

# School Board of Polk County, Florida

## Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2019

Jacqueline M. Byrd, Superintendent





COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

of

The School District of  
Polk County, Florida

For the

Fiscal Year Ended June 30, 2019



**POLK COUNTY**  
**PUBLIC SCHOOLS**

STUDENTS FIRST

Issued by:

Jacqueline Byrd  
Superintendent of Schools

Prepared by:

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

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



**POLK COUNTY**  
**PUBLIC SCHOOLS**

STUDENTS FIRST

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SCHOOL DISTRICT OF POLK COUNTY  
For the Fiscal Year Ended June 30, 2018**

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# Introductory Section



**POLK COUNTY**  
**PUBLIC SCHOOLS**  
STUDENTS FIRST



**BOARD MEMBERS**

**Lori Cunningham**  
*Board Chair*  
District 2

**Billy Townsend**  
District 1

**Sarah Fortney**  
District 3

**Sara Beth Reynolds**  
District 4

**Kay Fields**  
District 5

**Lynn Wilson**  
District 6

**Lisa Miller**  
District 7

**C. Wesley Bridges, II**  
*General Counsel*

**ADMINISTRATION**

**Jacqueline M. Byrd**  
*Superintendent*

**January 30, 2020**

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, 2019 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, 2019 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, 2019, 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.

STUDENTS FIRST



1915 S. Floral Ave.  
Bartow, FL 33830



P.O. Box 391  
Bartow, FL 33831



863-534-0500



polkschoolsfl.com

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.

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 2019, the District operated 113 traditional schools, including 64 elementary, five elementary/middle, nine elementary/middle/secondary, twenty middle, two middle/secondary, and thirteen 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 29 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 seventh (7<sup>th</sup>) largest school district in Florida and is the twenty-eighth (28<sup>th</sup>) largest school district in the United States with approximately 104,347 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 3.1% in retail trade. Education/health services and Leisure and Hospitality increased 2.3% and 2.9% respectively, while Information decreased 5.6%. The County's available labor force was approximately 304,506 for August 2019, as reported by the Florida Dept. of Economic Opportunity, BLS.

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 4.1% as of August 2019. The labor force increased by approximately 2,594 from July 2018 to July 2019, as reported by Florida Department of Economic Opportunity, BLS.

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 \$186,000 in June 2018, to \$199,000 in June 2019. This represents a 7% increase. As reported by the 2019-20 Florida Education Finance Program Second Calculation, the 2019 tax roll increased from \$38 billion to \$40.8 billion, a 7.3% increase from last year's value.

Inflation has decreased from 2.9% in July 2018 to 1.6% in June 2019, 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, decreased from 100.6 in July 2018 to 100.2 in July 2019, 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 2018-2019 fiscal year is 3.8% of revenues in the general fund. This falls slightly short 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 2019 is estimated by the BEBR to be at 690,606, a growth rate of 14.7% 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 2019, student enrollment was 104,347. For the upcoming fiscal year, enrollment is projected to increase by approximately 1,195 students, or 1.1%, 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 794 re-locatable classrooms and 14 modular buildings in the District, which provide 14,916 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 2018-2019 District's Five-Year Facilities Work Program Plan, costs related to new construction and remodeling are estimated at \$349.5 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 in the listed areas:

<b>NEW SCHOOLS SCHEDULE</b>				
<b>SCHOOL</b>	<b>OPEN/AVAIL</b>	<b>CONST START</b>	<b>DESIGN START</b>	<b>PROP ACQ</b>
Elementary (SW Lakeland)	TBD	TBD	TBD	Completed
Elementary 23 "B" (SE Winter Haven)	TBD	TBD	TBD	TBD
Elementary (Mulberry)	TBD	TBD	TBD	Completed
Elementary 20 "A" (NE POLK)	TBD	TBD	TBD	Completed
High School 19 "AAA" (Davenport)	TBD	TBD	TBD	Completed
Middle School (SW Lakeland)	TBD	TBD	TBD	Completed
High School 26 "BBB" (Davenport)	TBD	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, \$13.5 million in 2017, and dropping to \$4.3 million in 2018. 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 2017-2018 were \$45.1 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 2019, there were 29 charter schools operating within the district (of which nine were conversion charter schools) reflecting approximately 15,063 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 insurance costs in the District's plan remained challenging for 2019. In an effort to hold net position stable, the District and the employees increased their contributions to the plan during the 2018-2019 fiscal year. As of June 30, 2019, net position decreased slightly, by approximately \$84,500.

In a continuing effort to support the plan, the Board's premium contribution increased to \$714 per month effective January 1, 2020.

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.

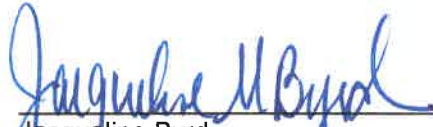
***Awards and Acknowledgements***


Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County Public Schools for its comprehensive financial report for the fiscal year ended June 30, 2018. This is the eighth consecutive year the District has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues 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 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,

  
\_\_\_\_\_  
Jacqueline Byrd  
Superintendent of Schools

  
\_\_\_\_\_  
Michael J. Perrone  
Associate Superintendent,

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

**Principal Officials - Elected**

**Board Members – Terms of Office  
As of July 1, 2019**

Mr. Lynn Wilson, Chair Member from District 6 Present term began Present term expires Began as a Board member	November, 2018 November, 2022 November, 2014
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
Ms. Sarah Fortney Member from District 3 Present term began Present term expires Began as a Board member	November, 2018 November, 2022 November, 2018
Ms. Sara Reynolds Member from District 4 Present term began Present term expires Began as a Board member	November, 2016 November, 2020 November, 2016
Mrs. Kay Fields Member from District 5 Present term began Present term expires Began as a Board member	November, 2018 November, 2022 November, 2002
Mrs. Lisa Miller Member from District 7 Present term began Present term expires Began as a Board member	November, 2018 November, 2022 November, 2018

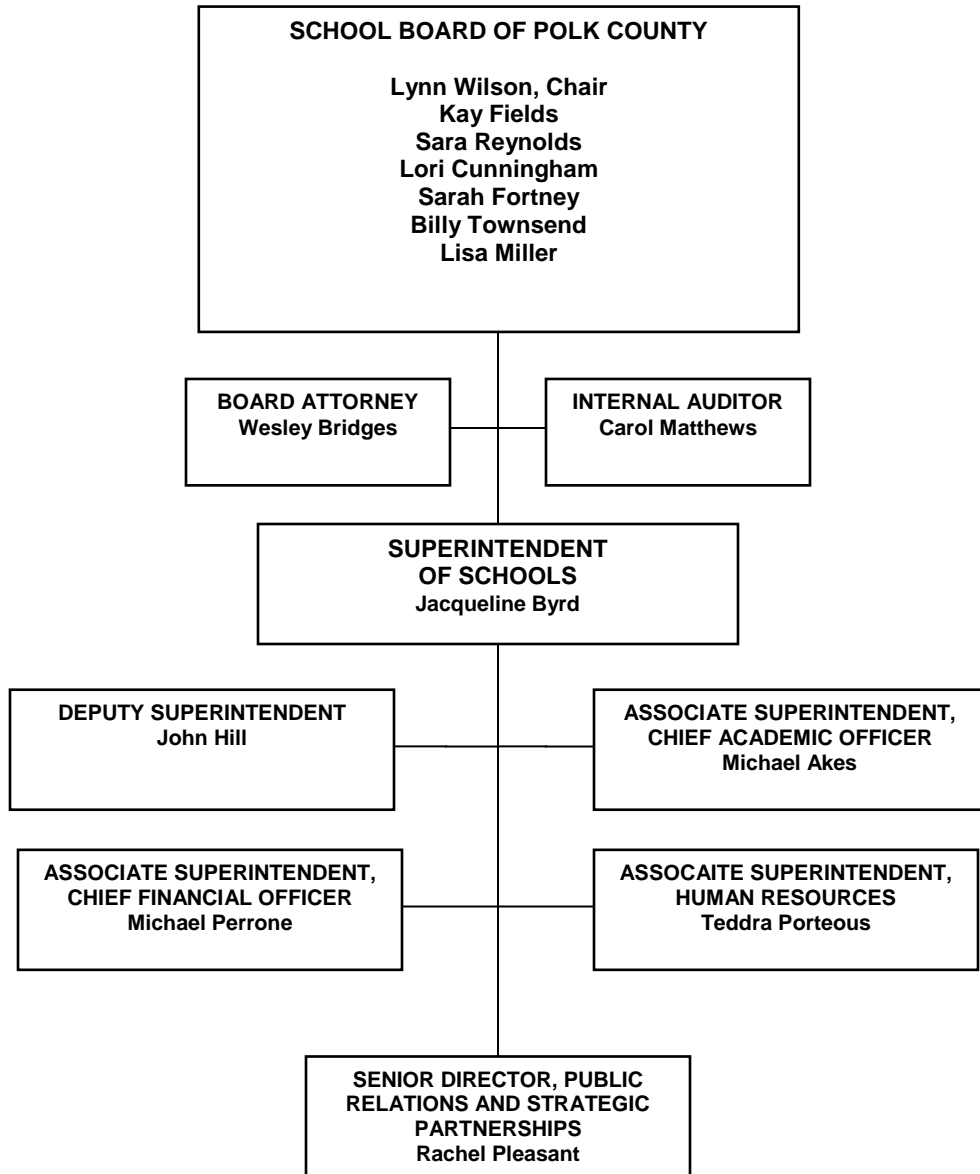


**THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**

**Other Principal Officials - Appointed  
As of July 1, 2019**

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

**THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**ORGANIZATIONAL CHART**  
 As Of July 1, 2019





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, 2018**

*Christopher P. Morill*

Executive Director/CEO

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# Financial Section



**POLK COUNTY**  
**PUBLIC SCHOOLS**

STUDENTS FIRST

## 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 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 8.71% of the assets and 24.48% 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof 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 January 30, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Orlando, Florida  
January 30, 2020

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

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, 2019.

**Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$682.9 million (*net position*).
- The District's total net position increased by \$39.3 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 \$416.2 million, an increase of \$232.5 million compared to the prior fiscal year. Approximately 7.2 percent of this total amount, \$29.9 million, is *available for spending* at the District's discretion (assigned and unassigned fund balance).
- At the end of the current fiscal year, assigned and unassigned fund balance for the general fund was \$29.9 million, or 3.6 percent of total general fund expenditures.
- The District's total long-term liabilities, net of premiums and discounts, increased by \$161.0 million, or 20.4 percent during the current fiscal year. The key factor in this change was the addition of \$197.4 million in new bonds and related premiums.
- The District's total capital assets, net of accumulated depreciation, remained virtually unchanged at \$1.0 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*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, other postemployment benefits, and earned but unused vacation and sick leave).



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

All of the District's activities and services are reported in the government-wide financial statements. Property taxes and state assistance finance most of these activities. Additionally, all capital and debt financing activities are reported here. The District currently does not report any business-type activities, which would include functions that are intended to recover all or a significant portion of their costs through user fees and charges.

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 three categories:

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

### **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, and Other Federal Programs

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

Fund, which are considered to be major funds. Data from the other 9 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 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 one type of proprietary fund - internal services funds. 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 health insurance. Because these services benefit the District's governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

The four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for these internal service funds is provided in the form of *combining statements* elsewhere in this report.

***Fiduciary (Agency) Fund***

*Fiduciary (Agency) fund* is 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 \$682.9 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, 2019

District's Net Position  
Governmental and Business-Type Activities  
As of June 30, 2019 and June 30, 2018  
(in thousands of dollars)

	Governmental Activities	
	2019	2018
Current and other assets	\$ 515,562	\$ 293,448
Capital assets	1,042,207	1,054,611
Total assets	<u>1,557,769</u>	<u>1,348,059</u>
Deferred outflows of resources	203,401	206,346
Total assets and deferred outflows	<u>\$ 1,761,170</u>	<u>\$ 1,554,405</u>
Long-term liabilities outstanding	\$ 949,350	\$ 788,427
Other Liabilities	67,287	73,515
Total Liabilities	<u>1,016,637</u>	<u>861,942</u>
Deferred inflows of resources	61,658	48,898
Total liabilities and deferred inflows	<u>\$ 1,078,295</u>	<u>\$ 910,840</u>
Net position:		
Net Investment in capital assets	\$ 669,794	\$ 849,717
Restricted	371,159	140,890
Unrestricted	<u>(358,078)</u>	<u>(347,042)</u>
Total net position	<u>\$ 682,875</u>	<u>\$ 643,565</u>

By far, the largest of the District's net position (98.1 percent) reflects its \$669.8 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, \$371.2 million (54.4 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*, of (\$358.1 million), is negative due to \$324.9 million of pension related liabilities, deferred outflows, and deferred inflows, which resulted from adoption of an accounting standard in fiscal 2015.

Compared to the prior fiscal year ending balances, net investment in capital assets decreased by (\$179.9 million) and restricted net position increased by \$230.3 million. These changes are primarily related to the issuance of new debt and related premiums of \$197.4 million, along with very little change in capital assets as depreciation expenses offset current year acquisitions. Unrestricted net position decreased by \$11.0 million, primarily due to an increase in the pension liability of \$6.7 million and a \$2.9 million decrease in Internal Service operations.

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

Total net position increased \$39.3 million compared to the prior fiscal year-end, driven by the following:

- Operational property taxes, which were included in general revenues, increased by \$5.3 million (3.1 percent) during the fiscal year, while property taxes for capital improvements and debt service, which were also included in general revenues, increased by \$4.5 million (8.8 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 \$23.3 million (3.5 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 \$31.4 million (63.4 percent) during the year, which reflects the continued turnaround in the state and local economy.
- Program revenues through operating and capital grants increased by \$10.4 million (18.0 percent), which reflects an increase in Department of Agriculture national school lunch program and other federal and state grants.
- Increases in expenses totaling \$34.6 million (3.4 percent) were primarily a result of increases in instructional services (\$2 million), facilities, acquisition and construction (\$8.6 million), and operation of plant (\$9.2 million).

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

**District's Changes in Net Position**  
**Governmental and Business-Type Activities**  
**As of June 30, 2018 and June 30, 2019**  
**(in thousands of dollars)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 4,659	\$ 5,241	\$ -	\$ 234	\$ 4,659	\$ 5,475
Operating grants and contributions	57,600	52,075	-	-	57,600	52,075
Capital grants and contributions	10,802	5,888	-	-	10,802	5,888
General Revenues:						
Property taxes-operational	175,403	170,105	-	-	175,403	170,105
Property taxes-capital	55,363	50,873	-	-	55,363	50,873
Local sales tax	50,197	45,161	-	-	50,197	45,161
Grants and contributions not restricted to specific programs	686,695	663,408	-	-	686,695	663,408
Other	45,331	14,940	-	-	45,331	14,940
Total revenues	<u>1,086,050</u>	<u>1,007,691</u>	<u>-</u>	<u>234</u>	<u>1,086,050</u>	<u>1,007,925</u>
Expenses and special item:						
Instruction	643,843	631,644	-	-	643,843	631,644
Pupil personnel services	42,691	42,921	-	-	42,691	42,921
Instructional media services	8,821	9,493	-	-	8,821	9,493
Instruction and curriculum development services	14,592	14,101	-	-	14,592	14,101
Instructional staff training services	25,779	24,077	-	-	25,779	24,077
Instructional related technology	10,642	10,222	-	-	10,642	10,222
School Board	1,929	2,025	-	-	1,929	2,025
General administration	7,036	6,952	-	-	7,036	6,952
School administration	48,737	47,568	-	-	48,737	47,568
Facilities acquisition and construction	24,975	16,397	-	-	24,975	16,397
Fiscal services	3,454	3,423	-	-	3,454	3,423
Food services	59,938	57,653	-	-	59,938	57,653
Central services	19,885	17,732	-	-	19,885	17,732
Pupil transportation	34,350	36,464	-	-	34,350	36,464
Operation of plant	58,120	48,888	-	-	58,120	48,888
Maintenance of plant	23,992	24,169	-	-	23,992	24,169
Administrative technology services	6,922	5,970	-	-	6,922	5,970
Community services	3,651	3,321	-	-	3,651	3,321
Unallocated interest on long-term debt	6,723	8,599	-	-	6,723	8,599
Unallocated fiscal charges on long-term debt	144	39	-	-	144	39
Unallocated depreciation expense	516	508	-	-	516	508
Florida School Retiree Benefits Consortium	-	-	-	108	-	108
Special item: Consortium net position sent to Duval County District School Board	-	-	-	524	-	524
Total expenses and special item	<u>1,046,740</u>	<u>1,012,166</u>	<u>-</u>	<u>632</u>	<u>1,046,740</u>	<u>1,012,798</u>
Change in net position	39,310	(4,475)	-	(398)	39,310	(4,873)
Net position - beginning	643,565	652,942	-	398	643,565	653,340
Adjustment to Beginning Net Position (1 and 2)	-	(4,902)	-	-	-	(4,902)
Net Position, Beginning, Restated	<u>643,565</u>	<u>648,040</u>	<u>-</u>	<u>398</u>	<u>643,565</u>	<u>648,438</u>
Net position - ending	<u>\$ 682,875</u>	<u>\$ 643,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 682,875</u>	<u>\$ 643,565</u>

(1) Beginning net position decreased by \$0.1 million as a result of the state bond refunding from June 30, 2017.

(2) Beginning net position decreased by \$4.8 million as a result of implementation of GASB Statement No. 75.

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

### 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 \$416.2 million, an increase of \$232.5 million when compared to the prior fiscal year. Approximately 3.8 percent (\$15.9 million) of the ending fund balance represents inventories and prepaid items that are nonspendable. Approximately 89.0 percent (\$370.4 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 0.1 percent (\$0.5 million) of the ending fund balance and reflect amounts that are set aside for school operations. The remaining 7.1 percent (\$29.4 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 \$56.2 million. Of this, about 52.4 percent (\$29.4 million) was unassigned. The remaining 47.6 percent (\$26.8 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 3.6 percent and 6.8 percent, respectively.

The fund balance of the District's General Fund increased by \$2.0 million during the current fiscal year. Key factors affecting fund balance include the following:

- Total revenues of the General Fund increased by \$35.9 million. The largest contributor consisted of \$24.9 million increase in State source revenues, known as the Florida Education Finance Program.
- Expenditures in the General Fund increased by \$36.5 million – primarily a result of increased instructional services (\$17.6 million), operation of plant (\$8.1 million), and facilities, acquisition and construction (\$4.1 million).
- Although expenditures exceeded revenues by \$46.5 million, this was partially offset by \$48.5 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 \$0.1 million. The fund balance of the Other Federal Programs Fund was virtually unchanged during the current fiscal year.

**Other Capital Projects** 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 \$298.0 million. Due to revenue exceeding expenditures and the June 6<sup>th</sup> proceeds from the 2019 Sales Tax Bond issue, the fund balance of the Other Capital Projects Fund increased by \$224.9 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, 2019

**General Fund Budgetary Highlights**

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

- \$6.1 million increase in revenue projections due to other local revenue being higher than expected.
- \$42.2 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 (\$24.6 million). However, due to the following actual results, actual fund balance increased by \$2 million:

- Revenues were \$1.0 million less than budgetary estimates, which was primarily due to less than expected state source revenues.
- Expenditures were \$62.9 million less than budgetary estimates, primarily due to the lapsing of appropriated expenditures.
- Other financing sources were less than budgetary estimates by \$35.3 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, 2019, amounted to \$1.0 billion. This investment in capital assets, net of accumulated depreciation, consists of 96.4 percent real property, such as land, building and fixed equipment, improvements other than buildings, and construction in progress. The remainder, which reflected 3.6 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 commencing on a new high school as well as remodeling of an elementary school. As a result of new projects, commitments remaining at fiscal year-end on existing construction contracts totaled \$11.9 million.

