.5490	4.9010	4.9600	5.2990	5.2440
Discretionary Local	0.7480	0.7480	0.7480	0.7480	0.7480
Supplemental Discretionary	0.0000	0.0000	0.0000	0.0000	0.0000
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000
Capital Improvement	1.5000	1.5000	1.5000	1.5000	1.5000
Total District School Board	6.7970	7.1490	7.2080	7.5470	7.4920
Other County-Wide:					
Board of County Commissioners	6.7815	6.7815	6.8665	6.8665	6.8665
Total County-Wide	13.5785	13.9305	14.0745	14.4135	14.3585
Non-County Wide:					
Board of County Commissioners					
Public Library Service	0.2109	0.2109	0.2109	0.2109	0.2109
Parks & Recreation (unincorporated)	0.5619	0.5619	0.4219	0.4219	0.4219
Municipalities:					
Auburndale	4.2657	4.2657	4.2657	4.2657	4.2657
Bartow	3.8044	3.8387	3.9075	3.9960	3.9962
Davenport	7.5000	7.5000	7.5000	7.7500	7.7500
Eagle Lake	7.6516	7.6516	7.6516	7.6516	7.6516
Fort Meade	6.2458	5.6484	5.6484	5.6484	5.6484
Frostproof	7.7716	8.0587	8.0587	8.0587	7.8209
Haines City	7.5895	7.7900	7.7900	7.7900	7.9900
Lake Alfred	7.2390	7.4890	7.5890	7.5890	7.5890
Lake Wales	7.3273	7.3638	8.3638	8.5866	8.5119
Lakeland	5.5644	5.5644	4.6644	4.6644	4.6644
Mulberry	6.7900	7.2900	7.6500	8.4000	8.9000
Polk City	8.0000	8.2500	8.6000	8.6547	8.6547
Winter Haven	5.7900	5.7900	5.7900	5.7900	5.7900

Note: Overlapping debt is the debt of a political entity, such as a state where its tax base overlaps the tax base of another political entity, such as a city within the county.

In addition to the non-voted operating levies, the School District may, based on State statutory law, levy additional millage for school operational purposes, which is subject to the approval by a majority of voters. The total combined operating levies (non-voted and voted) cannot exceed 10.000 mills.

Source: Polk County Property Appraiser



Fiscal Year				
2012	2011	2010	2009	2008
5.4220	5.2940	5.0880	5.1360	4.7520
0.7480	0.7480	0.7480	0.4980	0.5100
0.0000	0.2500	0.2500	0.2500	0.2500
0.0000	0.0000	0.0000	0.0000	0.0000
1.5000	1.5000	1.5000	1.7500	2.0000
7.6700	7.7920	7.5860	7.6340	7.5120
6.8665	6.8665	6.8665	6.8665	6.8665
14.5365	14.6585	14.4525	14.5005	14.3785
0.2109	0.2109	0.2109	0.2109	0.2109
0.4219	0.4219	0.4219	0.4219	0.4219
3.8393	3.8393	3.8393	3.3317	3.3317
3.9962	3.9962	3.9962	3.9962	3.1161
6.9900	6.0000	5.9792	4.5695	4.6911
7.6516	7.6516	7.6516	7.4225	6.7614
3.3509	3.3509	3.3509	3.0435	2.7959
7.8209	7.8209	7.8209	7.8209	7.1395
6.9900	6.9900	6.9900	6.9900	6.8185
6.9990	6.5800	6.5800	6.5800	6.5800
7.9998	7.3277	7.3277	7.3277	7.3521
4.1644	4.1644	3.6538	3.4031	3.2296
8.9000	8.9000	8.0500	8.0573	7.8358
8.6547	8.6547	7.8000	6.7425	6.6707
5.7900	5.7900	5.7900	5.8644	5.8644

SCHOOL DISTRICT OF POLK COUNTY  
 PRINCIPAL PROPERTY TAX PAYERS  
 CURRENT AND NINE YEARS AGO  
 TABLE 9  
 (amounts in thousands)  
 (unaudited)