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

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

	<b>2019</b>	<b>2018</b>
Land	\$ 100,574	\$ 99,998
Construction in progress	15,443	3,124
Improvements other than buildings	16,438	17,067
Buildings and fixed equipment	871,975	899,778
Furniture, fixtures, and equipment	13,026	12,595
Motor vehicles	22,973	20,269
Audio visual materials and computer software	1,778	1,780
<b>Total</b>	<b>\$1,042,207</b>	<b>\$1,054,611</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 18 – Construction Contract Commitments.

**Long-term Debt** At the end of the current fiscal year, the District had total bonded debt outstanding of \$196.6 million. This included \$4.1 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, \$192.6 million of sales tax bonds secured by a local option half cent sales tax. Additionally, the District had \$174.7 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 issuance of sales tax revenue bonds.

**(in thousands of dollars)**

	<b>2019</b>	<b>2018</b>
Sales tax revenue bonds	\$ 192,566	\$ 26,754
Certificates of participation	174,740	186,972
State school bonds	4,050	4,915
Derivative instruments	11,255	9,100
Swap - upfront payments	2,006	2,285
Capital lease	-	-
Compensated absences	40,378	39,480
Est. liability for claims	19,650	20,580
Net pension liability	458,554	451,828
 OPEB liability	 46,151	 46,513
<b>Total</b>	<b>\$ 949,350</b>	<b>\$ 788,427</b>



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

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 \$44.1 million, which provides a debt service margin of \$20.2 million when compared to the District's \$23.9 million debt service on the certificates of participation during the 2019-20 fiscal year.

Sales tax proceeds that can be applied towards sales tax bonds are estimated to be \$48.5 million, which provides a debt service margin of \$45.9 million when compared to the District's \$2.6 million debt service on sales tax bonds during the 2019-20 fiscal year.

Additional information on the District's long-term debt can be found in the Notes to the Financial Statements, Notes 7 through 11.

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

- The current local unemployment rate for the District is 4.1 percent, which is a decrease from the 4.4 percent reported for calendar year 2018.
- The District's regional consumer price index increased 1.1 percent from June 2018 to June 2019.
- The State's consumer confidence index for June 2019 decreased to 97.2.

Such factors, which reflect the continued turnaround in the local economy, were considered in preparing the District's budget for the 2018-19 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



**POLK COUNTY**  
**PUBLIC SCHOOLS**

STUDENTS FIRST

**THE SCHOOL DISTRICT OF POLK COUNTY**

**STATEMENT OF NET POSITION  
JUNE 30, 2019**

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Units</u>
<b>ASSETS</b>		
Cash	\$ 20,220,758	\$ 22,123,930
Investments	452,064,047	5,801,284
Accounts and interest receivable	2,524,106	1,202,888
Due from other governmental agencies	24,897,612	11,182,521
Inventories	12,704,389	-
Prepaid items	3,150,666	762,747
Other assets	-	3,832,612
Capital Assets (net of accumulated depreciation):		
Land	100,573,813	4,340,096
Land improvements	-	2,612,231
Construction in progress	15,442,903	347,673
Improvements other than buildings	16,438,402	1,150,375
Buildings and fixed equipment	871,974,739	37,306,029
Furniture, fixtures and equipment	13,026,099	3,301,577
Motor vehicles	22,973,402	4,145,876
Audio visual materials and computer software	1,777,974	7,127
Total assets	<u>1,557,768,910</u>	<u>98,116,966</u>
Deferred outflows of resources:		
Unamortized loss on debt refunding	13,575,996	-
Pensions	186,344,153	23,388,847
Other Postemployment Benefits	3,480,822	-
Total assets and deferred outflows of resources	<u>\$ 1,761,169,881</u>	<u>\$ 121,505,813</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 16,622,560	\$ 3,947,483
Construction and retainage payable	1,371,548	-
Salaries and wages payable	25,238,275	2,463,170
Payroll deductions and withholdings	4,535,200	-
Accrued interest payable	1,442,107	-
Due to other governmental agencies	17,862,808	393,443
Sales tax payable	538	-
Unearned revenue	213,492	221,760
Other liabilities	-	98,033
Noncurrent liabilities:		
Due within one year	46,714,341	2,423,797
Due in more than one year	902,635,902	89,898,560
Total liabilities	<u>1,016,636,771</u>	<u>99,446,246</u>
Deferred inflows of resources:		
Accumulated increase in fair value of hedging derivatives	7,400,896	-
Pension	52,661,849	7,136,254
Other Postemployment Benefits	1,594,945	-
Total liabilities and deferred inflows of resources	<u>\$ 1,078,294,461</u>	<u>\$ 106,582,500</u>
<b>NET POSITION</b>		
Net Investment in capital assets	669,794,491	12,331,502
Restricted for:		
State required carryover programs	10,151,139	-
Debt service	24,820,758	-
Capital Projects	325,976,082	-
Food service	7,235,375	-
Endowment - nonexpendable	-	1,749,684
Other purposes	2,975,601	4,862,722
Unrestricted	(358,078,026)	(4,020,595)
Total net position	<u>\$ 682,875,420</u>	<u>\$ 14,923,313</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, 2019**

<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	\$ 643,843,112	\$ 2,965,333	\$ -	\$ -
Instructional support services	102,525,718	-	-	-
Student transportation services	34,349,648	552,084	-	-
Operation and maintenance of plant	82,111,854	-	-	10,108,251
School administration	48,737,202	-	-	-
General administration	64,200,767	-	-	-
Food services	59,938,087	1,141,979	57,600,083	-
Community services and other	3,651,109	-	-	-
Unallocated interest on long-term debt	6,723,159	-	-	693,570
Unallocated depreciation expense *	516,454	-	-	-
Total governmental activities	<u>\$ 1,046,597,110</u>	<u>\$ 4,659,396</u>	<u>\$ 57,600,083</u>	<u>\$ 10,801,821</u>
<b>Component units:</b>				
Polk Education Foundation and Charter Schools	<u>\$ 125,194,666</u>	<u>\$ 4,530,550</u>	<u>\$ 7,321,051</u>	<u>\$ 1,653,698</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  
 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**

<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Units</u>
\$ (640,877,779)	\$ -
(102,525,718)	-
(33,797,564)	-
(72,003,603)	-
(48,737,202)	-
(64,200,767)	-
(1,196,025)	-
(3,651,109)	-
(6,029,589)	-
(516,454)	-
(973,535,810)	-
-	(111,689,367)
175,402,520	-
55,363,096	-
50,196,548	-
686,695,356	109,596,367
6,219,726	289,507
8,306,473	947,462
30,662,854	-
1,012,846,573	110,833,336
39,310,763	(856,031)
643,564,657	15,779,344
\$ 682,875,420	\$ 14,923,313

**THE SCHOOL DISTRICT OF POLK COUNTY**

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

	General	Other Federal Programs	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 511,429	\$ 339	\$ 12,164,603	\$ 6,577,505	\$ 19,253,876
Investments	82,098,722	-	278,852,878	50,567,475	411,519,075
Accounts and interest receivable	1,016,077	73,080	1,544	34,321	1,125,022
Due from other governmental agencies	1,903,907	10,013,240	8,854,149	4,126,316	24,897,612
Due from other funds	9,209,652	-	-	-	9,209,652
Inventories	10,244,798	-	-	2,459,591	12,704,389
Prepaid Items	3,055,832	94,834	-	-	3,150,666
Total assets	<u>\$ 108,040,417</u>	<u>\$ 10,181,493</u>	<u>\$ 299,873,174</u>	<u>\$ 63,765,208</u>	<u>\$ 481,860,292</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 4,389,172	\$ 771,991	\$ 369,394	\$ 919,487	\$ 6,450,044
Construction contracts and retainage payable	80,063	-	1,280,385	11,100	1,371,548
Salaries and wages payable	25,211,797	17,188	-	9,290	25,238,275
Payroll deductions and withholdings	4,534,981	139	-	80	4,535,200
Due to other funds	-	9,208,108	1,544	-	9,209,652
Due to other governmental agencies	17,631,749	39,285	-	190,703	17,861,737
Sales tax payable	59	-	-	479	538
Unearned revenue	-	-	-	213,492	213,492
Matured interest payable	-	-	-	816,251	816,251
Total liabilities	<u>51,847,821</u>	<u>10,036,711</u>	<u>1,651,323</u>	<u>2,160,882</u>	<u>65,696,737</u>
Fund balances					
Nonspendable:					
Inventories	10,244,798	-	-	2,459,591	12,704,389
Prepaid amounts	3,055,832	94,834	-	-	3,150,666
Restricted:					
Federal & state grants	-	49,948	-	7,235,375	7,285,323
State required carryover programs	10,151,139	-	-	-	10,151,139
Debt service	-	-	-	24,820,758	24,820,758
Capital projects	-	-	298,221,851	27,088,602	325,310,453
Other	2,845,590	-	-	-	2,845,590
Assigned:					
Other	451,889	-	-	-	451,889
Unassigned					
Total fund balances	<u>56,192,596</u>	<u>144,782</u>	<u>298,221,851</u>	<u>61,604,326</u>	<u>416,163,555</u>
Total liabilities and fund balances	<u>\$ 108,040,417</u>	<u>\$ 10,181,493</u>	<u>\$ 299,873,174</u>	<u>\$ 63,765,208</u>	<u>\$ 481,860,292</u>

**THE SCHOOL DISTRICT OF POLK COUNTY**

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

<b>Total Fund Balances - Governmental Funds</b>			<b>\$ 416,163,555</b>
Amounts reported for <i>governmental activities</i> 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.			1,042,207,332
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	\$ 186,344,153	
	Deferred inflows related to pensions	<u>(52,661,849)</u>	133,682,304
The deferred inflows related to accumulated change in the fair value of hedging derivatives and deferred outflows related to unamortized loss on debt refunding are applied to future periods and, therefore, are not reported in governmental funds.			
	Deferred outflows related to unamortized loss on debt-refunding	\$ 13,575,996	
	Deferred inflows related to derivatives	<u>(7,400,896)</u>	6,175,100
The deferred outflows and deferred inflows related to other postemployment benefits (OPEB) for benefits committed to both active and inactive employees other than pensions.			
	Deferred outflows related to OPEB	\$ 3,480,822	
	Deferred inflows related to OPEB	<u>(1,594,945)</u>	1,885,877
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.			13,087,693
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.			(929,700,585)
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.			<u>(625,856)</u>
<b>Total Net Position - Governmental Activities</b>			<b>\$ 682,875,420</b>

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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	General	Other Federal Programs	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Local sources:					
Ad valorem taxes	\$ 175,402,520	\$ -	\$ -	\$ 55,363,096	\$ 230,765,616
Local sales tax	-	-	50,196,548	-	50,196,548
Impact fees	-	-	30,806,847	-	30,806,847
Food services	-	-	-	1,141,979	1,141,979
Other	13,647,186	806,275	1,341,404	1,144,137	16,939,002
Total local sources	<u>189,049,706</u>	<u>806,275</u>	<u>82,344,799</u>	<u>57,649,212</u>	<u>329,849,992</u>
State sources:					
Florida education finance program	455,520,645	-	-	-	455,520,645
Categorical programs	119,688,580	-	-	-	119,688,580
Workforce development	7,593,068	-	-	-	7,593,068
Food services	-	-	-	736,616	736,616
Charter school capital outlay	-	-	3,585,348	-	3,585,348
Other	1,722,102	7,098,723	-	7,159,943	15,980,768
Total state sources	<u>584,524,395</u>	<u>7,098,723</u>	<u>3,585,348</u>	<u>7,896,559</u>	<u>603,105,025</u>
Federal sources:					
Federal grants direct	1,248,863	14,947,411	-	1,069,415	17,265,689
Federal grants through state and local	4,552,121	70,508,442	-	-	75,060,563
Food services	-	-	-	56,863,467	56,863,467
Other	-	-	-	2,802,515	2,802,515
Total federal sources	<u>5,800,984</u>	<u>85,455,853</u>	<u>-</u>	<u>60,735,397</u>	<u>151,992,234</u>
Total revenues	<u>779,375,085</u>	<u>93,360,851</u>	<u>85,930,147</u>	<u>126,281,168</u>	<u>1,084,947,251</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	556,982,303	48,701,508	-	203,628	605,887,439
Student personnel services	34,108,787	5,736,610	-	257,743	40,103,140
Instructional media services	7,279,724	995,251	-	530	8,275,505
Instruction and curriculum development services	4,754,092	8,854,883	-	109,719	13,718,694
Instructional staff training services	2,732,710	19,769,532	-	1,724,466	24,226,708
Instructional related technology	10,466,114	-	-	-	10,466,114
Board	1,814,997	-	-	-	1,814,997
General administration	3,075,834	2,592,539	-	-	5,668,373
School administration	45,612,014	172,723	-	11,884	45,796,621
Non capitalizable facilities acquisition and construction	9,004,071	-	1,261,697	1,945,595	12,211,363
Fiscal services	3,173,338	87,445	-	-	3,260,783
Food services	11,886	90,117	-	56,746,652	56,848,655
Central services	13,146,126	1,728,271	-	7,999	14,882,396
Student transportation services	37,485,172	301,146	-	11,367	37,797,685
Operation of plant	54,349,305	262,130	-	278,580	54,890,015
Maintenance of plant	22,606,255	62,359	-	180,083	22,848,697
Administrative technology services	6,652,058	-	-	-	6,652,058
Community services and other	496,282	2,933,906	-	-	3,430,188
Debt service:					
Principal retirement	-	-	-	41,447,000	41,447,000
Interest	-	-	-	7,062,222	7,062,222
Dues, fees and other	-	-	-	1,167,772	1,167,772
Capital outlay:					
Facilities acquisition and construction	2,666,697	41,008	17,879,600	-	20,587,305
Other capital outlay	9,498,277	973,144	568,805	684,677	11,724,903
Total expenditures	<u>825,916,042</u>	<u>93,302,572</u>	<u>19,710,102</u>	<u>111,839,917</u>	<u>1,050,768,633</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46,540,957)</u>	<u>58,279</u>	<u>66,220,045</u>	<u>14,441,251</u>	<u>34,178,618</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of bonds	-	-	158,817,954	1,207,046	160,025,000
Premium on sale of bonds	-	-	34,182,046	-	34,182,046
Refunding bonds issued	-	-	-	2,752,000	2,752,000
Premium on sale of refunding bonds	-	-	-	435,292	435,292
Transfers in	48,709,286	-	-	47,925,465	96,634,751
Transfers out	(173,409)	-	(34,325,410)	(61,169,953)	(95,668,772)
Total other financing sources and uses	<u>48,535,877</u>	<u>-</u>	<u>158,674,590</u>	<u>(8,850,150)</u>	<u>198,360,317</u>
Net change in fund balances	1,994,920	58,279	224,894,635	5,591,101	232,538,935
Fund balances - beginning	54,197,676	86,503	73,327,216	56,013,225	183,624,620
Fund balances - ending	<u>\$ 56,192,596</u>	<u>\$ 144,782</u>	<u>\$ 298,221,851</u>	<u>\$ 61,604,326</u>	<u>\$ 416,163,555</u>

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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Net Change in Fund Balances - Total Governmental Funds** \$ 232,538,935

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 (\$44,454,147) is greater than capitalized expenditures of (\$32,195,000) during the current period. (12,259,147)

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. (143,993)

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 proceeds from issuances of debt, net of repayments. (121,330,000)

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 additions to premiums, net of amortization during the current period. (31,385,629)

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. 278,513

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

Interest accrual on long-term debt. (318,932)

Net pension liability (22,399,224)

Net carrying amount of debt-refunding (1,684,452)

Other postemployment healthcare benefits (139,662)

Compensated absences (898,494)

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. (2,947,152)

**Change in Net Position of Governmental Activities** \$ 39,310,763

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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Local sources:				
Ad valorem taxes	\$ 173,284,536	\$ 173,284,536	\$ 175,402,520	\$ 2,117,984
Other	7,965,396	9,386,181	13,647,186	4,261,005
Total local sources	181,249,932	182,670,717	189,049,706	6,378,989
State sources:				
Florida education finance program	460,477,842	462,412,728	455,520,645	(6,892,083)
Categorical programs	119,678,539	120,468,157	119,688,580	(779,577)
Workforce development	7,514,426	7,553,688	7,593,068	39,380
Other	1,393,559	1,560,541	1,722,102	161,561
Total state sources	589,064,366	591,995,114	584,524,395	(7,470,719)
Federal sources:				
Federal direct	1,010,000	1,010,000	1,248,863	238,863
Federal through state and local	3,000,000	4,717,563	4,552,121	(165,442)
Total federal sources	4,010,000	5,727,563	5,800,984	73,421
Total revenues	774,324,298	780,393,394	779,375,085	(1,018,309)
<b>EXPENDITURES</b>				
Current:				
Instruction	577,976,789	561,959,864	556,982,303	4,977,561
Student personnel services	28,864,431	35,044,066	34,108,787	935,279
Instructional media services	7,381,574	7,280,408	7,279,724	684
Instruction and curriculum development services	4,843,052	5,106,109	4,754,092	352,017
Instruction staff training services	905,955	2,883,190	2,732,710	150,480
Instruction related technology	7,334,863	10,853,996	10,466,114	387,882
Board	2,013,250	2,832,309	1,814,997	1,017,312
General administration	3,367,468	3,388,895	3,075,834	313,061
School administration	46,136,919	45,482,487	45,612,014	(129,527)
Non capitalizable facilities acquisition and construction	14,949,050	30,667,644	9,004,071	21,663,573
Fiscal services	3,086,169	3,290,503	3,173,338	117,165
Food service	-	7,768	11,886	(4,118)
Central services	11,116,602	14,006,975	13,146,126	860,849
Student transportation	33,929,915	34,828,559	37,485,172	(2,656,613)
Operation of plant	54,516,217	75,519,558	54,349,305	21,170,253
Maintenance of plant	26,156,730	25,982,509	22,606,255	3,376,254
Administrative technology services	6,292,993	6,926,114	6,652,058	274,056
Community services	31,974	562,905	496,282	66,623
Capital outlay:				
Facilities acquisition and construction	3,294,910	6,284,565	2,666,697	3,617,868
Other capital outlay	14,331,621	15,861,592	9,498,277	6,363,315
Total expenditures	846,530,482	888,770,016	825,916,042	62,853,974

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

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<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>(72,206,184)</u>	<u>(108,376,622)</u>	<u>(46,540,957)</u>	<u>61,835,665</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	58,737,887	83,991,154	48,709,286	(35,281,868)
Transfers out	<u>-</u>	<u>(176,283)</u>	<u>(173,409)</u>	<u>2,874</u>
Total other financing sources and uses	<u>58,737,887</u>	<u>83,814,871</u>	<u>48,535,877</u>	<u>(35,278,994)</u>
Net change in fund balances	(13,468,297)	(24,561,751)	1,994,920	26,556,671
Fund balances - beginning	<u>54,197,676</u>	<u>54,197,676</u>	<u>54,197,676</u>	<u>-</u>
Fund balances - ending	<u>\$ 40,729,379</u>	<u>\$ 29,635,925</u>	<u>\$ 56,192,596</u>	<u>\$ 26,556,671</u>

The accompanying notes are an integral part of these statements.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**OTHER FEDERAL PROGRAMS FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Local sources:				
Other	\$ -	\$ -	\$ 806,275	\$ 806,275
Total local sources	-	-	806,275	806,275
State sources:				
Other	-	90,000	7,098,723	7,008,723
Total state sources	-	90,000	7,098,723	7,008,723
Federal sources:				
Federal direct	9,591,549	24,302,546	14,947,411	(9,355,135)
Federal through state and local	96,455,119	107,738,744	70,508,442	(37,230,302)
Total federal sources	106,046,668	132,041,290	85,455,853	(46,585,437)
Total revenues	106,046,668	132,131,290	93,360,851	(38,770,439)
<b>EXPENDITURES</b>				
Current:				
Instruction	48,839,655	63,449,309	48,701,508	14,747,801
Student personnel services	9,049,708	9,119,377	5,736,610	3,382,767
Instructional media services	1,089,672	1,280,409	995,251	285,158
Instruction and curriculum development services	12,359,973	13,243,097	8,854,883	4,388,214
Instruction staff training services	26,291,559	29,040,527	19,769,532	9,270,995
Instruction related technology	81,832	-	-	-
Board	-	398	-	398
General administration	3,823,703	4,451,435	2,592,539	1,858,896
School administration	100,073	251,717	172,723	78,994
Non capitalizable facilities acquisition and construction	-	249,775	-	249,775
Fiscal services	82,894	169,698	87,445	82,253
Food service	83,084	152,405	90,117	62,288
Central services	1,818,065	2,803,618	1,728,271	1,075,347
Student transportation	433,776	613,710	301,146	312,564
Operation of plant	195,995	618,352	262,130	356,222
Maintenance of plant	385,468	1,666,067	62,359	1,603,708
Administrative technology services	63,639	540	-	540
Community services	125,648	2,952,478	2,933,906	18,572
Capital outlay:				
Facilities acquisition and construction	68,020	138,931	41,008	97,923
Other capital outlay	1,153,904	1,929,447	973,144	956,303
Total expenditures	106,046,668	132,131,290	93,302,572	38,828,718
Excess (deficiency) of revenues over (under) expenditures	-	-	58,279	58,279
Net change in fund balances	-	-	58,279	58,279
Fund balances - beginning	86,503	86,503	86,503	-
Fund balances - ending	\$ 86,503	\$ 86,503	\$ 144,782	\$ 58,279

The accompanying notes are an integral part of these statements.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**JUNE 30, 2019**

	<b>Governmental Activities - Internal Service Funds</b>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 966,882
Investments	40,544,972
Accounts receivable	1,399,084
Total current assets	<u>42,910,938</u>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	2,022,144
Total assets	<u>\$ 44,933,082</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 10,172,516
Due to other agencies	1,071
Estimated liability for claims	7,270,373
Total current liabilities	<u>17,443,960</u>
Noncurrent liabilities:	
Estimated liability for claims	12,379,285
Total liabilities	<u>\$ 29,823,245</u>
<b>NET POSITION</b>	
Investment in capital assets	\$ 2,022,144
Unrestricted	13,087,693
Total net position	<u>\$ 15,109,837</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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Governmental Activities - Internal Service Funds</b>
<b>OPERATING REVENUES:</b>	
Premium revenue from other funds	\$ 111,319,090
Other revenue	777,885
Total operating revenues	<u>112,096,975</u>
<b>OPERATING EXPENSES:</b>	
Salaries & benefits	1,580
Purchased services	8,536,045
Energy services	17,636
Materials and supplies	169,438
Depreciation	73,415
Claims	107,523,426
Total operating expenses	<u>116,321,540</u>
Operating loss	<u>(4,224,565)</u>
<b>NON-OPERATING REVENUE(EXPENSES):</b>	
Interest	1,104,612
Miscellaneous	(1,700)
Loss recoveries	1,067,065
Total non-operating revenue	<u>2,169,977</u>
Loss before transfers	(2,054,588)
Transfers in	747,442
Transfers out	<u>(1,713,421)</u>
Change in net position	(3,020,567)
Total net position - beginning	<u>18,130,404</u>
Total net position - ending	<u>\$ 15,109,837</u>

The accompanying notes are an integral part of these statements.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Governmental            Activities -            Internal Service            Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from interfund services provided	\$ 110,445,722
Payment to suppliers	(20,028,338)
Payment to employees	(1,580)
Payments for interfund services used	(108,224,667)
Other receipts (payments)	622,885
Net cash used by operating activities	<u>(17,185,978)</u>
<b>CASH FLOWS FROM NON CAPITAL AND            RELATED FINANCING ACTIVITIES:</b>	
Transfers from other funds	747,442
Transfers to other funds	(1,715,121)
Net cash used by noncapital and related financing activities	<u>(967,679)</u>
<b>CASH FLOWS FROM CAPITAL AND            RELATED FINANCING ACTIVITIES:</b>	
Proceeds from disposition of capital assets	1,067,065
Net cash provided by capital and related financing activities	<u>1,067,065</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchases of investments	11,234,062
Interest and dividends earned on investments	1,104,612
Net cash provided by investing activities	<u>12,338,674</u>
Net decrease in cash and cash equivalents	(4,747,918)
Cash and cash equivalents - beginning of year	<u>5,714,800</u>
Cash and cash equivalents - end of year	<u>\$ 966,882</u>
<b>Reconciliation of operating income            to net cash provided (used)            by operating activities:</b>	
Operating loss	\$ (4,224,565)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	73,415
Change in assets and liabilities:	
Accounts receivable	(873,368)
Accounts payable	(11,213,370)
Due to other agencies	35
Due to other funds	(17,771)
Estimated liability for claims	(930,354)
Total adjustments	<u>(12,961,413)</u>
Net cash used by operating activities	<u>\$ (17,185,978)</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, 2019**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash	\$ 1,392,531
Investments	8,208,015
Accounts receivable	241,375
Inventory	524,597
Total assets	<u>\$ 10,366,518</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 37,282
Sales tax payable	733
Due to student organizations	10,328,503
Total liabilities	<u>\$ 10,366,518</u>

The accompanying notes are an integral part of these statements.



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Polk County District School Board ("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 ("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, 2019**

**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, 2019, is required and is filed at the District's administrative office.

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

Dale R. Fair 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 Charter Middle School  
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 of Lake Alfred  
1000 Buena Vista Dr.  
Lake Alfred, FL 33850

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

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

Language and Literacy Academy  
for Learning  
330 Avenue C South East  
Winter Haven, FL 33880

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

Magnolia Montessori Academy  
1540 New Jersey Rd  
Lakeland, FL 33803

Edward W. Bok Academy North  
338 E. Central Avenue  
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, 2019**

**A. Reporting Entity (continued)**

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

Ridgeview Global Studies Academy  
1000 Dunson Rd  
Davenport, FL 33896

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

Victory Ridge Academy (formerly Our  
Children's Academy)  
150 Ave B SE  
Winter Haven, FL 33881

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

**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.

The effects of interfund activity have been eliminated from the government-wide statements except for interfund services provided and used.

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 Fund – accounts for and reports on activities of Federal programs other than food service. Revenue sources in this fund primarily consist of Title I, Title II and IDEA grant receipts.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**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.

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 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.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

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 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 State of Florida ("State") 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 ("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, the Florida Public Assets for Liquidity Management (FL PALM) and the Florida Cooperative Liquid Assets Security Systems (FLCLASS), which are reported at net asset value. Investments made locally consist of debt securities, United States Treasury Securities, Federal Notes and Corporate notes which are reported at fair value.

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.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**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 except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used (consumption method), rather than when purchased. Prepaid items consist of payment of items which will benefit future accounting periods and are recognized when incurred (purchases method), 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.

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>
Improvements Other Than Buildings	20
Buildings and Fixed Equipment	50
Furniture, Fixtures & Equipment	5-7
Motor Vehicles	10
Audio Visual Material and Comp Software	3-5

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

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and therefore will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting in this category. They are unamortized loss on debt refunding, 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 net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. They are accumulated increase in fair value of hedging derivatives, pensions, and OPEB.

**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 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.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**J. State Revenue Sources (continued)**

The District is permitted to amend its original reporting during specified time periods 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.

**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 2019 tax levy on September 17, 2019. 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.



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**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.

**O. Other Postemployment Benefits**

The District administers and contributes to a single-employer defined-benefit healthcare plan. The postretirement benefits are funded on a pay-as-you-go basis (i.e. the District funds on a cash basis as benefits are paid). The District follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

Recently Issued and Adopted Accounting Pronouncements

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for reporting periods beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The District has implemented this Statement for fiscal year 2019.

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018, which addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The District does not have any AROs to report.

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

The GASB issued Statement No. 84, *Fiduciary Activities*, effective for periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Management is evaluating the effect of this standard on the District.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

The GASB issued Statement No. 87, Leases, effective for periods beginning after December 15, 2019. 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 an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an 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. Management is evaluating the effect of this standard on the District.

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

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 \$929,700,585 difference are as follows:

Bonds Payable, Including Premium	\$	(196,615,834)
Certificates of Participation, Net of Discount and Deferred Amount		(174,740,484)
Compensated Absences Payable		(40,378,129)
Derivative Instrument, Including Upfront Payment		(13,260,971)
Net Pension Liability		(458,553,930)
Other Post-Employment Benefits		<u>(46,151,237)</u>
Net adjustment to reduce Total Fund Balances-Total		
Governmental Funds to Total Net Position-Governmental Activities	\$	<u><u>(929,700,585)</u></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, 2019**

**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.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**4. INVESTMENTS**

As of June 30, 2019, 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	\$ 6,112,678	Amortized Costs
Fidelity Prime Money Market Portfolio Class I	24 Days	21,148,577	Amortized Costs
Federated Prime Cash Obligations Money Market Fund (Held by Fifth Third Bank)	31 Days	940,990	Amortized Costs
Wells Fargo Heritage Money Market Fund	24 Days	46,000,000	Amortized Costs
Synovus Money Markets	No Maturity	49,622,505	Amortized Costs
Total Money Market Funds		<u>123,824,750</u>	
<b>Other Investments</b>			
Florida Public Assets for Liquidity Management (FL PALM)	52 Days	621,477	Net Asset Value
FL. Cooperative Liquid Assets Security Systems (FLCLASS)	74 Days	10,335,759	Net Asset Value
Florida Fixed Income Trust-CP Pool	222 Days	26,379,697	Net Asset Value
Florida Fixed Income -Enhanced Cash Pool	113 Days	<u>194,991,364</u>	Net Asset Value
		<u>232,328,297</u>	
State Board of Administration - Debt Service Account	6 Months	95,526	Fair Value Level 1
Ultra-short Income Portfolio (Held by Morgan Stanley)	85 Days	32,340,884	Fair Value Level 2
Metropolitan Life Insurance Company Contract	5 Years 7 Months	12,061,994	Fair Value Level 2
Trust Fund Investment US Bank Zero Coupon Securities-Strips	Less than 6 months	3,438,691	Fair Value Level 2
United States Treasury Notes	3 to 5 years	32,250,347	Fair Value Level 2
Trust Fund Investment US Bank United States Treasury Notes	6 months	9,054,098	Fair Value Level 2
Federal Agency Notes - Various	3 to 5 Years	3,693,166	Fair Value Level 2
Corporate Notes - Various	3 to 10 Years	<u>11,184,309</u>	Fair Value Level 2
		104,119,015	
		<u>\$ 460,272,062</u>	
Investments are reflected in the financial statements as follows			
Governmental Funds		\$ 411,519,075	
Internal Service Funds		<u>40,544,972</u>	
Governmental Activities		452,064,047	
Fiduciary Funds		<u>8,208,015</u>	
		<u>\$ 460,272,062</u>	
Investment Interest Rate Swap		<u>\$ 3,730,861</u>	Fair Value Level 2

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**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 ("NAV") classification include the Intergovernmental investment pool funds, which are held with FL PALM, FLCLASS, 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, 2019**

**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 ("S&P") or the equivalent by another rating agency, and other forms of authorized investments described in the Florida Statutes.

As of June 30, 2019, the District's investment in United States Treasury Notes and Federal Agency Notes are rated AA+ by S&P and Aaa by Moody's. The Trust Fund Investment US Bank United States Treasury notes was rated Aaa by Moody's.

As of June 30, 2019, the Ultra Short Income Portfolio Class I Bond Fund held by Morgan Stanley was rated AAAf/s1 by Fitch. Fidelity Prime Money Market Portfolio Class I, held by Wells Fargo Securities, was rated AAAM by S&P. The Florida Cooperative Liquid Assets Security System ("FLCLASS") and the Florida Public Assets for Liquidity Management ("FL PALM"), which is an intergovernmental Investment Pool, was rated AAAM by S&P. The Federated Prime Cash Obligation Money Market, held by Fifth Third Bank, was rated AAAM by S&P and the Florida Fixed Income Trust, which is an inter-local governmental agreement in a commercial paper pool and an Enhanced Cash Pool was rated AAAf by S&P.

As of June 30, 2019, the District's investment in various corporate notes was rated by S&P between AA and BBB+ and by Moody's 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 not at risk for the corporate notes held by the District, which represent 2.43 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 has no exposure to foreign currency.

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, 2019**

**6. CHANGES IN CAPITAL ASSETS**

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

<b>GOVERNMENTAL ACTIVITIES</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 99,997,633	\$ 576,180	\$ -	\$ 100,573,813
Construction in Progress	3,123,449	13,705,906	1,386,452	15,442,903
Total capital assets, not being depreciated	<u>103,121,082</u>	<u>14,282,086</u>	<u>1,386,452</u>	<u>116,016,716</u>
Capital assets, being depreciated:				
Improvements Other Than Buildings	56,394,826	1,018,946	-	57,413,772
Buildings and Fixed Equipment	1,525,756,424	6,131,839	133,981	1,531,754,282
Furniture, Fixtures, and Equipment	84,799,090	4,726,748	7,466,462	82,059,376
Motor Vehicles	75,617,032	6,757,465	597,443	81,777,054
Audio Visual Materials and Computer Software	11,351,117	664,368	288,292	11,727,193
Total capital assets, being depreciated	<u>1,753,918,489</u>	<u>19,299,366</u>	<u>8,486,178</u>	<u>1,764,731,677</u>
Less accumulated depreciation for:				
Improvements Other Than Buildings	39,327,771	1,647,599	-	40,975,370
Buildings and Fixed Equipment	625,978,552	33,852,227	51,236	659,779,543
Furniture, Fixtures, and Equipment	72,204,196	4,235,974	7,406,893	69,033,277
Motor Vehicles	55,347,588	4,053,506	597,442	58,803,652
Audio Visual Materials and Computer Software	9,570,992	664,841	286,614	9,949,219
Total accumulated depreciation	<u>802,429,099</u>	<u>44,454,147</u>	<u>8,342,185</u>	<u>838,541,061</u>
Total capital assets, being depreciated, net	<u>951,489,390</u>	<u>(25,154,781)</u>	<u>143,993</u>	<u>926,190,616</u>
Governmental Activities Capital assets, net	<u>\$ 1,054,610,472</u>	<u>\$ (10,872,695)</u>	<u>\$ 1,530,445</u>	<u>\$ 1,042,207,332</u>

Depreciation expense was charged to functions as follows:

Instructional	\$ 24,513,934
Student Personnel Services	1,622,548
Media Services	334,822
Curriculum Development	555,124
Instructional Training	980,197
Instructional Technology Support	423,452
Board	73,434
General Administration	230,590
School Administration	1,852,902
Facilities & Construction	539,299
Fiscal Services	131,929
Food Services	2,300,061
Central Services	5,298,557
Student Transportation	1,529,270
Operation of Plant	2,226,981
Maintenance of Plant	916,672
Administrative Technology Support	269,138
Community Services	138,783
Unallocated	516,454
Total Depreciation Expense	<u>\$ 44,454,147</u>

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**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:

**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.

If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to make accelerated payments or 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



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

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 make accelerated payments or 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 percent 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.

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.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

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 make accelerated payments or 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.

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 percent) exceeds the interest rate on the Certificates (5.38 percent), 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) November 1, 2029 (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.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**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 make accelerated payments or 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; and 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 percent 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.

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.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

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 make accelerated payments or 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.

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 make accelerated payments or 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. CERTIFICATES OF PARTICIPATION (continued)**

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).

**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 make accelerated payments or 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, and 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

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
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**7. CERTIFICATES OF PARTICIPATION (continued)**

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 make accelerated payments or 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 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 make accelerated payments or 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.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. CERTIFICATES OF PARTICIPATION (continued)**

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.

Those issuances that were offered for public sales are distinguished from direct borrowings below:

	<u>Balance at 6/30/19</u>
<b><u>COPS</u></b>	
Series 2010A (Refinances 1999A), \$51,315,000, Issued 03/09/2010	\$ 4,050,000
 <b><u>COPS from Direct Borrowings of Debt:</u></b>	
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 2010C QSCB, \$21,223,000, Issued 11/22/10	21,223,000
Series 2012B (Refinances 2009B), \$36,805,000, Issued 09/24/12	360,000
Series 2015A (Refinances 2012A), \$42,360,000, Issued 10/30/15	39,305,000
Series 2015B (Refinance 2010D), \$42,850,000, Issued 10/30/15	36,975,000
Series 2016A (Partial Refinance 2012B), \$33,725,000, Issued 04/04/16	23,640,000
Series 2017A (Partial Refinance 2010A), \$26,331,000, Issued 06/30/17	<u>25,338,000</u>
 Total Certificates of Participation	 <u><u>\$ 174,995,000</u></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, 2019:

Fiscal Year Ended	Certificates of Participation from Direct Borrowings of Debt				Other Certificates of Participation	
	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
<u>June 30</u>						
2020	\$ 16,713,471	\$ 12,167,000	\$ 4,546,471	\$ 4,050,000	\$ 4,089	
2021	17,484,374	12,963,000	4,521,374	-	-	
2022	17,573,048	13,363,000	4,210,048	-	-	
2023	17,674,150	13,793,000	3,881,150	-	-	
2024	17,342,498	13,803,000	3,539,498	-	-	
2025-2029	89,779,666	83,633,000	6,146,666	-	-	
2030-2033	21,223,000	21,223,000	-	-	-	
Grand Totals	<u>\$ 197,790,207</u>	<u>\$ 170,945,000</u>	<u>\$ 26,845,207</u>	<u>\$ 4,050,000</u>	<u>\$ 4,089</u>	

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. BONDS PAYABLE**

The following is a description of debt issues, each of which was derived through public offerings:

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 SBE.

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, 2019 for a period not to exceed fifteen (15) years. Sales tax received for the current year was \$50,939,372. For the fiscal year, the amount of principal, interest, and fees on Sales Tax Bonds was \$25,984,461.

If the District fails to make timely payment of the principal or interest on these bonds, or the Board shall dissolve or file for bankruptcy, a trustee may be assigned by a vote of at least 25% of the principal holders to apply all pledged funds to the defaulted payment.