Taxpayer	Fiscal Year					
	2017			2008		
	Rank	Taxable Value	Percentage of Total Assessed Value	Rank	Taxable Value	Percentage of Total Assessed Value
Duke Energy/Progress Energy	1	\$ 1,127,096	2.63%	1	\$ 486,736	1.37%
Tampa Electric	2	901,484	2.11%	2	432,460	1.21%
Mosaic/Streamsong/Stillwater	3	745,907	1.74%	7	228,291	0.64%
Publix Super Markets	4	391,151	0.91%	3	339,220	0.95%
Walmart	5	378,654	0.89%	10	143,503	0.40%
Coca-Cola	6	198,183	0.46%			
Frontier/Verizon	7	143,528	0.34%	6	256,083	0.72%
Amazon	8	138,870	0.32%			
THR Florida LLP/Invitation Homes	9	131,024	0.31%			
Florida Gas Transmissions	10	108,444	0.25%			
Cargill				4	281,973	0.79%
Duke Energy/Florida Power				5	265,717	0.75%
Osprey Energy Center				8	181,855	0.51%
Gulfstream Natural Gas				9	174,066	0.49%
Total		<u>\$ 4,264,341</u>	<u>9.96%</u>		<u>\$ 2,789,904</u>	<u>7.83%</u>

Source: Polk County Property Appraiser

**SCHOOL DISTRICT OF POLK COUNTY  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
TABLE 10  
(unaudited)**

Fiscal Year	Total Tax Levy	Collected to End of Tax Year			Collected in Fiscal Year	
		Current Tax Collections (1)	Percent of Levy	Delinquent Collections (1)	Total Collections (1)	Percent of Levy
2017	\$ 214,850,226	\$ 206,273,679	96.01%	1,590,497	\$ 207,864,176	96.75%
2016	212,412,071	203,903,763	95.99%	1,437,488	205,341,251	96.67%
2015	201,717,120	193,648,970	96.00%	2,253,762	195,902,732	97.12%
2014	200,060,667	192,371,754	96.16%	1,789,519	194,161,273	97.05%
2013	190,589,618	182,918,037	95.97%	1,301,006	184,219,043	96.66%
2012	203,981,107	196,437,667	96.30%	1,115,156	197,552,823	96.85%
2011	221,523,468	213,602,226	96.42%	1,466,588	215,068,814	97.09%
2010	250,005,565	241,633,684	96.65%	N/A	241,633,684	96.65%
2009	281,133,172	270,582,754	96.25%	802,528	271,385,282	96.53%
2008	269,020,967	258,055,353	95.92%	1,981,735	260,037,088	96.66%

Note: Property Taxes become due and payable on November 1st of each year. A four percent (4%) discount is allowed if taxes are paid in November, with the discounts declining by one percent (1%) each month thereafter. Accordingly, taxes collected will never be 100% of the tax levy. Taxes become delinquent on April 1st of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1st of each year. Accordingly, the majority of taxes are collected in the fiscal year levied.

(1) Net of allowable discounts

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Source: District Records

**SCHOOL DISTRICT OF POLK COUNTY  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
TABLE 11**

(amounts in thousands, except per capita)  
(unaudited)

Fiscal Year	Governmental Activities(A)						Total Primary Government	Percentage of Personal Income (B)	Per Capita (B)
	Sales Tax Revenue Bonds	State Board of Education Bonds	Capital Leases	Certificates Of Participation	Notes Payable				
2017	\$ 52,049	\$ 5,974	\$ 281	\$ 199,047	\$ -	\$ 257,351	N/A	N/A	
2016	76,888	7,254	568	207,595	-	292,305	N/A	452	
2015	101,057	9,320	845	212,118	431	323,771	1.52%	511	
2014	117,360	11,275	-	221,967	1,653	352,255	1.73%	565	
2013	137,595	13,640	-	230,922	2,974	385,131	1.82%	627	
2012	156,935	15,790	-	239,562	4,231	416,518	1.92%	686	
2011	175,460	17,930	-	247,862	5,413	446,665	2.21%	739	
2010	193,225	19,935	-	231,521	6,522	451,203	2.36%	749	
2009	216,875	18,214	-	215,480	7,563	458,132	2.48%	767	
2008	234,063	19,982	-	221,961	8,328	484,334	2.51%	819	

(A) The primary government's business-type activities does not have any debt.

(B) Total Primary Government Debt divided by Personal Income and Population from the Demographics and Economics schedule.