The following is a summary of bonds payable at June 30, 2019:

State School Bonds:	Balance at 6/30/2019
Series 2010-A, \$365,000, Issued 10/14/10, Matures Serially to 01/01/21, Interest Rates Ranging from 4.0 to 5.0 Percent. Payable in Future Annual Installments Ranging from \$45,000 to \$50,000, Semiannual Interest Payments Range from \$1,250 to \$3,275.	\$ 95,000
Series 2011-A, \$440,000, Issued 01/05/12, Matures Serially to 01/01/23, Interest Rates Ranging from 3.0 to 5.0 Percent. Payable in Future Annual Installments Ranging from \$20,000 to \$35,000, Semiannual Interest Payments Range from \$525 to \$2,850.	120,000
Series 2014-A, \$900,000, Issued 05/22/14, Matures Serially to 01/01/25, Interest Rates Ranging from 3.0 to 5.0 Percent. Payable in Future Annual Installments Ranging from \$82,000 to \$110,000, Semiannual Interest Payments Range from \$1,230 to \$15,605.	575,000
Series 2014-B, \$2,709,000, Issued 12/02/14, Matures Serially to 01/01/20, Interest Rates Ranging from 2.0 to 5.0 Percent. Payable in Future Annual Installments Ranging from \$34,000 to \$36,000, Semiannual Interest Payments Range from \$360 to \$1,210.	36,000
Series 2017-A, \$1,035,000, Issued 04/29/17. This refunds 2006-A, Matures Serially to 01/01/26, Interest Rate of 5.0 Percent, Payable in Future Annual Installments Ranging from \$46,000 to \$86,000, Semi-Annual Interest Payments Range from \$2,150 to \$12,950.	472,000
Series 2019-A, \$2,752,000, Issued 01/27/19. This refunds 2009-A, Matures Serially to 01/01/29, Interest Rate of 5.0 Percent, Payable in Future Annual Installments Ranging from \$173,000 to \$412,000, Semi-Annual Interest Payments Range from \$10,300 to \$68,800.	<u>2,752,000</u>
Total State School Bonds	<u>4,050,000</u>



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**8. BONDS PAYABLE (continued)**

Sales Tax Bonds:

	Balance at 6/30/2019
Series 2019, \$160,025,000, issued 6/06/19 matures serially to 10/01/33; interest rate is 5.0 percent; payable in a future annual installments ranging from \$8,165,000 to \$15,395,000, semiannual interest payments ranging from \$384,875 to \$4,000,625.	\$ 160,025,000
Total Sales Tax Bonds	160,025,000
Total Bonds Payable	\$ 164,075,000

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, 2019 are as follows:

State School Bonds

Fiscal Year

Ended

June-30

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 615,480	\$ 417,000	\$ 198,480
2021	594,710	416,000	178,710
2022	557,910	400,000	157,910
2023	571,510	433,000	138,510
2024	548,560	431,000	117,560
2025-2029	2,241,810	1,953,000	288,810
Total	\$ 5,129,980	\$ 4,050,000	\$ 1,079,980

Sales Tax Bonds

Fiscal Year

Ended

June-30

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 14,721,580	\$ 8,165,000	\$ 6,556,580
2021	16,372,125	8,575,000	7,797,125
2022	16,383,625	9,005,000	7,378,625
2023	16,389,125	9,450,000	6,939,125
2024	16,402,750	9,925,000	6,477,750
2025-2029	82,200,000	57,580,000	24,620,000
2030-2034	66,415,000	57,325,000	9,090,000
Total	\$ 228,884,205	\$ 160,025,000	\$ 68,859,205

State School Bonds	\$ 4,050,000
Sales Tax Bonds	160,025,000
Sub Total Bonds	\$ 164,075,000
Plus Unamortized Bond Premium/Discount	32,540,834
Total Bonds Payable	\$ 196,615,834

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

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

Description	BALANCE			BALANCE 6/30/2019	DUE WITHIN ONE YEAR	DUE AFTER ONE YEAR
	7/1/2018	ADDITIONS	DEDUCTIONS			
Certificates of Participation (COPS)	\$ 187,295,000	\$ -	\$ 12,300,000	\$ 174,995,000	\$ 16,217,000	\$ 158,778,000
COPS-Prem/Discount	(322,860)	-	(68,344)	(254,516)	(68,344)	(186,172)
Bonds Payable	30,445,000	162,777,000	29,147,000	164,075,000	8,582,000	155,493,000
Bonds Payable-Prem/Discount	1,223,549	34,617,338	3,300,053	32,540,834	3,300,053	29,240,781
Derivative Instruments	9,100,435	2,154,123	-	11,254,558	-	11,254,558
Borrowing – Swap Upfront Payment	2,284,926	-	278,513	2,006,413	282,561	1,723,852
Compensated Absences Payable	39,479,635	4,496,877	3,598,383	40,378,129	3,855,676	36,522,453
Estimated Liability for Claims	20,580,012	794,937	1,725,291	19,649,658	7,270,373	12,379,285
Net Pension Liability	451,828,277	7,425,664	700,011	458,553,930	3,794,200	454,759,730
Other Postemployment Benefits	46,513,109	3,798,000	4,159,872	46,151,237	3,480,822	42,670,415
<b>Total</b>	<b>\$ 788,427,083</b>	<b>\$ 216,063,939</b>	<b>\$ 55,140,779</b>	<b>\$ 949,350,243</b>	<b>\$ 46,714,341</b>	<b>\$ 902,635,902</b>

For the governmental activities, compensated absences, pensions, and postemployment benefits are generally liquidated with resources of the general fund. Estimated insurance claims are generally liquidated with resources of the internal service funds.

**10. ESTIMATED ARBITRAGE REBATE**

The District is not aware of any arbitrage at June 30, 2019.

**11. 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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. DERIVATIVE INSTRUMENTS (continued)**

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, 2019, was rated A+ by Fitch Rating, A+ by S&P, and Aa3 by Moody's Investors Service. As of June 30, 2019, the swap associated with Series 2015A (2003A, 2009A, & 2012A), with a notional amount of \$41,140,000 in which the District pays 4.565 percent and receives 69.5 percent of one-month LIBOR, had a fair value of (\$5,307,110).

**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 (\$5,947,448) as of June 30, 2019. 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. 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 percent. 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, 2019, the intrinsic portion and time value portion were valued at \$529,394 and \$1,477,019, respectively, for a total liability for upfront payments of \$2,006,413.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**11. DERIVATIVE INSTRUMENTS (continued)**

		<u>2019 Changes in Fair Value</u>		<u>Fair Value at June 30, 2019</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		\$ 1,363,750	Debt	\$ 4,109,266	\$38,850,000
2001A - Swap (2015B COPS)	Deferred inflow of Resources		<u>790,373</u>	Debt	<u>3,291,630</u>	\$36,975,000
Total Deferrals since Refundings			<u>\$ 2,154,123</u>		<u>7,400,896</u>	
<b>Original Deferred Amount of Refunding:</b>						
2003 Interest Rate Swap	Deferred amount on refunding				(9,416,376)	
2001A SWAP	Deferred amount on refunding				<u>(9,239,078)</u>	
Total Derivatives at Refundings					<u>(18,655,454)</u>	
Derivatives Instruments Liability					<u>\$ (11,254,558)</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**  
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**11. 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, 2019, 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)	\$ 38,850,000	7/30/2003	1/1/2028	\$ 3,440,000	Pay 4.565%; receive SIFMA minus .02%	Citibank NA, New York	A1,A+,A+
2001A - Swap	Hedge against future increase in interest rates (2015B,2010D)	\$ 36,975,000	1/1/2011	1/1/2026	\$ 2,041,000	Pay 5.49%; receive SIFMA minus .75%	Citibank NA, New York	A1,A+,A+

As of June 30, 2019 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.

<b>2015A</b>	<b>Bond Interest Expense</b>			<b>Swap Receipt</b>		
<b>Period Ending</b>	<b>Bond Principal</b>	<b>Projected at SIFMA (1.90%)</b>	<b>Swap Payment Fixed at 4.565%</b>	<b>Projected at SIFMA minus 0.02% (1.88%)</b>		<b>Total</b>
1/1/2020	\$ 830,000	\$ 746,795	\$ 1,794,273	\$ (738,934)		\$ 2,632,134
1/1/2021	800,000	731,025	1,756,384	(723,330)		2,564,079
1/1/2022	810,000	715,825	1,719,864	(708,290)		2,537,399
1/1/2023	870,000	700,435	1,682,887	(693,062)		2,560,260
1/1/2024	910,000	683,905	1,643,172	(676,706)		2,560,371
1/1/2025	945,000	666,615	1,601,630	(659,598)		2,553,647
1/1/2026	985,000	648,660	1,558,491	(641,832)		2,550,319
1/1/2027	16,110,000	629,945	1,513,526	(623,314)		17,630,157
1/1/2028	17,045,000	323,855	778,104	(320,446)		17,826,513
	<b>\$ 39,305,000</b>	<b>\$ 5,847,060</b>	<b>\$ 14,048,331</b>	<b>\$ (5,785,512)</b>		<b>\$ 53,414,879</b>

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

**2015B**

Period Ending	Bond Principal	Bond Interest Expense Projected at SIFMA (1.90%)	Swap Payment Fixed at 5.49%	Swap Receipt Projected at SIFMA minus 0.75% (1.15%)	Total
1/1/2020	\$ 1,640,000	\$ 702,525	\$ 2,029,928	\$ (425,213)	\$ 3,947,240
1/1/2021	1,705,000	671,365	1,939,892	(406,353)	3,909,904
1/1/2022	1,825,000	638,970	1,846,287	(386,745)	3,923,512
1/1/2023	1,925,000	604,295	1,746,095	(365,758)	3,909,632
1/1/2024	1,875,000	567,720	1,640,412	(343,620)	3,739,512
1/1/2025	13,665,000	532,095	1,537,475	(322,058)	15,412,512
1/1/2026	14,340,000	272,460	787,266	(164,910)	15,234,816
	<u>\$36,975,000</u>	<u>\$ 3,989,430</u>	<u>\$ 11,527,355</u>	<u>\$ (2,414,657)</u>	<u>\$50,077,128</u>

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.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
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**June 30, 2019**

**12. 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.

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

**Nonspendable**

The District has inventories and prepaid items totaling \$15,855,055 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 \$370,413,263 and represents \$10,151,139 in State required carryover programs (Advanced Placement - \$1 million, School Recognition - \$0.3 million, Career Academy Certification - \$3.2 million, Lottery - \$1.6 million, Digital Classrooms - \$0.4 million, International Baccalaureate - \$0.7 million, Enhancements - \$2.5 million, and Instructional Materials - \$.5 million), \$2,845,590 in State and Local grants (including Drivers Education and Safety Trust - \$1 million, Fuel Tax - Paving – \$1.2 million, Pre-K Early Intervention - \$0.3, and Polk County Board of County Commissioners - \$0.4 million), \$49,948 in other Federal projects, \$7,235,375 in food service, \$24,820,758 in debt service, and \$325,310,453 in capital projects.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**12. FUND BALANCE REPORTING (continued)**

- **Assigned for School Operations**

The District has set aside certain spendable fund balance for school operations. At year-end, the assigned fund balance is \$451,889 for school operations. The assigned fund balance for school operations includes other grants.

**Unassigned**

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The unassigned fund balance for the General Fund is \$29,443,348.

Description	Major			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Other Federal Programs	Other Capital Projects		
Fund Balances:					
Nonspendable:					
Inventories	\$ 10,244,798	\$ -	\$ -	\$ 2,459,591	\$ 12,704,389
Prepaid Amounts	3,055,832	94,834	-	-	3,150,666
Restricted:					
State Required Carryover	10,151,139	-	-	-	10,151,139
Federal & State Grants	-	49,948	-	-	49,948
Food Service	-	-	-	7,235,375	7,235,375
State & Local Grants	2,845,590	-	-	-	2,845,590
Debt Service	-	-	-	24,820,758	24,820,758
Capital Projects	-	-	298,221,851	27,088,602	325,310,453
Assigned:					
School Operations	451,889	-	-	-	451,889
Unassigned	29,443,348	-	-	-	29,443,348
<b>Total Fund Balances</b>	<b>\$ 56,192,596</b>	<b>\$ 144,782</b>	<b>\$ 298,221,851</b>	<b>\$ 61,604,326</b>	<b>\$ 416,163,555</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.



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

<u>Fund</u>	Interfund	
	<u>Receivables</u>	<u>Payables</u>
Major:		
General Fund	\$ 9,209,652	\$ -
Special Revenue		9,208,108
Capital Projects		
Other Capital Projects	-	1,544
Total	<u>\$ 9,209,652</u>	<u>\$ 9,209,652</u>

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:

<u>Funds</u>	Interfund	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major:		
General Fund	\$ 48,709,286	\$ 173,409
Capital Projects		
Other Capital Projects	-	34,325,410
Non-major:		
Governmental	47,925,465	61,169,953
Internal Service	747,442	1,713,421
Total	<u>\$ 97,382,193</u>	<u>\$ 97,382,193</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.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. 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 2019-2020 fiscal year budget as a result of purchase orders outstanding at June 30, 2019.

Funds	Significant* Outstanding Encumbrances
Major:	
General	\$ 10,875,463
Capital Projects:	
Other Capital Projects	11,823,035
Nonmajor Governmental	1,250,014
Total	\$ 23,948,512

\*Outstanding encumbrances \$100,000 and greater

**15. PROPERTY TAXES**

The following is a summary of millages and taxes levied on the 2018 tax roll for fiscal year 2018-2019:

	<u>MILLAGES</u>		<u>TAXES</u>	
	Maximum <u>Authorized</u>	<u>Levied</u>	Levied <u>(100%)</u>	<u>Collected</u>
<u>GENERAL FUND</u>				
Non-voted School Tax:				
Required Local Effort	4.003	4.003	\$152,246,189	\$146,074,241
Discretionary Local Effort	0.748	0.748	28,448,701	27,295,412
Prior Years				2,032,867
 <u>CAPITAL PROJECTS FUNDS</u>				
Non-voted Tax:				
Local Capital Improvements	1.50	1.50	57,049,534	54,794,426
Prior Years				568,670
Total	6.251	6.251	\$237,744,424	\$230,765,616

Actual current-year property taxes collected totaled 99 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 less than a 1 percent shortfall between taxes levied and taxes collected.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. 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)).

**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.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

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

**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.

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>	3.00
<b><i>Senior Management Service Class</i></b>	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the plan 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.

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
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**16. STATE RETIREMENT PROGRAMS (continued)**

**Contributions** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2018-19 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	8.26
FRS, Elected County Officers	3.00	48.70
FRS, Senior Management Service	3.00	24.06
DROP - Applicable to Members of the Above Classes	0.00	14.03
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 0.06 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 \$30,539,821 for fiscal year ended June 30, 2019.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the District reported a liability of \$303,543,675 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017-2018 fiscal year contributions relative to the 2017-2018 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was 1.007763783 percent, which was a decrease of 0.006665986 from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$49,620,503 related to the Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related pensions from the following sources:

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
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**16. STATE RETIREMENT PROGRAMS (continued)**

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,714,712	\$ 933,323
Change of assumptions	99,183,311	-
Net difference between projected and actual earnings on FRS pension plan investments	-	23,452,450
Changes in proportion and difference between District FRS contributions and proportionate share of contributions	1,002,890	9,008,046
District FRS contributions subsequent to the measurement date	<u>30,539,821</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 156,440,734</u></u>	<u><u>\$ 33,393,819</u></u>

The deferred outflows of resources resulting from District contributions to the Plan subsequent to the measurement date, totaling \$30,539,821, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. 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>
2020	\$ 36,403,738
2021	24,296,528
2022	1,649,782
2023	16,585,950
2024	11,739,227
Thereafter	<u>1,831,869</u>
	<u><u>\$ 92,507,094</u></u>

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**Actuarial Assumptions** The total pension liability in the July 1, 2018 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	7.00 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, 2018 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.

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>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	2.9%	2.9%	1.8%
Fixed Income	18%	4.4%	4.3%	4.0%
Global Equity	54%	7.6%	6.6%	17.0%
Real Estate (Property)	11%	6.6%	6.0%	11.3%
Private Equity	10%	10.7%	7.8%	26.5%
Strategic Investments	6%	6.0%	5.7%	8.6%
Total Fund	100%			
Assumed Inflation - Mean			2.6%	1.9%

(1) As outlined in the Plan's investment policy.

**Discount Rate** The discount rate used to measure the total pension liability was 7.0 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. The discount rate used in the 2018 valuation was updated from 7.1 percent to 7.0 percent.

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

**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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 553,979,939	\$ 303,543,675	\$ 95,541,553

**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, 2019, the District reported a payable of \$6,106,736 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2019.

**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, 2018, 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, 2019, the contribution rate was 1.66 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 \$8,072,459 for the fiscal year ended June 30, 2019.



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
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**16. STATE RETIREMENT PROGRAMS (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions** At June 30, 2019, the District reported a net pension liability of \$155,010,255 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and update procedures were used to determine liabilities as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017-2018 fiscal year contributions relative to the total 2017-2018 fiscal year contributions of all participating members. At June 30, 2018 the District's proportionate share was 1.464556036 percent, which was a decrease of .00829390029 from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$11,391,001, 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:

<b><u>Description</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 2,373,138	\$ 263,356
Change of assumptions	17,239,055	16,388,980
Net difference between projected and actual earnings on FRS pension plan investments	93,568	-
Changes in proportion and difference between District FRS contributions and proportionate share of contributions	2,125,199	2,615,694
District FRS contributions subsequent to the measurement date	8,072,459	-
	<hr/>	<hr/>
<b>Total</b>	<b>\$ 29,903,419</b>	<b>\$ 19,268,030</b>
	<hr/>	<hr/>

The deferred outflows of resources resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$8,072,459, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

<u>Fiscal Year Ending June 30</u>		<u>Amount</u>
2020	\$	1,989,673
2021		1,981,783
2022		1,505,389
2023		307,403
2024		(2,326,239)
Thereafter		(895,079)
	<u>\$</u>	<u>2,562,930</u>

**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	3.87 percent, net of pension plan investment expense including inflation

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

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

**Discount Rate** The discount rate used to measure the total pension liability was 3.87 percent, which is an increase from 3.58 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 3.87 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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>2.87%</u>	<u>Current</u> <u>Discount Rate</u> <u>3.87%</u>	<u>1%</u> <u>Increase</u> <u>4.87%</u>
District's proportionate share of the net pension liability	\$ 176,547,598	\$ 155,010,255	\$ 137,057,632

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**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.

**Payable to the Pension Plan** At June 30, 2019, the District reported a payable of \$101,372 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2019.

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:

	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
Net pension liabilities	\$ 303,543,675	\$ 155,010,255	\$ 458,553,930
Deferred outflows of resources related to defined benefit plans	156,440,734	29,903,419	186,344,153
Deferred inflows of resources related to defined benefit plans	33,393,819	19,268,030	52,661,849
Pension expense	49,620,503	11,391,001	61,011,504

**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. Cost of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the investment member’s accounts during the 2018-2019 fiscal year were as follows:

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

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

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. For the fiscal year ended June 30, 2019, 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 \$6,331,073 for the fiscal year ended June 30, 2019.

The District's Investment Plan pension payable totaled \$1,404,986 for the fiscal year ended June 30, 2019.

**17. 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, 2019**

**18. CONSTRUCTION CONTRACT COMMITMENTS**

<b>LOCATION</b>	<b>Contracted Amount</b>	<b>Completed Amount</b>	<b>Committed Amount</b>
Lincoln Acad.	\$ 720,062	\$ 339,077	\$ 380,985
Doris Sanders LC	203,919	25,545	178,374
Lake Wales HS	481,521	175,413	306,108
District Wide	625,325	5,000	620,325
District Wide	2,052,269	5,000	2,047,269
District Wide	279,950	5,000	274,950
Bartow HS	16,024,434	9,240,422	3,105,559
Davenport EI	1,875,149	945,120	930,029
Mulberry HS	1,920,697	615,424	1,305,273
Northeast Polk 19-AAA	2,989,950	259,114	2,730,836
<b>Total</b>	<b>\$ 27,173,276</b>	<b>\$ 11,615,115</b>	<b>\$ 11,879,708</b>

**19. SCHEDULE OF STATE REVENUE SOURCES**

The District's principal source of revenues is the State, which provided approximately 56 percent of revenues in the 2018-19 fiscal year. The following is a schedule of State revenue sources and amounts:

<u>Sources</u>	<u>Amount</u>
Florida Education Finance Program	\$ 455,520,645
Class Size Reduction	111,521,717
Workforce Development	7,593,068
Other Categorical Programs	8,166,863
Capital & Debt Service	3,839,924
Public Education Capital Outlay	3,376,546
Charter School Capital Outlay	3,585,348
Miscellaneous	7,467,918
Florida State License Tax	949,821
Discretionary Lottery Funds	346,559
Food Service Supplement	736,616
<b>TOTAL STATE REVENUE SOURCES</b>	<b>\$ 603,105,025</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, 2019**

**20. 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 2018-2019 fiscal year totaled \$244,380 and the related 6.2% FICA tax savings to the Board was \$202,021.