Source District Records

**SCHOOL DISTRICT OF POLK COUNTY  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2016  
TABLE 12  
(unaudited)**

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Direct Debt</u>		<u>Direct and Overlapping Debt</u>	
		<u>Percentage Applicable to This Governmental Unit</u>	<u>Amount Applicable to This Governmental Unit</u>	<u>Percentage Applicable to Polk County</u>	<u>Amount Applicable to Polk County</u>
Polk County Board of County Commissioners	\$ 149,783,387	100%	\$ 149,783,387	100%	\$149,783,387
Polk County District School Board	-	100%	257,355,664	100%	-
<b>Totals</b>	<u>\$ 149,783,387</u>		<u>\$ 407,139,051</u>		<u>\$ 149,783,387</u>

**Notes:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: District Records  
Polk County Clerk of the Circuit Court

**SCHOOL DISTRICT OF POLK COUNTY  
 ANTICIPATED CAPITAL OUTLAY MILLAGE LEVY  
 REQUIRED TO COVER CERTIFICATES OF PARTICIPATION PAYMENTS  
 LAST TEN FISCAL YEARS  
 TABLE 13  
 (unaudited)**

<b>Fiscal Year</b>	<b>Taxable Assessed Value (A)</b>	<b>Annual Lease Payment</b>	<b>Millage Levy to Provide 1.00x Coverage (B)</b>
2017	\$ 31,540,752	\$ 16,539,022	0.5520
2016	29,698,656	16,990,132	0.6022
2015	28,029,917	17,240,555	0.6474
2014	26,545,218	17,229,290	0.6832
2013	25,417,960	17,183,587	0.7116
2012	26,567,774	17,177,448	0.6806
2011	28,429,603	17,718,778	0.6561
2010	32,956,178	18,486,759	0.5905
2009	36,826,457	18,172,213	0.5194
2008	35,812,163	16,971,019	0.4988

(A) Assessed Value is in Thousands.

(B) Millage rate calculated using 95 percent of the taxable assessed valuation.

Note: Capital lease arrangements financed by certificates of participation are not considered general obligation debt, as no specific property tax levy has been pledged.

Source: Florida Department of Revenue and District Records

**SCHOOL DISTRICT OF POLK COUNTY  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN YEARS  
 TABLE 14  
 (unaudited)**

<u>Fiscal Year</u>	<u>Population (A)</u>	<u>Personal Income (1) (C)</u>	<u>Per Capita Personal Income (A)</u>	<u>Unemployment Rate (B)</u>
2016	646,989	N/A	N/A	5.8%
2015	633,052	\$ 21,348,413	\$ 33,723	6.2%
2014	623,174	20,347,877	32,652	7.9%
2013	613,950	21,115,582	34,393	8.2%
2012	606,888	21,693,818	35,746	9.8%
2011	604,792	20,228,478	33,447	11.6%
2010	602,095	19,150,836	31,807	12.2%
2009	597,560	18,496,275	30,953	11.1%
2008	591,659	19,300,508	32,621	6.7%
2007	580,352	18,477,247	31,838	4.4%

(1) Personal Income in thousands.

Sources:

(A) University of Florida Bureau of Economic and Business Research

(B) Central Florida Development Council

(C) Personal income is derived from multiplying Per Capita Personal Income times Population

Note: 2017 data was not available at time of publishing.

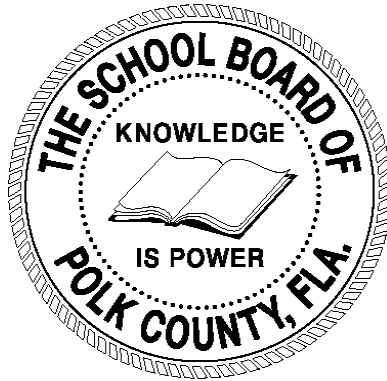
SCHOOL DISTRICT OF POLK COUNTY  
 PRINCIPAL EMPLOYERS  
 POLK COUNTY EMPLOYMENT  
 CURRENT YEAR AND NINE YEARS AGO  
 TABLE 15  
 (unaudited)

Employer	Calendar Year					
	2016			2007		
	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
Polk County School Board	13,067	1	5.63%	14,000	1	5.07%
Publix Super Markets	10,249	2	4.42%	9,500	2	3.44%
Wal-Mart	6,238	3	2.69%	5,100	3	1.85%
Lakeland Regional Medical Center	4,499	4	1.94%	4,000	6	1.45%
Polk County Government	4,493	5	1.94%	4,700	4	1.70%
Winter Haven Hospital	2,567	6	1.11%	2,500	8	0.91%
City of Lakeland	2,359	7	1.02%	2,500	9	0.91%
GEICO Insurance	2,139	8	0.92%	2,200	10	0.80%
Mosiac Fertilizer	1,993	9	0.86%	4,000	7	1.45%
Watson Clinic	1,600	10	0.69%	-	0	0.00%
State of Florida	-		0.00%	4,300	5	1.56%
	<u>49,204</u>		<u>21.22%</u>	<u>52,800</u>		<u>19.14%</u>

Note: 2017 data was not available at time of publishing.