**21. OPERATING LEASES**

Expenditures for operating leases during 2018-2019 totaled \$8,179,830. 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 2019-2020 is budgeted as \$13,362,176, the amount for later years is indeterminate because of plans to replace rental portables with permanent facilities.

**22. OTHER POSTEMPLOYMENT BENEFITS PAYABLE**

The District follows GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain other postemployment benefits administered by the District and life insurance benefits through purchased commercial insurance.

**General Information about the OPEB Plan**

*Plan Description.* The other postemployment benefits plan (“OPEB Plan”) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in the District’s health plan for medical and prescription. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The District does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (“Medicare”) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75.

*Benefits Provided.* The OPEB Plan provides healthcare benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

*Employees Covered by Benefit Terms.* At June 30, 2017, the following employees were covered:

Inactive Employees or Beneficiaries Currently Receiving Benefits	445
Active Employees	11,151
<b>Total</b>	<b>11,596</b>

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**22. OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)**

***Total OPEB Liability***

The District's total OPEB liability of \$46,151,237 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.7-7.8 percent, average, including inflation
Discount rate	3.62 percent
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 7.00 percent for 2018, 6.75 percent for 2019, and gradually decreasing to a ultimate trend rate of 4.24 percent plus 0.45 percent increase for excise tax
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality tables used in the July 1, 2016 actuarial valuation of the Florida Retirement System, including generational projections of mortality improvements using scale BB, are based on the results of a statewide experience study covering the period 2008 through 2013.

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period January 1, 2010, through December 31, 2014, adopted by the FRS.

**Changes in the Total OPEB Liability**

<b>Balance at 6/30/18</b>	<b>\$ 46,513,109</b>
<b>Changes for the year:</b>	
Service Cost	2,137,175
Interest	1,660,825
Changes in Assumptions or Other Inputs	(164,102)
Benefit Payments	(3,995,770)
<b>Net Changes</b>	<b>(361,872)</b>
<b>Balance at 6/30/19</b>	<b>\$ 46,151,237</b>

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

**22. OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)**

Changes of assumptions and other inputs reflect a change in the discount rate from 3.56 percent in 2017 to 3.62 percent in 2018.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.62 percent) or 1 percentage point higher (4.62 percent) than the current rate:

	<b>1% Decrease (2.62%)</b>	<b>Current Discount Rate (3.62%)</b>	<b>1% Increase (4.62%)</b>
Total OPEB Liability	\$ 48,885,897	\$ 46,151,237	\$ 43,476,458

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.0 percent decreasing to 3.24 percent) or 1 percentage point higher (8.0 percent decreasing 5.24 percent) than the current healthcare cost trend rates:

	<b>1% Decrease (6.00%)</b>	<b>Healthcare Cost Trend Rates Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Total OPEB Liability	\$ 40,828,321	\$ 46,151,237	\$ 52,447,977

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$3,620,484. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b><u>Description</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Change of assumptions or other inputs	\$ -	\$ 1,594,945
Contributions subsequent to the measurement date	3,480,822	-
<b>Total</b>	<b>\$ 3,480,822</b>	<b>\$ 1,594,945</b>



**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**22. OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)**

The amount reported as deferred outflows of resources related to OPEB, totaling \$3,480,822, resulting from transactions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2020	\$ (177,516)
2021	(177,516)
2022	(177,516)
2023	(177,516)
2024	(177,516)
Thereafter	(707,365)
<b>Total</b>	<b>\$ (1,594,945)</b>

**23. 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, 2019 were \$44,933,082, made up of net position of \$15,109,837 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 \$19,649,658 at June 30, 2019 is based on estimates provided by actuaries. The workers compensation, general liability and fleet liability portion of the District's total estimated liability is reported at present value using a 2% interest rate assumption.

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
2017-2018	\$ 21,612,805	\$ 113,078,487	\$ ( 114,111,280)	\$ 20,580,012
2018-2019	\$ 20,580,012	\$ 107,294,332	\$ ( 108,224,686)	\$ 19,649,658

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

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 2019. The flood deductible is \$100,000. For Flood Zones A & V, the deductible is \$500,000 per building and \$500,000 contents per building.

The administrator for the general and fleet liability self-insurance program and the worker's compensation program is John Eastern from July 1, 2018 to June 30, 2019. Florida Blue administers the District's group medical plan portion, as well as the prescription plan portion of the self-insured group health program.

**24. CONSORTIUM**

The District is a member of, and had been fiscal agent for, Florida School Retiree Benefits 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. When the District was fiscal agent, the District had established an enterprise fund to account for FSRBC's resources and operations. Effective December 2017, the fiscal agent responsibility terminated with the District and began with Duval County Public Schools.

**25. 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.

POLK COUNTY PUBLIC SCHOOLS, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the District's Total OPEB Liability and Related Ratios\*

	2019	2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 2,137,175	\$ 2,247,244
Interest	1,660,825	1,414,845
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	-	-
Changes of Assumptions or Other Inputs	(164,102)	(1,770,820)
Benefit Payments	(3,995,770)	(3,169,008)
<b>Net Change in Total OPEB Liability</b>	(361,872)	(1,277,739)
Total OPEB Liability - Beginning, as Restated	46,513,109	47,790,848
<b>Total OPEB Liability - Ending</b>	\$ 46,151,237	\$ 46,513,109
Covered-Employee Payroll	\$ 443,267,378	\$ 430,356,678
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	10.41%	10.81%

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

POLK COUNTY PUBLIC SCHOOLS, FLORIDA  
STATE RETIREMENT PROGRAMS  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net Pension Liability  
Florida Retirement Pension Plan System  
Last 10 Fiscal Years\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the FRS net pension liability	1.007763783%	1.001097797%	1.029955435%	1.097838884%	1.104389771%	1.117915580%
District's proportionate share of the FRS net pension liability	\$ 303,543,675	\$ 296,118,011	\$ 260,064,556	\$ 141,800,616	\$ 67,384,017	\$ 192,443,026
District's covered payroll	\$ 478,426,152	\$ 464,416,622	\$ 459,070,936	\$ 445,311,752	\$ 397,471,489	\$ 428,706,063
District's proportionate share of the FRS net pension liability as a percentage of its covered payroll	63.45%	63.76%	56.65%	31.84%	16.95%	44.89%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

Schedule of District Contributions  
Florida Retirement System  
Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 30,539,821	\$ 28,720,458	\$ 26,061,040	\$ 25,117,106	\$ 24,190,823	\$ 15,043,772
Contributions in relation to the contractually required contribution	30,539,821	28,720,458	26,061,040	25,117,106	24,190,823	15,043,772
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 492,457,337	\$ 478,426,152	\$ 464,416,622	\$ 459,070,936	\$ 445,311,752	\$ 397,471,489
Contributions as a percentage of covered payroll	6.20%	6.00%	5.61%	5.47%	5.43%	3.78%

(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 Contribution Plans.

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

POLK COUNTY PUBLIC SCHOOLS, FLORIDA  
STATE RETIREMENT PROGRAMS  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of Net Pension Liability  
Health Insurance Subsidy Program  
Last 10 Fiscal Years\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the HIS net pension liability	1.464556036%	1.456262136%	1.486864795%	1.463739376%	1.459028367%	1.475547971%
District's proportionate share of the HIS net pension liability	\$ 155,010,255	\$ 155,710,266	\$ 173,287,932	\$ 149,651,081	\$ 136,422,713	\$ 128,465,852
District's covered payroll	\$ 478,426,152	\$ 464,418,622	\$ 459,070,936	\$ 445,311,752	\$ 397,471,489	\$ 428,706,063
District's proportionate share of the HIS net pension liability as a percentage of its covered payroll	32.40%	33.53%	37.75%	33.61%	34.32%	29.97%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

Schedule of District Contributions  
Health Insurance Subsidy Program  
Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,072,459	\$ 7,942,324	\$ 7,706,959	\$ 7,621,130	\$ 4,998,140	\$ 4,833,522
Contributions in relation to the contractually required contribution	<u>8,072,459</u>	<u>7,942,324</u>	<u>7,706,959</u>	<u>7,621,130</u>	<u>4,998,140</u>	<u>4,833,522</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 492,457,337	\$ 478,426,152	\$ 464,418,622	\$ 459,070,936	\$ 445,311,752	\$ 397,471,489
Contributions as a percentage of covered payroll	1.64%	1.66%	1.66%	1.66%	1.12%	1.22%

(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 Contribution Plans.

\*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, 2019**

**1. Schedule of Changes in the District's Total OPEB Liability and Related Ratios**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The June 30, 2019, total OPEB liability decreased from the prior fiscal year as a result of changes to benefits and assumptions as discussed below:

*Changes of Assumptions*

The discount rate was changed from 3.56 percent as of the beginning of the measurement period to 3.62 percent as of June 30, 2018 (based on the Long-Term Municipal Bond rate). This change decreased the total OPEB Liability.

**2. Schedule of the District's Share of the Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan**

*Changes of Assumptions*

The long-term expected rate of return decreased from 7.1 percent to 7.0 percent, and the active member mortality assumptions were updated

**3. Schedule of the District's Share of the Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan**

*Changes of Assumptions*

The municipal rate used to determine total pension liability increased from 3.58% to 3.87%.

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**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES BUDGET  
AND ACTUAL – OTHER CAPITAL PROJECTS**



**POLK COUNTY**  
**PUBLIC SCHOOLS**

STUDENTS FIRST

**THE SCHOOL DISTRICT OF POLK COUNTY**

**OTHER CAPITAL PROJECTS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Local sources:				
Local sales tax	\$ 22,000,000	\$ 44,000,000	\$ 50,196,548	\$ 6,196,548
Impact fees	-	42,401,530	30,806,847	(11,594,683)
Other	-	-	1,341,404	1,341,404
Total local sources	22,000,000	86,401,530	82,344,799	(4,056,731)
State sources:				
Charter school capital outlay	978,014	3,585,348	3,585,348	-
Total state sources	978,014	3,585,348	3,585,348	-
 Total revenues	 22,978,014	 89,986,878	 85,930,147	 (4,056,731)
<b>EXPENDITURES</b>				
Current:				
Non capitalizable facilities acquisition and construction	571,565	7,575,595	1,261,697	6,313,898
Capital outlay:				
Facilities acquisition and construction	20,898,424	109,323,061	17,879,600	91,443,461
Other capital outlay	830,000	4,568,805	568,805	4,000,000
Total capital outlay	21,728,424	113,891,866	18,448,405	95,443,461
Total expenditures	22,299,989	121,467,461	19,710,102	101,757,359
 Excess (deficiency) of revenues over (under) expenditures	 678,025	 (31,480,583)	 66,220,045	 97,700,628
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of bonds	-	158,817,954	158,817,954	-
Premium on sale of bonds	-	34,182,046	34,182,046	-
Transfers out	(39,824,589)	(55,431,923)	(34,325,410)	21,106,513
Total other financing sources and uses	(39,824,589)	137,568,077	158,674,590	21,106,513
 Net change in fund balances	 (39,146,564)	 106,087,493	 224,894,635	 118,807,141
Fund balances - beginning	73,327,216	73,327,216	73,327,216	-
Fund balances - ending	\$ 34,180,652	\$ 179,414,709	\$ 298,221,851	\$ 118,807,141

The accompanying notes are an integral part of these statements.





**POLK COUNTY**  
**PUBLIC SCHOOLS**

STUDENTS FIRST

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# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



**POLK COUNTY**  
**PUBLIC SCHOOLS**

STUDENTS FIRST



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## Nonmajor Governmental Funds

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

- **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.
- **Local Capital Improvement** – Accounts for and reports on funds received through ad valorem taxes.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	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	\$ 2,808,046	\$ 524,478	\$ 3,332,524	\$ -	\$ 826,350	\$ 436	\$ 826,786
Investments	4,697,971	126,781	4,824,752	95,526	3,588,961	21,116,092	24,800,579
Accounts and interest receivable	24,677	-	24,677	-	9,644	-	9,644
Due from other governmental agencies	388,661	-	388,661	-	-	-	-
Inventories	2,459,591	-	2,459,591	-	-	-	-
Total assets	<u>\$ 10,378,946</u>	<u>\$ 651,259</u>	<u>\$ 11,030,205</u>	<u>\$ 95,526</u>	<u>\$ 4,424,955</u>	<u>\$ 21,116,528</u>	<u>\$ 25,637,009</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts and contracts payable	\$ 303,936	\$ 617,259	\$ 921,195	\$ -	\$ -	\$ -	\$ -
Salaries and wages payable	9,290	-	9,290	-	-	-	-
Payroll deductions and withholdings	80	-	80	-	-	-	-
Due to other governmental agencies	156,703	34,000	190,703	-	-	-	-
Sales tax payable	479	-	479	-	-	-	-
Construction contracts payable	-	-	-	-	-	-	-
Unearned revenue	213,492	-	213,492	-	-	-	-
Matured interest payable	-	-	-	-	816,251	-	816,251
Total liabilities	<u>683,980</u>	<u>651,259</u>	<u>1,335,239</u>	<u>-</u>	<u>816,251</u>	<u>-</u>	<u>816,251</u>
Fund balances:							
Nonspendable:							
Inventories	2,459,591	-	2,459,591	-	-	-	-
Restricted:							
Debt service	-	-	-	95,526	3,608,704	21,116,528	24,820,758
Capital outlay	-	-	-	-	-	-	-
Food services	7,235,375	-	7,235,375	-	-	-	-
Total fund balances	<u>9,694,966</u>	<u>-</u>	<u>9,694,966</u>	<u>95,526</u>	<u>3,608,704</u>	<u>21,116,528</u>	<u>24,820,758</u>
Total liabilities and fund balances	<u>\$ 10,378,946</u>	<u>\$ 651,259</u>	<u>\$ 11,030,205</u>	<u>\$ 95,526</u>	<u>\$ 4,424,955</u>	<u>\$ 21,116,528</u>	<u>\$ 25,637,009</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, 2019**

	Capital Projects				Total	Total Nonmajor Governmental Funds
	Capital Outlay Bond Issue	Public Education Capital Outlay	Capital Outlay and Debt Service	Local Capital Improvement		
<b>ASSETS</b>						
Cash	\$ 17,677	\$ -	\$ 2,344,272	56,246	\$ 2,418,195	\$ 6,577,505
Investments	-	15,088	3,911,124	17,015,932	20,942,144	50,567,475
Accounts and interest receivable	-	-	-	-	-	34,321
Due from other governmental agencies	-	3,639,662	66,230	31,763	3,737,655	4,126,316
Inventories	-	-	-	-	-	2,459,591
Total assets	<u>\$ 17,677</u>	<u>\$ 3,654,750</u>	<u>\$ 6,321,626</u>	<u>\$ 17,103,941</u>	<u>\$ 27,097,994</u>	<u>\$ 63,765,208</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts and contracts payable	\$ -	\$ -	\$ 35	(1,743)	\$ (1,708)	\$ 919,487
Salaries and wages payable	-	-	-	-	-	9,290
Payroll deductions and withholdings	-	-	-	-	-	80
Due to other governmental agencies	-	-	-	-	-	190,703
Sales tax payable	-	-	-	-	-	479
Construction contracts payable	-	-	11,100	-	11,100	11,100
Unearned revenue	-	-	-	-	-	213,492
Matured interest payable	-	-	-	-	-	816,251
Total liabilities	<u>-</u>	<u>-</u>	<u>11,135</u>	<u>(1,743)</u>	<u>9,392</u>	<u>2,160,882</u>
Fund balances:						
Nonspendable:						
Inventories	-	-	-	-	-	2,459,591
Restricted:						
Debt service	-	-	-	-	-	24,820,758
Capital outlay	17,677	3,654,750	6,310,491	17,105,684	27,088,602	27,088,602
Food services	-	-	-	-	-	7,235,375
Total fund balances	<u>17,677</u>	<u>3,654,750</u>	<u>6,310,491</u>	<u>17,105,684</u>	<u>27,088,602</u>	<u>61,604,326</u>
Total liabilities and fund balances	<u>\$ 17,677</u>	<u>\$ 3,654,750</u>	<u>\$ 6,321,626</u>	<u>\$ 17,103,941</u>	<u>\$ 27,097,994</u>	<u>\$ 63,765,208</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, 2019**

	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:							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food services	1,141,979	-	1,141,979	-	-	-	-
Other	58,466	-	58,466	-	168,267	256,730	424,997
Total local sources	1,200,445	-	1,200,445	-	168,267	256,730	424,997
State sources:							
Food services	736,616	-	736,616	-	-	-	-
Other	-	-	-	693,570	-	-	693,570
Total state sources	736,616	-	736,616	693,570	-	-	693,570
Federal sources:							
Federal direct	-	-	-	-	-	1,069,415	1,069,415
Federal through State and Local:							
Food services	56,863,467	-	56,863,467	-	-	-	-
Miscellaneous	-	2,802,515	2,802,515	-	-	-	-
Total federal through state and local	56,863,467	2,802,515	59,665,982	-	-	-	-
Total federal sources	56,863,467	2,802,515	59,665,982	-	-	1,069,415	1,069,415
Total revenues	58,800,528	2,802,515	61,603,043	693,570	168,267	1,326,145	2,187,982
<b>EXPENDITURES</b>							
Current:							
Instruction	-	203,628	203,628	-	-	-	-
Student personnel services	-	257,743	257,743	-	-	-	-
Instructional media services	-	530	530	-	-	-	-
Instruction and curriculum development services	-	109,719	109,719	-	-	-	-
Instructional staff training services	-	1,724,466	1,724,466	-	-	-	-
School administration	-	11,884	11,884	-	-	-	-
Non capitalizable facilities acquisition and construction	-	-	-	-	-	-	-
Food services	56,730,136	16,516	56,746,652	-	-	-	-
Central services	-	7,999	7,999	-	-	-	-
Student transportation services	-	11,367	11,367	-	-	-	-
Operation of plant	-	278,580	278,580	-	-	-	-
Maintenance of plant	-	180,083	180,083	-	-	-	-
Debt service:							
Principal retirement	-	-	-	3,617,000	37,830,000	-	41,447,000
Interest	-	-	-	212,280	5,319,882	1,530,060	7,062,222
Dues, fees and other	-	-	-	67,606	1,090,355	6,196	1,164,157
Capital outlay:							
Other capital outlay	684,677	-	684,677	-	-	-	-
Total expenditures	57,414,813	2,802,515	60,217,328	3,896,886	44,240,237	1,536,256	49,673,379
Excess (deficiency) of revenues over (under) expenditures	1,385,715	-	1,385,715	(3,203,316)	(44,071,970)	(210,111)	(47,485,397)
<b>OTHER FINANCING SOURCES (USES):</b>							
Long term bonds issued	-	-	-	-	1,207,046	-	1,207,046
Refunding bonds issued	-	-	-	2,752,000	-	-	2,752,000
Premium on sale of refunding bonds	-	-	-	435,292	-	-	435,292
Transfers in	173,409	-	173,409	-	43,179,198	4,572,858	47,752,056
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	173,409	-	173,409	3,187,292	44,386,244	4,572,858	52,146,394
Net change in fund balances	1,559,124	-	1,559,124	(16,024)	314,274	4,362,747	4,660,997
Fund balances - beginning	8,135,842	-	8,135,842	111,550	3,294,430	16,753,781	20,159,761
Fund balances - ending	\$ 9,694,966	\$ -	\$ 9,694,966	\$ 95,526	\$ 3,608,704	\$ 21,116,528	\$ 24,820,758