Sources: Florida Department of Economic Opportunity, Labor Market Statistics Center  
 Central Florida Development Council  
 Polk County CAFR 2016





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**SCHOOL DISTRICT OF POLK COUNTY  
SCHOOL BUILDING INFORMATION & FULL-TIME EQUIVALENT ENROLLMENT DATA  
LAST TEN FISCAL YEARS  
TABLE 16  
(unaudited)**

	Fiscal Years				
	2017	2016	2015	2014	2013
<b>Schools</b>					
<b>Elementary</b>					
Locations (A)	66	66	66	67	67
Square feet	6,515,678	6,102,843	6,108,489	6,273,582	6,264,516
Capacity	53,928	50,714	50,686	51,616	51,126
Enrollment	41,975	40,540	40,379	38,619	40,168
<b>Middle</b>					
Locations (A)	20	20	20	19	19
Square feet	2,800,879	2,654,893	2,653,573	2,607,658	2,630,298
Capacity	21,803	24,321	22,894	22,997	23,480
Enrollment	16,084	16,409	16,659	15,635	15,655
<b>Senior High</b>					
Locations	15	15	16	15	16
Square feet	4,297,686	4,302,843	4,285,656	4,295,866	4,306,621
Capacity	32,237	33,846	34,150	34,223	34,461
Enrollment	25,523	25,537	25,014	24,086	21,912
<b>Other (B)</b>					
Locations (C)	12	11	11	10	10
Square feet	11,943,280	988,116	987,396	914,943	914,042
Capacity	7,385	6,212	6,184	5,861	5,851
Enrollment	5,694	4,302	4,339	4,045	4,204
<b>Conversion Charter (D)</b>					
Locations	9	9	9	9	9
Square feet	1,160,446	1,160,446	1,162,582	1,162,538	1,163,607
Capacity	8,360	8,685	8,439	8,439	8,405
Enrollment	7,982	7,744	7,351	7,153	7,138
<b>Administrative / Support Services</b>					
Locations (C)	16	17	17	18	17
Square feet	591,512	593,317	593,333	664,623	557,797
<b>Total Enrollment in District Facilities</b>	<b>97,258</b>	<b>94,532</b>	<b>93,742</b>	<b>89,538</b>	<b>89,077</b>

- (A) Lake Marion Creek converted from Elementary to Middle School.  
 (B) Includes ESE, alternative education, and elementary-middle fine arts.  
 (C) New KG-08 opened  
 (D) District public schools that converted to charter school status.

Note: Does not include start-up charter schools or their enrollment.

Source: District Records

**Fiscal Years**

<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
67	67	67	66	66
6,281,975	6,311,927	6,307,785	6,248,097	6,127,789
51,507	51,853	53,259	51,863	50,765
40,167	40,337	40,159	39,531	39,909
19	19	19	19	19
2,641,924	2,639,634	2,581,660	2,499,317	2,502,485
23,884	21,071	20,510	20,107	23,459
16,006	15,338	15,113	15,276	15,542
16	16	16	16	15
4,323,615	4,394,670	4,319,245	4,110,653	3,536,315
34,432	34,863	32,088	28,009	28,505
22,312	22,117	22,301	21,960	21,823
10	10	10	10	10
921,463	771,564	778,035	779,735	810,047
5,893	5,575	4,936	5,121	4,547
3,976	3,980	4,151	4,147	4,082
9	9	9	9	9
1,167,797	1,167,797	1,160,449	1,144,887	1,122,148
8,318	8,184	8,237	8,020	8,078
6,904	6,758	6,653	6,685	6,654
17	17	17	14	14
569,433	570,691	569,721	545,873	542,311
89,365	88,530	88,377	87,599	88,010