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, 2019**

	Capital Projects				Total	Total Nonmajor Governmental Funds
	Capital Outlay Bond Issue	Public Education Capital Outlay	Capital Outlay and Debt Service	Local Capital Improvement		
<b>REVENUES</b>						
Local sources:						
Ad valorem taxes	\$ -	\$ -	\$ -	55,363,096	\$ 55,363,096	\$ 55,363,096
Food services	-	-	-	-	-	1,141,979
Other	-	-	115,688	544,986	660,674	1,144,137
Total local sources	-	-	115,688	55,908,082	56,023,770	57,649,212
State sources:						
Food services	-	-	-	-	-	736,616
Other	-	3,376,546	3,089,827	-	6,466,373	7,159,943
Total state sources	-	3,376,546	3,089,827	-	6,466,373	7,896,559
Federal sources:						
Federal direct	-	-	-	-	-	1,069,415
Federal through State and Local:						
Food services	-	-	-	-	-	56,863,467
Miscellaneous	-	-	-	-	-	2,802,515
Total federal through state and local	-	-	-	-	-	59,665,982
Total federal sources	-	-	-	-	-	60,735,397
Total revenues	-	3,376,546	3,205,515	55,908,082	62,490,143	126,281,168
<b>EXPENDITURES</b>						
Current:						
Instruction	-	-	-	-	-	203,628
Student personnel services	-	-	-	-	-	257,743
Instructional media services	-	-	-	-	-	530
Instruction and curriculum development services	-	-	-	-	-	109,719
Instructional staff training services	-	-	-	-	-	1,724,466
School administration	-	-	-	-	-	11,884
Non capitalizable facilities acquisition and construction	-	-	1,945,595	-	1,945,595	1,945,595
Food services	-	-	-	-	-	56,746,652
Central services	-	-	-	-	-	7,999
Student transportation services	-	-	-	-	-	11,367
Operation of plant	-	-	-	-	-	278,580
Maintenance of plant	-	-	-	-	-	180,083
Debt service:						
Principal retirement	-	-	-	-	-	41,447,000
Interest	-	-	-	-	-	7,062,222
Dues, fees and other	-	-	3,615	-	3,615	1,167,772
Capital outlay:						
Other capital outlay	-	-	-	-	-	684,677
Total expenditures	-	-	1,949,210	-	1,949,210	111,839,917
Excess (deficiency) of revenues over (under) expenditures	-	3,376,546	1,256,305	55,908,082	60,540,933	14,441,251
<b>OTHER FINANCING SOURCES (USES):</b>						
Long term bonds issued	-	-	-	-	-	1,207,046
Refunding bonds issued	-	-	-	-	-	2,752,000
Premium on sale of refunding bonds	-	-	-	-	-	435,292
Transfers in	-	-	-	-	-	47,925,465
Transfers out	-	(3,209,026)	-	(57,960,927)	(61,169,953)	(61,169,953)
Total other financing sources and uses	-	(3,209,026)	-	(57,960,927)	(61,169,953)	(8,850,150)
Net change in fund balances	-	167,520	1,256,305	(2,052,845)	(629,020)	5,591,101
Fund balances - beginning	17,677	3,487,230	5,054,186	19,158,529	27,717,622	56,013,225
Fund balances - ending	\$ 17,677	\$ 3,654,750	\$ 6,310,491	\$ 17,105,684	\$ 27,088,602	61,604,326

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, 2019**

	<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	\$ 1,160,000	\$ 1,160,000	\$ 1,141,979	\$ (18,021)
Other	15,000	15,000	58,466	43,466
Total local sources	<u>1,175,000</u>	<u>1,175,000</u>	<u>1,200,445</u>	<u>25,445</u>
State sources:				
Food services	745,000	745,000	736,616	(8,384)
Total state sources	<u>745,000</u>	<u>745,000</u>	<u>736,616</u>	<u>(8,384)</u>
Federal sources:				
Federal Direct	-	-	-	-
Federal through State/Local	-	-	-	-
Food services	56,084,600	56,084,600	56,863,467	778,867
Total federal sources	<u>56,084,600</u>	<u>56,084,600</u>	<u>56,863,467</u>	<u>778,867</u>
Total revenues	<u>58,004,600</u>	<u>58,004,600</u>	<u>58,800,528</u>	<u>795,928</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	-	-	-	-
Student personnel services	-	-	-	-
Instructional media services	-	-	-	-
Instruction and curriculum development	-	-	-	-
Instruction staff training	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Food services	56,292,208	56,664,813	56,730,136	(65,323)
Central services	-	-	-	-
Student transportation services	-	-	-	-
Operation of plant	-	-	-	-
Maintenance of plant	-	-	-	-
Capital outlay:				
Other capital outlay	510,000	750,000	684,677	65,323
Total expenditures	<u>56,802,208</u>	<u>57,414,813</u>	<u>57,414,813</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,202,392</u>	<u>589,787</u>	<u>1,385,715</u>	<u>795,928</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	173,409	173,409
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>173,409</u>	<u>173,409</u>
Net change in fund balance	1,202,392	589,787	1,559,124	969,337
Fund balance - beginning	<u>8,135,842</u>	<u>8,135,842</u>	<u>8,135,842</u>	<u>-</u>
Fund balance - ending	<u>\$ 9,338,234</u>	<u>\$ 8,725,629</u>	<u>\$ 9,694,966</u>	<u>\$ 969,337</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, 2019**

	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	-	-	-	-
Total state sources	-	-	-	-
Federal sources:				
Federal Direct	-	-	-	-
Federal through State/Local	3,790,757	14,990,074	2,802,515	(12,187,559)
Food services	-	-	-	-
Total federal sources	3,790,757	14,990,074	2,802,515	(12,187,559)
Total revenues	3,790,757	14,990,074	2,802,515	(12,187,559)
<b>EXPENDITURES:</b>				
Current:				
Instruction	1,476,186	7,964,330	203,628	7,760,702
Student personnel services	587,581	524,808	257,743	267,065
Instructional media services	-	6,601	530	6,071
Instruction and curriculum development	154,038	178,437	109,719	68,718
Instruction staff training	1,529,344	2,402,553	1,724,466	678,087
General administration	1	-	-	-
School administration	-	60,471	11,884	48,587
Food services	-	92,297	16,516	75,781
Central services	8,267	15,759	7,999	7,760
Student transportation services	-	49,046	11,367	37,679
Operation of plant	35,340	3,487,650	278,580	3,209,070
Maintenance of plant	-	208,122	180,083	28,039
Capital outlay:				
Other capital outlay	-	-	-	-
Total expenditures	3,790,757	14,990,074	2,802,515	12,187,559
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, 2019**

	State Board of Education Bonds Fund			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Other	\$ -	\$ -	\$ -	\$ -
Total local sources	-	-	-	-
State sources:				
Other	708,380	708,380	693,570	(14,810)
Total state sources	708,380	708,380	693,570	(14,810)
Federal Sources:				
Federal grants direct	-	-	-	-
Total state sources	-	-	-	-
Total revenues	708,380	708,380	693,570	(14,810)
<b>EXPENDITURES:</b>				
Principal retirement	497,000	3,617,000	3,617,000	-
Interest	209,380	212,280	212,280	-
Dues, fees and other	2,000	67,607	67,606	1
Total expenditures	708,380	3,896,887	3,896,886	1
Excess (deficiency) of revenues over (under) expenditures	-	(3,188,507)	(3,203,316)	(14,809)
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of bonds	-	-	-	-
Premium on sale of bonds	-	435,292	435,292	-
Refunding bonds issued	-	2,752,000	2,752,000	-
Transfers in	-	-	-	-
Total other financing sources and uses	-	3,187,292	3,187,292	-
Net change in fund balances	-	(1,215)	(16,024)	(14,809)
Fund balances - beginning	111,550	111,550	111,550	-
Fund balances - ending	\$ 111,550	\$ 110,335	\$ 95,526	\$ (14,809)

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, 2019**

	Other Debt Service			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Other	\$ -	\$ -	\$ 168,267	\$ 168,267
Total local sources	-	-	168,267	168,267
State sources:				
SBE/COBI bond interest	-	-	-	-
Total state sources	-	-	-	-
Federal Sources:				
Federal grants direct	-	-	-	-
Total federal sources	-	-	-	-
Total revenues	-	-	168,267	168,267
<b>EXPENDITURES:</b>				
Principal retirement	37,830,000	37,830,000	37,830,000	-
Interest	4,856,094	6,849,942	5,319,882	1,530,060
Dues, fees and other	23,298	1,096,551	1,090,355	6,196
Total expenditures	42,709,392	45,776,493	44,240,237	1,536,256
Excess (deficiency) of revenues over (under) expenditures	(42,709,392)	(45,776,493)	(44,071,970)	1,704,523
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of bonds	-	-	1,207,046	1,207,046
Premium on sale of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Transfers in	42,709,392	42,709,392	43,179,198	469,806
Total other financing sources and uses	42,709,392	42,709,392	44,386,244	1,676,852
Net change in fund balances	-	(3,067,101)	314,274	3,381,375
Fund balances - beginning	3,294,430	3,294,430	3,294,430	-
Fund balances - ending	\$ 3,294,430	\$ 227,329	\$ 3,608,704	\$ 3,381,375

See accompanying report of independent auditor.

(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, 2019**

	ARRA Debt Service			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Other	\$ -	\$ -	\$ 256,730	\$ 256,730
Total local sources	-	-	256,730	256,730
State sources:				
SBE/COBI bond interest	-	-	-	-
Total state sources	-	-	-	-
Federal Sources:				
Federal grants direct	1,141,797	1,141,797	1,069,415	(72,382)
Total federal sources	1,141,797	1,141,797	1,069,415	(72,382)
Total revenues	1,141,797	1,141,797	1,326,145	184,348
<b>EXPENDITURES:</b>				
Principal retirement	-	-	-	-
Interest	1,530,060	1,530,060	1,530,060	-
Dues, fees and other	5,700	6,196	6,196	-
Total expenditures	1,535,760	1,536,256	1,536,256	-
Excess (deficiency) of revenues over (under) expenditures	(393,963)	(394,459)	(210,111)	184,348
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of bonds	-	-	-	-
Premium on sale of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Transfers in	2,440,944	2,440,944	4,572,858	2,131,914
Total other financing sources and uses	2,440,944	2,440,944	4,572,858	2,131,914
Net change in fund balances	2,046,981	2,046,485	4,362,747	2,316,262
Fund balances - beginning	16,753,781	16,753,781	16,753,781	-
Fund balances - ending	\$ 18,800,762	\$ 18,800,266	\$ 21,116,528	\$ 2,316,262

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, 2019**

	Capital Outlay Bond Issue Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total local sources	-	-	-	-
State sources:				
Capital outlay distributed to district	-	-	-	-
Interest on undistributed CO & DS	-	-	-	-
Total state sources	-	-	-	-
Total revenues	-	-	-	-
<b>EXPENDITURES:</b>				
Current				
Non-capitalized facilities acquisition and construction	-	-	-	-
Debt service:				
Dues, fees and other	-	-	-	-
Capital outlay				
Facilities acquisition and construction	-	-	-	-
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	-
Fund balances - ending	\$ 17,677	\$ 17,677	\$ 17,677	\$ -

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, 2019**

	Public Education Capital Outlay Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total local sources	-	-	-	-
State sources:				
Capital outlay distributed to district	-	3,376,546	3,376,546	-
Interest on undistributed CO & DS	-	-	-	-
Total state sources	-	3,376,546	3,376,546	-
Total revenues	-	3,376,546	3,376,546	-
<b>EXPENDITURES:</b>				
Current				
Non-capitalized facilities acquisition and construction	-	-	-	-
Debt service:				
Dues, fees and other	-	-	-	-
Capital outlay				
Facilities acquisition and construction	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	3,376,546	3,376,546	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(3,487,415)	(6,863,961)	(3,209,026)	3,654,935
Total other financing sources and uses	(3,487,415)	(6,863,961)	(3,209,026)	3,654,935
Net change in fund balances	(3,487,415)	(3,487,415)	167,520	3,654,935
Fund balances - beginning	3,487,230	3,487,230	3,487,230	-
Fund balances - ending	\$ (185)	\$ (185)	\$ 3,654,750	\$ 3,654,935

(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, 2019**

	<b>Capital Outlay &amp; Debt Service Fund</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:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other	-	-	115,688	115,688
Total local sources	-	-	115,688	115,688
State sources:				
Capital outlay distributed to district	2,250,000	2,250,000	3,019,982	769,982
Interest on undistributed CO & DS	35,000	35,000	69,845	34,845
Total state sources	2,285,000	2,285,000	3,089,827	804,827
Total revenues	2,285,000	2,285,000	3,205,515	920,515
<b>EXPENDITURES:</b>				
Current				
Non-capitalized facilities acquisition and construction	-	-	1,945,595	(1,945,595)
Debt service:				
Dues, fees and other	-	-	3,615	(3,615)
Capital outlay				
Facilities acquisition and construction	1,036,026	4,057,761	-	4,057,761
Total expenditures	1,036,026	4,057,761	1,949,210	2,108,551
Excess (deficiency) of revenues over (under) expenditures	1,248,974	(1,772,761)	1,256,305	3,029,066
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	1,248,974	(1,772,761)	1,256,305	3,029,066
Fund balances - beginning	5,054,186	5,054,186	5,054,186	-
Fund balances - ending	\$ 6,303,160	\$ 3,281,425	\$ 6,310,491	\$ 3,029,066

See accompanying report of independent auditor.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**CAPITAL PROJECTS FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Local Capital Improvement			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ 54,767,552	\$ 54,767,552	\$ 55,363,096	\$ 595,544
Other	-	-	544,986	544,986
Total local sources	<u>54,767,552</u>	<u>54,767,552</u>	<u>55,908,082</u>	<u>1,140,530</u>
State sources:				
Capital outlay distributed to district	-	-	-	-
Interest on undistributed CO & DS	-	-	-	-
Total state sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>54,767,552</u>	<u>54,767,552</u>	<u>55,908,082</u>	<u>1,140,530</u>
<b>EXPENDITURES:</b>				
Current				
Non-capitalized facilities acquisition and construction	-	-	-	-
Debt Service				
Dues, fees and other	-	-	-	-
Capital outlay				
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>54,767,552</u>	<u>54,767,552</u>	<u>55,908,082</u>	<u>1,140,530</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(54,767,453)</u>	<u>(61,036,840)</u>	<u>(57,960,927)</u>	<u>3,075,913</u>
Total other financing sources and uses	<u>(54,767,453)</u>	<u>(61,036,840)</u>	<u>(57,960,927)</u>	<u>3,075,913</u>
Net change in fund balances	99	(6,269,288)	(2,052,845)	4,216,443
Fund balances - beginning	<u>19,158,529</u>	<u>19,158,529</u>	<u>19,158,529</u>	<u>-</u>
Fund balances - ending	<u>\$ 19,158,628</u>	<u>\$ 12,889,241</u>	<u>\$ 17,105,684</u>	<u>\$ 4,216,443</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.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**PROPRIETARY FUNDS**

**COMBINING STATEMENT OF NET POSITION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Governmental Activities</b>	
	<b>Workers' Compensation</b>	<b>General Liability/ Fleet Liability</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 198,067	\$ 420,133
Investments	16,587,929	5,542,418
Accounts receivable	20,267	-
Total current assets	<u>16,806,263</u>	<u>5,962,551</u>
Noncurrent Assets:		
Buildings	-	-
Improvements other than buildings	-	18,555
Furniture, fixtures, and equipment	2,817	-
Total noncurrent assets	<u>2,817</u>	<u>18,555</u>
Total assets	<u>16,809,080</u>	<u>5,981,106</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	116,824	-
Due to other agencies	-	-
Estimated liability for claims	2,624,957	1,697,544
Total current liabilities	<u>2,741,781</u>	<u>1,697,544</u>
Noncurrent liabilities:		
Estimated liability for claims	4,469,521	2,890,414
Total noncurrent liabilities	<u>4,469,521</u>	<u>2,890,414</u>
Total liabilities	<u>7,211,302</u>	<u>4,587,958</u>
<b>NET POSITION</b>		
Investment in capital assets	2,817	18,555
Unrestricted	9,594,961	1,374,593
Total net position	<u>\$ 9,597,778</u>	<u>\$ 1,393,148</u>

See accompanying report of independent auditor.

<b>Internal Service Funds</b>		
<b>Errors &amp; Omissions/ Boiler &amp; Machinery</b>	<b>Group Health Insurance</b>	<b>Total</b>
\$ 233,451	\$ 115,231	\$ 966,882
1,764,281	16,650,344	40,544,972
-	1,378,817	1,399,084
<u>1,997,732</u>	<u>18,144,392</u>	<u>42,910,938</u>
-	1,930,069	1,930,069
-	4,080	22,635
-	66,623	69,440
-	2,000,772	2,022,144
<u>1,997,732</u>	<u>20,145,164</u>	<u>44,933,082</u>
-	10,055,692	10,172,516
-	1,071	1,071
-	2,947,872	7,270,373
<u>-</u>	<u>13,004,635</u>	<u>17,443,960</u>
-	5,019,350	12,379,285
-	5,019,350	12,379,285
<u>-</u>	<u>18,023,985</u>	<u>29,823,245</u>
-	2,000,772	2,022,144
1,997,732	120,407	13,087,693
<u>\$ 1,997,732</u>	<u>\$ 2,121,179</u>	<u>\$ 15,109,837</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, 2019**

	<b>Governmental Activities</b>	
	<b>Workers' Compensation</b>	<b>General Liability/ Fleet Liability</b>
<b>OPERATING REVENUES:</b>		
Premium revenue from other funds	\$ 1,646,452	\$ 1,755,190
Other revenue	-	-
Total operating revenues	<u>1,646,452</u>	<u>1,755,190</u>
<b>OPERATING EXPENSES:</b>		
Salaries & benefits	-	-
Purchased services	1,600,315	379,810
Energy services	-	-
Materials and supplies	168,277	-
Other	2,478,044	2,675,900
Depreciation	1,065	1,034
Total operating expenses	<u>4,247,701</u>	<u>3,056,744</u>
Operating income/(loss)	<u>(2,601,249)</u>	<u>(1,301,554)</u>
<b>NON-OPERATING REVENUE(EXPENSE):</b>		
Interest	604,071	176,305
Miscellaneous	-	-
Loss Recoveries	933,113	133,952
Total non-operating revenue	<u>1,537,184</u>	<u>310,257</u>
Income (loss) before transfers	(1,064,065)	(991,297)
<b>TRANSFERS IN</b>	-	-
<b>TRANSFERS OUT</b>	<u>(857,525)</u>	<u>(65,580)</u>
Change in net position	(1,921,590)	(1,056,877)
Total net position - beginning	<u>11,519,368</u>	<u>2,450,025</u>
Total net position - ending	<u>\$ 9,597,778</u>	<u>\$ 1,393,148</u>

See accompanying report of independent auditor.