**SCHOOL DISTRICT OF POLK COUNTY  
NUMBER OF PERSONNEL  
LAST TEN FISCAL YEARS  
TABLE 17  
(unaudited)**

<b>Fiscal Year</b>	<b>(A) Instructional</b>	<b>(B) Administrative</b>	<b>(C) Support Services</b>	<b>Total</b>	<b>Ratio of Students to Instructional Personnel (D)</b>	<b>Ratio of Students to Administrative Personnel (D)</b>	<b>Ratio of Instructional Personnel to Administrators</b>
2017	9,222	378	3,461	13,061	10.97	243.69	29.22
2016	9,193	415	3,459	13,067	10.79	238.92	28.66
2015	9,158	377	3,387	12,922	10.69	259.68	24.29
2014	9,339	385	3,397	13,121	10.31	250.14	24.26
2013	9,393	386	3,462	13,241	10.16	247.27	24.33
2012	9,457	384	3,536	13,377	10.04	247.19	24.63
2011	9,632	388	3,650	13,670	9.69	240.52	24.82
2010	9,403	384	3,678	13,465	9.92	243.02	24.49
2009	9,288	428	3,545	13,261	10.03	217.56	21.70
2008	9,271	419	3,479	13,169	10.03	221.84	22.13

Note: Full-Time Employees Only

- (A) Classroom Teachers, Guidance Counselors/Psychologists, Exceptional Education Teachers, Media Specialists  
Other Professional Instructional Staff, Visiting Teachers, Social Workers, and Aides
- (B) Principals, Assistant Principals, Superintendent, District-level Officials, Administrators,  
Managers, and Instructional Consultants / Supervisors
- (C) Noninstructional Professional Staff, Clerical/Secretarial, Service Workers, Skilled Crafts Workers, Unskilled Laborers and  
Deans/Curriculum Coordinators.
- (D) Student count is based on annual FTE counts.

Source: District Records

**SCHOOL DISTRICT OF POLK COUNTY  
TEACHER BASE SALARIES  
LAST TEN FISCAL YEARS  
TABLE 18  
(unaudited)**

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>Average Salary</u>
2017	\$ 40,672	\$ 62,872	\$ 47,368
2016	40,672	62,872	47,368
2015	40,000	59,300	46,323
2014	36,750	58,175	45,181
2013	35,750	56,175	42,671
2012	35,000	55,175	41,849
2011	35,000	55,175	42,838
2010	35,000	55,175	42,435
2009	35,000	54,675	42,416
2008	35,000	54,675	42,777

Note: Includes only 10 Month Teachers  
Performance Pay Schedule

Source: District Records

**SCHOOL DISTRICT OF POLK COUNTY  
FOOD SERVICE OPERATING DATA  
LAST TEN YEARS  
TABLE 19  
(unaudited)**

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>Days Meals Served:</b>	178	180	180	180	179
<b>Student Lunches Served:</b>					
Paid Lunches (regular)	522,762	633,470	1,148,306	1,297,759	1,439,256
Reduced Lunches (regular)	47,065	106,093	306,398	478,147	755,136
Free Lunches (regular)	10,740,732	10,421,805	9,198,230	8,125,512	7,525,884
<b>Total Student Lunches Served</b>	<b>11,310,559</b>	<b>11,161,368</b>	<b>10,652,934</b>	<b>9,901,418</b>	<b>9,720,276</b>
Daily Average Student Lunches Served	63,542	62,008	59,183	55,008	54,303
<b>Student Breakfasts Served:</b>					
Paid Breakfasts (regular)	150,768	139,378	173,192	250,749	232,618
Reduced Breakfasts (regular)	12,374	25,546	71,598	121,221	210,856
Free Breakfasts (regular)	5,446,493	5,306,261	4,645,245	3,880,971	3,538,062
<b>Total Student Breakfasts Served</b>	<b>5,609,635</b>	<b>5,471,185</b>	<b>4,890,035</b>	<b>4,252,941</b>	<b>3,981,536</b>
Daily Average Student Breakfasts Served	31,515	30,395	27,167	23,627	22,243
<b>LUNCH PRICES:</b>					
Elementary	\$2.00	\$2.00	\$2.00	\$2.00	\$1.80
Middle	\$2.30	\$2.30	\$2.30	\$2.30	\$2.10
High	\$2.60	\$2.60	\$2.60	\$2.30	\$2.10
<b>BREAKFAST PRICES:</b>					
Elementary	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Secondary	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
<b>Free and Reduced Percentages:</b>					
Paid	4.0%	4.6%	8.5%	10.9%	12.2%
Reduced	0.4%	0.8%	2.4%	4.2%	7.1%
Free	95.7%	94.6%	89.1%	84.8%	80.7%