<b>Internal Service Funds</b>		
<b>Errors &amp; Omissions/ Boiler &amp; Machinery</b>	<b>Group Health Insurance</b>	<b>Total</b>
\$ -	\$ 107,917,448	111,319,090
-	777,885	777,885
-	108,695,333	112,096,975
-	1,580	1,580
-	6,555,920	8,536,045
-	17,636	17,636
-	1,161	169,438
-	102,369,482	107,523,426
-	71,316	73,415
-	109,017,095	116,321,540
-	(321,762)	(4,224,565)
42,416	281,820	1,104,612
-	(1,700)	(1,700)
-	-	1,067,065
42,416	280,120	2,169,977
42,416	(41,642)	(2,054,588)
-	747,442	747,442
-	(790,316)	(1,713,421)
42,416	(84,516)	(3,020,567)
1,955,316	2,205,695	18,130,404
\$ 1,997,732	\$ 2,121,179	15,109,837

**THE SCHOOL DISTRICT OF POLK COUNTY**

**PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Governmental Activities</b>	
	<b>Workers' Compensation</b>	<b>General Liability/ Fleet Liability</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from interfund services provided	\$ 1,643,956	\$ 1,755,190
Payment to suppliers	(1,838,799)	(384,097)
Payment/premium to employees	-	-
Payments for interfund services used	(3,738,758)	(1,725,963)
Other receipts (payments)	-	(155,000)
Net cash provided (used) by operating activities	<u>(3,933,601)</u>	<u>(509,870)</u>
<b>CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Transfers from other funds	-	-
Transfers to other funds	(857,525)	(65,580)
Net cash provided (used) by noncapital and related financing activities	<u>(857,525)</u>	<u>(65,580)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from Disposition of Capital Assets	933,113	133,952
Net cash provided (used) by capital and related financing activities	<u>933,113</u>	<u>133,952</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	3,200,794	328,779
Interest and dividends earned on investments	604,071	176,305
Net cash provided (used) by investing activities	<u>3,804,865</u>	<u>505,084</u>
Net increase (decrease) in cash and cash equivalents	(53,148)	63,586
Cash and cash equivalents - Beginning of year	<u>251,215</u>	<u>356,547</u>
Cash and cash equivalents - End of year	<u>\$ 198,067</u>	<u>\$ 420,133</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (2,601,249)	\$ (1,301,554)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	1,065	1,034
Change in assets and liabilities:		
Accounts receivable	(2,496)	-
Accounts payable	21,642	(4,287)
Due to other agencies	-	-
Due to other funds	(17,771)	-
Estimated liability for claims adjust expense	(1,334,792)	794,937
Total adjustments	<u>(1,332,352)</u>	<u>791,684</u>
Net cash provided (used) by operating activities	<u>\$ (3,933,601)</u>	<u>\$ (509,870)</u>

See accompanying report of independent auditor.

<b>Internal Service Funds</b>		
<b>Errors &amp; Omissions/ Boiler &amp; Machinery</b>	<b>Group Health Insurance</b>	<b>Total</b>
\$ -	\$ 107,046,576	\$ 110,445,722
-	(17,805,442)	(20,028,338)
-	(1,580)	(1,580)
-	(102,759,946)	(108,224,667)
-	777,885	622,885
-	(12,742,507)	(17,185,978)
-	747,442	747,442
-	(792,016)	(1,715,121)
-	(44,574)	(967,679)
-	-	1,067,065
-	-	1,067,065
114,623	7,589,866	11,234,062
42,416	281,820	1,104,612
157,039	7,871,686	12,338,674
157,039	(4,915,395)	(4,747,918)
76,412	5,030,626	5,714,800
<u>\$ 233,451</u>	<u>\$ 115,231</u>	<u>\$ 966,882</u>
\$ -	\$ (321,762)	\$ (4,224,565)
-	71,316	73,415
-	(870,872)	(873,368)
-	(11,230,725)	(11,213,370)
-	35	35
-	-	(17,771)
-	(390,499)	(930,354)
-	(12,420,745)	(12,961,413)
<u>\$ -</u>	<u>\$ (12,742,507)</u>	<u>\$ (17,185,978)</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.



**THE SCHOOL DISTRICT OF POLK COUNTY**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>School Activity Fund</b>			
	<b>Balances July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2019</b>
<b>ASSETS</b>				
Cash	\$ 634,323	\$ 51,812,349	\$ 51,054,141	\$ 1,392,531
Investments	8,839,075	7,784,980	8,416,040	8,208,015
Accounts receivable	201,320	178,525	138,470	241,375
Inventory	529,251	-	4,654	524,597
Total assets	<u>\$ 10,203,969</u>	<u>\$ 59,775,854</u>	<u>\$ 59,613,305</u>	<u>\$ 10,366,518</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 30,046	\$ 21,896,619	\$ 21,889,383	\$ 37,282
Sales tax payable	622	21,267	21,156	733
Due to student organizations	10,173,301	210,825	55,623	10,328,503
Total liabilities	<u>\$ 10,203,969</u>	<u>\$ 22,128,711</u>	<u>\$ 21,966,162</u>	<u>\$ 10,366,518</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, 2019**

	Dale R. Fair Babson Park Elementary	Berkley Accelerated Middle	Berkley Elementary Academy	Edward W. Bok Academy	Edward W. Bok Academy North	Compass Charter Middle School
<b>ASSETS</b>						
Cash	\$ -	\$ 721,852	\$ 1,831,675	\$ -	\$ 32,301	\$ 905,018
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	740,300	-	-	-
Accounts receivable	36,543	14,039	-	433,509	-	243
Due from other funds	1,113,295	327,226	-	-	-	26,929
Prepaid items	1,536	77,956	-	-	-	-
Other assets	-	-	126,574	10,381	1,536	-
Noncurrent note receivable due from related party	-	-	-	-	-	-
Capital assets:						
Land	-	215,000	-	86,791	-	-
Land improvements	-	-	-	2,239,548	-	-
Construction in progress	-	-	-	-	-	-
Improvements other than buildings	76,403	-	-	-	-	-
Buildings and systems	-	4,595,772	78,871	-	-	-
Furniture, fixtures, and equipment	55,885	21,708	54,957	45,984	42,065	5,131
Motor vehicles	-	-	250,941	36,542	-	130,701
Computer software	-	-	-	-	-	-
Total assets	<u>1,283,662</u>	<u>5,973,553</u>	<u>3,083,318</u>	<u>2,852,755</u>	<u>75,902</u>	<u>1,068,022</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related deferred outflows of resources	820,865	683,820	1,355,268	807,707	26,467	216,790
Total assets and deferred outflows of resources	<u>\$ 2,104,527</u>	<u>\$ 6,657,373</u>	<u>\$ 4,438,586</u>	<u>\$ 3,660,462</u>	<u>\$ 102,369</u>	<u>\$ 1,284,812</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 62,114	\$ 315,758	\$ -	\$ -	\$ 74,632
Due to other governmental agencies	-	-	-	91,318	32,301	35,138
Salaries and wages payable	148,524	353,652	199,043	112,405	8,706	-
Unearned revenue	-	-	-	-	-	9,378
Other liabilities	-	-	-	-	-	-
Noncurrent liabilities:						
Due within one year	-	175,269	-	-	-	-
Due in more than one year	-	5,919,924	-	-	140,132	-
Net pension liability	<u>1,927,323</u>	<u>1,579,564</u>	<u>3,310,469</u>	<u>1,864,794</u>	<u>-</u>	<u>536,721</u>
Total liabilities	<u>2,075,847</u>	<u>8,090,523</u>	<u>3,825,270</u>	<u>2,068,517</u>	<u>181,139</u>	<u>655,869</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related deferred inflows of resources	307,703	152,900	341,743	198,840	-	123,959
<b>NET POSITION</b>						
Net investment in capital assets	132,288	(1,262,713)	384,769	2,408,865	42,065	135,832
Restricted for:						
Endowment - nonexpendable	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Unrestricted	(411,311)	(323,337)	(113,196)	(1,015,760)	(120,835)	369,152
Total net position	<u>(279,023)</u>	<u>(1,586,050)</u>	<u>271,573</u>	<u>1,393,105</u>	<u>(78,770)</u>	<u>504,984</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,104,527</u>	<u>\$ 6,657,373</u>	<u>\$ 4,438,586</u>	<u>\$ 3,660,462</u>	<u>\$ 102,369</u>	<u>\$ 1,284,812</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, 2019**

	<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>	<b>Janie Howard Wilson Elementary</b>
<b>ASSETS</b>						
Cash	\$ 304,929	\$ 130,847	\$ 178,106	\$ 1,236,960	\$ -	\$ -
Certificates of deposit	-	-	-	-	-	-
Investments	-	796,235	-	-	-	-
Accounts receivable	-	-	-	12,502	37,439	27,679
Due from other funds	13,980	59,812	60,259	-	2,188,464	1,486,546
Prepaid items	4,996	-	5,444	116,102	1,536	1,536
Other assets	25,190	615,824	101,773	-	-	-
Noncurrent note receivable due from related party	-	-	15,437,174	-	-	-
Capital assets:						
Land	-	1,870,537	-	-	-	-
Land improvements	-	-	-	-	-	-
Construction in progress	-	304,571	-	-	-	-
Improvements other than buildings	21,312	-	-	175,629	12,210	-
Buildings and systems	-	15,158,228	-	-	-	-
Furniture, fixtures, and equipment	122,783	727,369	188,232	19,942	82,778	38,680
Motor vehicles	-	1,037,063	-	97,328	-	-
Computer software	-	-	-	-	-	-
Total assets	<u>493,190</u>	<u>20,700,486</u>	<u>15,970,988</u>	<u>1,658,463</u>	<u>2,322,427</u>	<u>1,554,441</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related deferred outflows of resources	-	2,440,072	-	-	1,166,986	560,701
Total assets and deferred outflows of resources	<u>\$ 493,190</u>	<u>\$ 23,140,558</u>	<u>\$ 15,970,988</u>	<u>\$ 1,658,463</u>	<u>\$ 3,489,413</u>	<u>\$ 2,115,142</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 17,270	\$ 629,433	\$ 183,557	\$ 185,193	\$ -	\$ 723
Due to other governmental agencies	-	-	-	-	-	-
Salaries and wages payable	76,222	245,818	-	-	133,211	59,464
Unearned revenue	13,048	-	-	-	-	-
Other liabilities	-	98,033	-	-	-	-
Noncurrent liabilities:						
Due within one year	-	429,532	206,797	-	-	-
Due in more than one year	-	16,136,189	15,823,562	-	-	-
Net pension liability	-	4,589,689	-	-	2,757,587	1,339,121
Total liabilities	<u>106,540</u>	<u>22,128,694</u>	<u>16,213,916</u>	<u>185,193</u>	<u>2,890,798</u>	<u>1,399,308</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related deferred inflows of resources	-	504,302	-	-	372,965	456,233
<b>NET POSITION</b>						
Net investment in capital assets	144,095	2,532,047	(404,953)	292,899	94,988	38,680
Restricted for:						
Endowment - nonexpendable	-	-	-	-	-	-
Other purposes	78,925	209,856	-	-	-	-
Unrestricted	163,630	(2,234,341)	162,025	1,180,371	130,662	220,921
Total net position	<u>386,650</u>	<u>507,562</u>	<u>(242,928)</u>	<u>1,473,270</u>	<u>225,650</u>	<u>259,601</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 493,190</u>	<u>\$ 23,140,558</u>	<u>\$ 15,970,988</u>	<u>\$ 1,658,463</u>	<u>\$ 3,489,413</u>	<u>\$ 2,115,142</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, 2019**

	Lake Wales High School	Lakeland Montessori Schoolhouse	Lakeland Montessori Middle	Language & Literacy Academy for Learning	Magnolia Montessori	The Schools of McKeel Academy
<b>ASSETS</b>						
Cash	\$ -	\$ 1,346,230	\$ 561,934	\$ 292,498	\$ 224,537	\$ 6,401,279
Certificates of deposit	-	-	-	-	-	590,149
Investments	-	-	-	-	-	-
Accounts receivable	312,198	-	-	-	-	199,771
Due from other funds	691,629	11,553	4,057	-	3,917	-
Prepaid items	7,095	2,228	-	-	-	-
Other assets	-	26,296	339	-	-	372,338
Noncurrent note receivable due from related party	-	-	-	-	-	-
Capital assets:						
Land	-	306,000	-	-	-	607,178
Land improvements	-	-	-	-	-	372,683
Construction in progress	-	-	-	-	-	43,102
Improvements other than buildings	609,511	-	-	42,375	16,597	-
Buildings and systems	-	1,035,695	-	-	-	6,722,588
Furniture, fixtures, and equipment	216,036	10,730	2,083	19,679	1,481	1,450,898
Motor vehicles	28,854	-	-	-	-	1,841,075
Computer software	-	-	-	7,127	-	-
Total assets	<u>1,865,323</u>	<u>2,738,732</u>	<u>568,413</u>	<u>361,679</u>	<u>246,532</u>	<u>18,601,061</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related deferred outflows of resources	2,036,607	-	-	-	-	6,599,918
Total assets and deferred outflows of resources	<u>\$ 3,901,930</u>	<u>\$ 2,738,732</u>	<u>\$ 568,413</u>	<u>\$ 361,679</u>	<u>\$ 246,532</u>	<u>\$ 25,200,979</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 119,337	\$ -	\$ 44,982	\$ 44,503	\$ 1,678,742
Due to other governmental agencies	-	-	24,096	-	-	1,423
Salaries and wages payable	286,740	-	-	52,512	-	-
Unearned revenue	-	85,138	13,357	-	27,750	13,528
Other liabilities	-	-	-	-	-	-
Noncurrent liabilities:						
Due within one year	-	25,239	-	-	14,678	1,305,165
Due in more than one year	-	638,737	-	428,200	-	15,916,029
Net pension liability	4,861,998	-	-	-	-	-
Total liabilities	<u>5,148,738</u>	<u>868,451</u>	<u>37,453</u>	<u>525,694</u>	<u>86,931</u>	<u>18,914,887</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related deferred inflows of resources	499,319	-	-	-	-	2,895,677
<b>NET POSITION</b>						
Net investment in capital assets	854,401	713,496	2,083	69,181	18,078	5,996,744
Restricted for:						
Endowment - nonexpendable	-	-	-	-	-	-
Other purposes	-	1,156,785	-	-	-	324,978
Unrestricted	(2,600,528)	-	528,877	(233,196)	141,523	(2,931,307)
Total net position	<u>(1,746,127)</u>	<u>1,870,281</u>	<u>530,960</u>	<u>(164,015)</u>	<u>159,601</u>	<u>3,390,415</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,901,930</u>	<u>\$ 2,738,732</u>	<u>\$ 568,413</u>	<u>\$ 361,679</u>	<u>\$ 246,532</u>	<u>\$ 25,200,979</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, 2019**

	<b>New Beginnings High School</b>	<b>Victory Ridge 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>ASSETS</b>						
Cash	\$ 832,124	\$ 871,970	\$ 46,578	\$ 686,953	\$ 2,987,776	\$ 2,530,363
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	3,674,600
Accounts receivable	-	67,140	-	-	-	61,825
Due from other funds	342,425	3,774,584	969,236	5,469	103,140	-
Prepaid items	354,593	-	162,841	26,884	-	-
Other assets	-	53,343	-	-	1,500	2,497,518
Noncurrent note receivable due from related party	-	-	-	-	-	-
Capital assets:	-	-	-	-	1,254,590	-
Land	-	-	-	-	-	-
Land improvements	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Improvements other than buildings	182,946	-	13,392	-	-	-
Buildings and systems	-	352,612	-	-	9,362,263	-
Furniture, fixtures, and equipment	98,993	(150,080)	49,266	1,456	195,521	-
Motor vehicles	233,535	70,760	-	-	419,077	-
Computer software	-	-	-	-	-	-
Total assets	<u>2,044,616</u>	<u>5,040,329</u>	<u>1,241,313</u>	<u>720,762</u>	<u>14,323,867</u>	<u>8,764,306</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related deferred outflows of resources	1,299,298	1,366,502	878,008	140,060	2,989,778	-
Total assets and deferred outflows of resources	<u>\$ 3,343,914</u>	<u>\$ 6,406,831</u>	<u>\$ 2,119,321</u>	<u>\$ 860,822</u>	<u>\$ 17,313,645</u>	<u>\$ 8,764,306</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 71,513	\$ 350,048	\$ -	\$ 33,640	\$ 60,365	\$ 75,673
Due to other governmental agencies	-	-	-	209,167	-	-
Salaries and wages payable	32,335	37,901	101,686	86,364	528,587	-
Unearned revenue	-	-	-	59,561	-	-
Other liabilities	-	-	-	-	-	-
Noncurrent liabilities:	-	-	-	-	185,097	-
Due within one year	82,020	-	-	-	-	-
Due in more than one year	107,960	3,646,948	-	-	11,571,485	-
Net pension liability	1,766,516	2,433,525	2,084,599	323,525	5,631,137	-
Total liabilities	<u>2,060,344</u>	<u>6,468,422</u>	<u>2,186,285</u>	<u>712,257</u>	<u>17,976,671</u>	<u>75,673</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related deferred inflows of resources	158,242	297,935	251,209	31,317	543,910	-
<b>NET POSITION</b>						
Net investment in capital assets	325,494	273,292	62,658	1,456	(525,131)	888
Restricted for:	-	-	-	-	-	1,749,684
Endowment - nonexpendable	-	-	-	-	-	3,023,017
Other purposes	-	-	-	-	69,161	-
Unrestricted	799,834	(632,818)	(380,831)	115,792	(750,966)	3,915,044
Total net position	<u>1,125,328</u>	<u>(359,526)</u>	<u>(318,173)</u>	<u>117,248</u>	<u>(1,206,936)</u>	<u>8,688,633</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,343,914</u>	<u>\$ 6,406,831</u>	<u>\$ 2,119,321</u>	<u>\$ 860,822</u>	<u>\$ 17,313,645</u>	<u>\$ 8,764,306</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, 2019**

	SubTotal Component Units	Consolidating Eliminations	TOTALS Component Units
<b>ASSETS</b>			
Cash	\$ 22,123,930	\$ -	\$ 22,123,930
Certificates of deposit	590,149	-	590,149
Investments	5,211,135	-	5,211,135
Accounts receivable	1,202,888	-	1,202,888
Due from other funds	11,182,521	-	11,182,521
Prepaid items	762,747	-	762,747
Other assets	3,832,612	-	3,832,612
Noncurrent note receivable due from related party	15,437,174	(15,437,174)	-
Capital assets:			-
Land	4,340,096	-	4,340,096
Land improvements	2,612,231	-	2,612,231
Construction in progress	347,673	-	347,673
Improvements other than buildings	1,150,375	-	1,150,375
Buildings and systems	37,306,029	-	37,306,029
Furniture, fixtures, and equipment	3,301,577	-	3,301,577
Motor vehicles	4,145,876	-	4,145,876
Computer software	7,127	-	7,127
Total assets	<u>113,554,140</u>	<u>\$ (15,437,174)</u>	<u>\$ 98,116,966</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows of resources	23,388,847	-	23,388,847
Total assets and deferred outflows of resources	<u>\$ 136,942,987</u>	<u>\$ (15,437,174)</u>	<u>\$ 121,505,813</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,947,483	\$ -	\$ 3,947,483
Due to other governmental agencies	393,443	-	393,443
Salaries and wages payable	2,463,170	-	2,463,170
Unearned revenue	221,760	-	221,760
Other liabilities	98,033	-	98,033
Noncurrent liabilities:			-
Due within one year	2,423,797	-	2,423,797
Due in more than one year	70,329,166	(15,437,174)	54,891,992
Net pension liability	35,006,568	-	35,006,568
Total liabilities	<u>114,883,420</u>	<u>\$ (15,437,174)</u>	<u>\$ 99,446,246</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows of resources	7,136,254	-	7,136,254
<b>NET POSITION</b>			
Net investment in capital assets	12,331,502	-	12,331,502
Restricted for:			-
Endowment - nonexpendable	1,749,684	-	1,749,684
Other purposes	4,862,722	-	4,862,722
Unrestricted	(4,020,595)	-	(4,020,595)
Total net position	<u>14,923,313</u>	<u>-</u>	<u>14,923,313</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 136,942,987</u>	<u>\$ (15,437,174)</u>	<u>\$ 121,505,813</u>