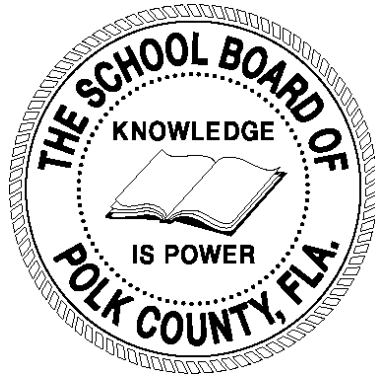
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Source: District Records

Fiscal Year				
2012	2011	2010	2009	2008
180	180	180	225	225
1,631,888	2,113,892	2,279,097	2,586,630	2,754,874
756,400	817,978	1,110,348	1,275,683	1,249,385
7,736,169	7,953,136	7,554,767	6,951,128	6,715,156
10,124,457	10,885,006	10,944,212	10,813,441	10,719,415
56,247	60,472	60,801	48,060	47,642
250,740	314,675	311,451	327,027	332,676
206,980	229,219	299,563	325,711	322,790
3,539,847	3,751,738	3,361,212	2,958,679	2,751,235
3,997,567	4,295,632	3,972,226	3,611,417	3,406,701
22,209	23,865	22,068	16,051	15,141
\$1.70	\$1.70	\$1.70	\$1.65	\$1.65
\$2.00	\$2.00	\$2.00	\$1.90	\$1.90
\$2.00	\$2.00	\$2.00	\$1.90	\$1.90
\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
13.3%	16.0%	17.4%	20.2%	21.8%
6.8%	6.9%	9.5%	11.1%	11.1%
79.8%	77.2%	73.3%	68.8%	67.0%

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# Compliance Section





**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**PROGRAM EXPENDITURES**

YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures	Amount Provided to Subrecipients
<b>United States Department of Agriculture:</b>				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	14002	\$ 11,171,725	\$ -
National School Lunch Program	10.555	14001, 14003	39,178,627	-
Child Food Care Program	10.558	14001	129,932	-
Summer Food Service Program for Children	10.559	14006, 14007	738,808	-
Equipment Assistance	10.579	N/A	75,305	-
<b>Total Child Nutrition Cluster</b>			<u>51,294,397</u>	<u>-</u>
<b>Total United States Department of Agriculture</b>			<u>51,294,397</u>	<u>-</u>
<b>United States Department of Labor:</b>				
Indirect:				
Florida Department of Education:				
National Farmworker Jobs Program	17.264	405	403,561	-
<b>Total United States Department of Labor</b>			<u>403,561</u>	<u>-</u>
<b>United States Department of Education:</b>				
Direct:				
Federal Pell Grant Program	84.063	N/A	1,953,618	-
Magnet Schools Assistance	84.165	N/A	4,066,716	-
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	794,928	-
State Fiscal Stabilization Fund - Investing in Innovation Fund, Recovery Act	84.411A	N/A	238,192	-
<b>Total Direct</b>			<u>7,053,454</u>	<u>-</u>
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027	262, 263	18,722,722	1,040,263
Special Education - Preschool Grants	84.173	266, 267	412,199	-
<b>Total Special Education Cluster</b>			<u>19,134,921</u>	<u>1,040,263</u>
Florida Department of Education:				
Indirect:				
Adult Education - Basic Grants to States	84.002	191, 193	1,233,262	-
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	30,969,866	398,599
Migrant Education - State Grants Program	84.011	217	1,306,258	-
Career and Technical Education - Basic Grants to States	84.048	161	1,351,667	12,203
Education for Homeless Children and Youth	84.196	127	123,738	-
Charter Schools	84.282	298	410,900	410,900
Twenty First Century Community Learning Centers	84.287	244	428,004	-
Special Education - State Personnel Development	84.323	361	54,989	-
English Language Acquisition State Grants	84.365	102,104	1,413,620	-
Mathematics and Science Partnership	84.366	290	455,926	-
Improving Teacher Quality State Grants	84.367	224	4,392,743	-
<b>Total Indirect</b>			<u>61,275,894</u>	<u>1,861,965</u>
<b>Total United States Department of Education</b>			<u>68,329,348</u>	<u>1,861,965</u>

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**PROGRAM EXPENDITURES (CONTINUED)**

YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Domestic Assistance Number	Through Grantor Number	Amount of Expenditures	Provided to Subrecipients
<b>United States Department of Health and Human Services:</b>				
Direct:				
Head Start	93.600	N/A	\$ 7,607,642	\$ -
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	237,927	-
<b>Total United States Department of Health and Human Services</b>			<u>7,845,569</u>	<u>-</u>
<b>United States Department of Defense:</b>				
Direct:				
Army Junior Reserve Officers Training Corps	None	N/A	871,798	67,307
Marine Corps Junior Reserve Officers Training Corps	None	N/A	65,021	-
Air Force Junior Reserve Officers Training Corps	None	N/A	76,164	-
Navy Junior Reserve Officers Training Corps	None	N/A	68,030	-
<b>Total United States Department of Defense:</b>			<u>1,081,013</u>	<u>67,307</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 128,953,888</u>	<u>\$ 1,929,272</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. The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.
  - (2) Noncash Assistance: National School Lunch Program: Includes \$3,399,803 of donated food received during the fiscal year. Donated foods are valued at acquisition value as determined at the time of donation.
  - (3) Head Start: Expenditures include \$3,487,370 (04CH4623/08) for program year 2016 and \$4,117,641 (04CH010291) for program year 2017.

**Report of Independent Auditor 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***

The Honorable Members of the  
Polk County District School Board  
Bartow, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the School District of Polk County, Florida (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 December 19, 2017. Our report includes reference to other auditors who audited the financial statements of the discretely presented component units and the fiduciary fund, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Orlando, Florida  
December 19, 2017

**Report of Independent Auditor on Compliance for Each  
Major Federal Program and on Internal Control over  
Compliance Required by the Uniform Guidance**

The Honorable Members of the  
Polk County District School Board  
Bartow, Florida

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

We have audited the Polk County District School Board's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***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.

***Auditor's 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 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.

**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 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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

*Cherry Bekaert LLP*

Orlando, Florida  
December 19, 2017

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARDS PROGRAMS**

YEAR ENDED JUNE 30, 2017

**Part I - Summary of Auditor Results**

**Financial Statement Section**

Type of auditor report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?            yes   x   no

Significant deficiency(ies) identified?            yes   x   none reported

Noncompliance material to financial statements noted?            yes   x   no

**Federal Awards Section**

Internal control over major programs:

Material weakness(es) identified?            yes   x   no

Significant deficiency(ies) identified?            yes   x   none reported

Type of auditor report on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)            yes   x   no

Identification of major federal programs:

Name of Program or Cluster	CFDA Numbers
Special Education Cluster	84.027 & 84.173
Improving Teacher Quality State Grants	84.367
Head Start	93.600

Dollar threshold used to determine Type A programs:  
 Federal            \$ 3,000,000

Auditee qualified as low-risk auditee for federal purposes?   x   yes            no

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARDS PROGRAMS (CONTINUED)**

*YEAR ENDED JUNE 30, 2017*

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**Part II - Schedule of Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

**Part III - Federal Award Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported by 2 CFR 200.516(a).



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FEDERAL AWARDS PROGRAMS**

*YEAR ENDED JUNE 30, 2017*

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**Prior Year Audit Findings:**

There were no findings in the prior year audit.

## Independent Auditor's Management Letter

Honorable Chairman and Members of the  
Polk County District School Board  
Bartow, Florida

### Report of the Financial Statements

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Polk County District School Board (the "District") as of and for the year ended June 30, 2017, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2017. We did not audit the financial statements of the discretely presented component units nor the fiduciary fund; those financial statements were audited by other auditors.

### Auditor's 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 Report of Independent Auditor 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*, Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance, Report of Independent Accountant on Compliance with Local Government Investment Policies, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 19, 2017, 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 and 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 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.

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 District maintains on its website the information specified in Section 1011.035, Florida Statutes. In connection with our audit, we determined that the District maintained on its website 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 has occurred, or is likely to have occurred, that has 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**

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.800, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Orlando, Florida  
December 19, 2017

**Report of Independent Accountant on Compliance  
With Local Government Investment Policies**

The Honorable Members of the  
Polk County District School Board  
Bartow, Florida

We have examined the Polk County School District's (the "District") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended June 30, 2017. Management is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

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

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

In our opinion, the District complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, during the year ended June 30, 2017.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and Rules of the Auditor General.

*Cherry Bekaert LLP*

Orlando, Florida  
December 19, 2017