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
Year Ending June 30, 2019**

	<b>Dale R. Fair Babson Park Elementary</b>	<b>Berkley Accelerated Middle</b>	<b>Berkley Elementary Academy</b>	<b>Edward W. Bok Academy</b>
<b>EXPENSES</b>				
Instruction	\$ 2,743,831	\$ 2,543,644	\$ 4,386,886	\$ 2,894,848
Pupil personnel services	37,899	84,478	198,365	142,217
Instructional media	82,633	-	55,308	734
Instruction and curriculum development	147,979	-	-	38,496
Instructional staff training	13,858	27,000	21,600	2,003
Instruction related technology	23,852	-	-	58,434
Board	10,500	20,691	4,698	10,000
General administration	17,311	-	35,059	22,135
School administration	506,630	483,352	460,701	471,351
Facilities acquisition and construction	10,059	-	6,797	150,817
Fiscal services	-	74,200	65,126	-
Food services	-	600	468,726	-
Central services	-	30,983	60,540	-
Pupil transportation	98,190	115,907	284,368	433,188
Operation of plant	223,010	353,515	482,033	633,083
Maintenance of plant	-	-	-	8,417
Community services	61,103	-	48,846	7,132
Interest	-	395,318	-	-
Other operating expenses	-	-	-	-
Total expenses	<u>3,976,855</u>	<u>4,129,688</u>	<u>6,579,053</u>	<u>4,872,855</u>
<b>PROGRAM REVENUES</b>				
Charges for services	\$ 163,643	\$ -	\$ 524,171	\$ -
Operating grants and contributions	248,243	166,284	324,526	146,375
Capital grants and contributions	-	232,390	-	-
Net program expenses	<u>(3,564,969)</u>	<u>(3,731,014)</u>	<u>(5,730,356)</u>	<u>(4,726,480)</u>
<b>GENERAL REVENUES</b>				
Federal	\$ -	\$ -	\$ -	\$ -
State and local sources	3,458,636	3,403,693	5,036,252	4,426,435
Grants and contributions not restricted to specific programs	17,021	-	-	109,523
Investment earnings	-	-	-	-
Miscellaneous	-	-	565,261	-
Total general revenues	<u>3,475,657</u>	<u>3,403,693</u>	<u>5,601,513</u>	<u>4,535,958</u>
Change in net position	(89,312)	(327,321)	(128,843)	(190,522)
Net Position - beginning	(189,711)	(1,258,729)	400,416	1,583,627
Net Position - ending	<u>\$ (279,023)</u>	<u>\$ (1,586,050)</u>	<u>\$ 271,573</u>	<u>\$ 1,393,105</u>

See accompanying independent auditors' report.



**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
Year Ending June 30, 2019**

	<b>Edward W. Bok Academy North</b>	<b>Compass Charter Middle School</b>	<b>Cypress Junction Montessori</b>
<b>EXPENSES</b>			
Instruction	\$ 803,331	\$ 585,820	\$ 812,519
Pupil personnel services	65,433	212	-
Instructional media	-	-	-
Instruction and curriculum development	651	-	-
Instructional staff training	-	4,830	21,320
Instruction related technology	56,847	-	-
Board	3,500	12,961	22,519
General administration	7,425	-	1,487
School administration	301,522	197,787	287,862
Facilities acquisition and construction	-	-	-
Fiscal services	-	21,531	13,050
Food services	-	-	20,657
Central services	-	454	-
Pupil transportation	115,025	110,911	17,080
Operation of plant	181,948	6,109	260,824
Maintenance of plant	-	-	-
Community services	-	-	-
Interest	-	-	765
Other operating expenses	-	-	-
Total expenses	<u>1,535,682</u>	<u>940,615</u>	<u>1,458,083</u>
<b>PROGRAM REVENUES</b>			
Charges for services	\$ -	\$ -	\$ 128,167
Operating grants and contributions	86,869	133,327	178,731
Capital grants and contributions	-	-	92,238
Net program expenses	<u>(1,448,813)</u>	<u>(807,288)</u>	<u>(1,058,947)</u>
<b>GENERAL REVENUES</b>			
Federal	\$ 41,600	\$ -	\$ -
State and local sources	1,326,885	804,479	1,285,574
Grants and contributions not restricted to specific programs	1,558	-	-
Investment earnings	-	-	-
Miscellaneous	-	23,385	-
Total general revenues	<u>1,370,043</u>	<u>827,864</u>	<u>1,285,574</u>
Change in net position	(78,770)	20,576	226,627
Net Position - beginning	-	484,408	160,023
Net Position - ending	<u>\$ (78,770)</u>	<u>\$ 504,984</u>	<u>\$ 386,650</u>

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
Year Ending June 30, 2019**

	<b>Discovery Academy of Lake Alfred</b>	<b>Discovery High School</b>	<b>Hartridge Academy</b>	<b>Hillcrest Elementary</b>
<b>EXPENSES</b>				
Instruction	\$ 3,697,422	\$ 2,631,628	\$ 1,166,296	\$ 3,916,988
Pupil personnel services	678,218	451,349	-	52,961
Instructional media	97,887	-	-	117,086
Instruction and curriculum development	-	-	-	281,705
Instructional staff training	186,365	37,092	7,312	56,656
Instruction related technology	-	-	-	24,344
Board	38,673	14,013	19,095	10,500
General administration	81,866	80,377	-	24,804
School administration	1,001,889	567,650	204,903	509,064
Facilities acquisition and construction	340,062	-	-	3,759
Fiscal services	60,500	34,854	-	-
Food services	950,736	1,893	-	-
Central services	40,031	18,061	77,284	-
Pupil transportation	1,201,301	228,383	38,530	143,237
Operation of plant	412,342	1,293,330	284,530	335,192
Maintenance of plant	-	-	39,783	13,761
Community services	-	-	-	21,799
Interest	922,266	-	-	-
Other operating expenses	-	-	-	-
Total expenses	<u>9,709,558</u>	<u>5,358,630</u>	<u>1,837,733</u>	<u>5,511,856</u>
<b>PROGRAM REVENUES</b>				
Charges for services	\$ 149,374	\$ 21,755	\$ -	\$ 144,389
Operating grants and contributions	1,244,259	212,102	170,259	374,276
Capital grants and contributions	-	407,612	-	-
Net program expenses	<u>(8,315,925)</u>	<u>(4,717,161)</u>	<u>(1,667,474)</u>	<u>(4,993,191)</u>
<b>GENERAL REVENUES</b>				
Federal	\$ -	\$ -	\$ -	\$ 8,966
State and local sources	6,554,702	4,412,690	1,518,890	4,861,992
Grants and contributions not restricted to specific programs	1,848,083	191,170	-	24,380
Investment earnings	-	-	180	-
Miscellaneous	-	-	13,687	-
Total general revenues	<u>8,402,785</u>	<u>4,603,860</u>	<u>1,532,757</u>	<u>4,895,338</u>
Change in net position	86,860	(113,301)	(134,717)	(97,853)
Net Position - beginning	420,702	(129,627)	1,607,987	323,503
Net Position - ending	<u>\$ 507,562</u>	<u>\$ (242,928)</u>	<u>\$ 1,473,270</u>	<u>\$ 225,650</u>

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
Year Ending June 30, 2019**

	<b>Janie Howard Wilson Elementary</b>	<b>Lake Wales High School</b>	<b>Lakeland Montessori Schoolhouse</b>	<b>Lakeland Montessori Middle</b>
<b>EXPENSES</b>				
Instruction	\$ 2,076,817	\$ 7,284,152	\$ 652,986	\$ 178,694
Pupil personnel services	26,036	658,446	8,507	3,079
Instructional media	33,015	7,539	8,218	-
Instruction and curriculum development	215,742	203,178	-	-
Instructional staff training	6,039	154,403	-	1,630
Instruction related technology	44,130	16,123	-	-
Board	10,500	15,000	13,090	6,684
General administration	15,043	58,493	-	-
School administration	543,471	1,408,633	212,519	71,210
Facilities acquisition and construction	-	90,184	-	-
Fiscal services	-	-	-	-
Food services	-	-	-	-
Central services	-	-	15,749	7,538
Pupil transportation	188,597	845,486	186	186
Operation of plant	248,778	1,068,182	177,841	70,496
Maintenance of plant	342	38,300	-	-
Community services	-	494,834	-	-
Interest	-	-	46,213	-
Other operating expenses	-	6,835	-	-
Total expenses	<u>3,408,510</u>	<u>12,349,788</u>	<u>1,135,309</u>	<u>339,517</u>
<b>PROGRAM REVENUES</b>				
Charges for services	\$ -	\$ 217,822	\$ 514,688	\$ -
Operating grants and contributions	306,025	496,780	117,239	55,813
Capital grants and contributions	-	-	-	-
Net program expenses	<u>(3,102,485)</u>	<u>(11,635,186)</u>	<u>(503,382)</u>	<u>(283,704)</u>
<b>GENERAL REVENUES</b>				
Federal	\$ 25,635	\$ 19,466	\$ -	\$ -
State and local sources	3,098,913	10,809,262	801,736	385,033
Grants and contributions not restricted to specific programs	17,624	566,988	-	-
Investment earnings	-	-	557	182
Miscellaneous	-	-	1,553	-
Total general revenues	<u>3,142,172</u>	<u>11,395,716</u>	<u>803,846</u>	<u>385,215</u>
Change in net position	39,687	(239,470)	300,464	101,511
Net Position - beginning	219,914	(1,506,657)	1,569,817	429,449
Net Position - ending	<u>\$ 259,601</u>	<u>\$ (1,746,127)</u>	<u>\$ 1,870,281</u>	<u>\$ 530,960</u>

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
Year Ending June 30, 2019**

	<b>Language &amp; Literacy Academy for Learning</b>	<b>Magnolia Montessori</b>	<b>The Schools of McKeel Academy</b>	<b>New Beginnings High School</b>
<b>EXPENSES</b>				
Instruction	\$ 2,533,408	\$ 547,464	\$ 14,719,504	\$ 1,333,813
Pupil personnel services	-	10,951	622,431	807,056
Instructional media	-	-	144,131	-
Instruction and curriculum development	12,885	-	-	126,810
Instructional staff training	-	7,829	208,734	3,412
Instruction related technology	-	-	576,796	-
Board	2,035	7,135	14,480	12,840
General administration	60,922	-	66,741	80,759
School administration	-	166,057	1,928,070	1,802,239
Facilities acquisition and construction	147,632	-	-	77,779
Fiscal services	11,121	-	561,868	63,180
Food services	92,747	-	1,666,036	1,470
Central services	5,656	13,205	-	101,577
Pupil transportation	37,266	5,110	1,564,760	389,756
Operation of plant	145,080	170,021	2,967,571	1,343,915
Maintenance of plant	24,528	-	234,082	-
Community services	-	16,429	303,880	7,306
Interest	23,744	-	222,439	10,394
Other operating expenses	78,258	-	-	-
Total expenses	<u>3,175,282</u>	<u>944,201</u>	<u>25,801,523</u>	<u>6,162,306</u>
<b>PROGRAM REVENUES</b>				
Charges for services	\$ -	\$ 222,201	\$ 2,142,283	\$ -
Operating grants and contributions	89,918	68,693	1,046,038	266,091
Capital grants and contributions	-	-	-	482,517
Net program expenses	<u>(3,085,364)</u>	<u>(653,307)</u>	<u>(22,613,202)</u>	<u>(5,413,698)</u>
<b>GENERAL REVENUES</b>				
Federal	\$ -	\$ -	\$ -	\$ -
State and local sources	2,793,796	671,987	24,117,816	5,131,039
Grants and contributions not restricted to specific programs	-	-	189,635	76,930
Investment earnings	-	-	-	-
Miscellaneous	136,036	38,924	-	-
Total general revenues	<u>2,929,832</u>	<u>710,911</u>	<u>24,307,451</u>	<u>5,207,969</u>
Change in net position	(155,532)	57,604	1,694,249	(205,729)
Net Position - beginning	(8,483)	101,997	1,696,166	1,331,057
Net Position - ending	<u>\$ (164,015)</u>	<u>\$ 159,601</u>	<u>\$ 3,390,415</u>	<u>\$ 1,125,328</u>

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF POLK COUNTY**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
Year Ending June 30, 2019**

	<b>Victory Ridge Academy</b>	<b>Polk Avenue Elementary</b>	<b>Polk Pre-Collegiate Academy</b>	<b>Ridgeview Global Studies Academy</b>
<b>EXPENSES</b>				
Instruction	\$ 2,794,414	\$ 2,943,151	\$ 503,669	\$ 7,783,123
Pupil personnel services	2,023,365	45,874	22,736	378,513
Instructional media	-	84,749	-	147,415
Instruction and curriculum development	-	143,961	-	-
Instructional staff training	3,155	-	4,467	31,829
Instruction related technology	-	55,934	-	-
Board	22,795	10,500	9,315	22,523
General administration	79,353	19,069	-	35,459
School administration	728,697	505,327	130,234	875,980
Facilities acquisition and construction	67,586	1,555	7,475	334,023
Fiscal services	37,601	-	15,970	56,631
Food services	33,766	-	-	658,685
Central services	-	-	362	92
Pupil transportation	136,413	136,135	24,374	429,719
Operation of plant	714,707	241,690	180,735	746,961
Maintenance of plant	-	589	-	-
Community services	-	-	-	165,702
Interest	-	-	-	353,977
Other operating expenses	-	-	-	-
Total expenses	<u>6,641,852</u>	<u>4,188,534</u>	<u>899,337</u>	<u>12,020,632</u>
<b>PROGRAM REVENUES</b>				
Charges for services	\$ -	\$ 77,699	\$ -	\$ 224,358
Operating grants and contributions	381,071	345,721	24,990	837,421
Capital grants and contributions	186,149	-	58,171	194,621
Net program expenses	<u>(6,074,632)</u>	<u>(3,765,114)</u>	<u>(816,176)</u>	<u>(10,764,232)</u>
<b>GENERAL REVENUES</b>				
Federal	\$ -	\$ 7,509	\$ -	\$ -
State and local sources	5,620,905	3,755,082	784,222	9,197,918
Grants and contributions not restricted to specific programs	151,903	43,768	-	176,659
Investment earnings	-	-	-	-
Miscellaneous	-	-	83,712	-
Total general revenues	<u>5,772,808</u>	<u>3,806,359</u>	<u>867,934</u>	<u>9,374,577</u>
Change in net position	(301,824)	41,245	51,758	(1,389,655)
Net Position - beginning	(57,702)	(359,418)	65,490	182,719
Net Position - ending	<u>\$ (359,526)</u>	<u>\$ (318,173)</u>	<u>\$ 117,248</u>	<u>\$ (1,206,936)</u>

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF POLK COUNTY****COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
Year Ending June 30, 2019**

	<b>Polk Education Foundation</b>	<b>TOTALS Component Units</b>
<b>EXPENSES</b>		
Instruction	\$ -	\$ 69,534,408
Pupil personnel services	-	6,318,126
Instructional media	-	778,715
Instruction and curriculum development	-	1,171,407
Instructional staff training	-	799,534
Instruction related technology	-	856,460
Board	-	314,047
General administration	-	686,303
School administration	-	13,365,148
Facilities acquisition and construction	-	1,237,728
Fiscal services	-	1,015,632
Food services	-	3,895,316
Central services	-	371,532
Pupil transportation	-	6,544,108
Operation of plant	-	12,541,893
Maintenance of plant	-	359,802
Community services	-	1,127,031
Interest	-	1,975,116
Other operating expenses	2,217,267	2,302,360
Total expenses	<u>2,217,267</u>	<u>125,194,666</u>
<b>PROGRAM REVENUES</b>		
Charges for services	\$ -	\$ 4,530,550
Operating grants and contributions	-	7,321,051
Capital grants and contributions	-	1,653,698
Net program expenses	<u>(2,217,267)</u>	<u>(111,689,367)</u>
<b>GENERAL REVENUES</b>		
Federal	\$ -	\$ 103,176
State and local sources	-	104,257,937
Grants and contributions not restricted to specific programs	1,820,012	5,235,254
Investment earnings	288,588	289,507
Miscellaneous	84,904	947,462
Total general revenues	<u>2,193,504</u>	<u>110,833,336</u>
Change in net position	(23,763)	(856,031)
Net Position - beginning	8,712,396	15,779,344
Net Position - ending	<u>\$ 8,688,633</u>	<u>\$ 14,923,313</u>

See accompanying independent auditors' report.



**POLK COUNTY**  
**PUBLIC SCHOOLS**

STUDENTS FIRST

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# Statistical Section

(UNAUDITED)



**POLK COUNTY**  
**PUBLIC SCHOOLS**

STUDENTS FIRST



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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				
	2019	2018	2017	2016	2015
Government activities:					
Net investment in capital assets	\$ 669,794	\$ 849,717	\$ 822,501	\$ 797,167	\$ 765,624
Restricted	371,159	140,890	127,208	105,187	109,845
Unrestricted	(358,078)	(347,043)	(296,766)	(252,998)	(253,284)
Total governmental activities net position	<u>682,875</u>	<u>643,564</u>	<u>652,943</u>	<u>649,356</u>	<u>622,185</u>
Business-type activities:					
Unrestricted	<u>-</u>	<u>-</u>	<u>398</u>	<u>290</u>	<u>122</u>
Total primary government	<u>\$ 682,875</u>	<u>\$ 643,564</u>	<u>\$ 653,341</u>	<u>\$ 649,646</u>	<u>\$ 622,307</u>

Note: The District terminated business-type activities in December of 2017. 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				
2014	2013	2012	2011	2010
\$ 752,300	\$ 756,128	\$ 761,407	\$ 781,310	\$ 741,501
120,340	125,960	124,599	116,197	136,135
11,509	2,777	10,170	31,676	23,514
<u>884,149</u>	<u>884,865</u>	<u>896,176</u>	<u>929,183</u>	<u>901,150</u>
-	-	-	-	-
<u>\$ 884,149</u>	<u>\$ 884,865</u>	<u>\$ 896,176</u>	<u>\$ 929,183</u>	<u>\$ 901,150</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				
	2019	2018	2017	2016	2015
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>EXPENSES</b>					
Instructional services	\$ 643,843	\$ 631,644	\$ 593,877	\$ 554,005	\$ 536,529
Instructional support services	102,525	100,814	93,061	90,111	83,923
Student transportation services	34,350	36,464	30,558	31,946	33,256
Operation and maintenance of plant	82,113	73,057	70,149	66,475	66,575
School administration	48,737	47,568	45,929	42,959	39,702
General administration	64,201	52,499	58,518	50,970	53,496
Food services	59,938	57,653	56,311	52,535	49,440
Community services and other	3,651	3,321	2,598	2,335	2,821
Interest on long term debt	6,723	8,599	12,995	15,789	12,998
Unallocated fiscal charges on long-term debt and depreciation expense	516	547	1,075	241	642
Total primary government expenses	<u>1,046,597</u>	<u>1,012,166</u>	<u>965,071</u>	<u>907,366</u>	<u>879,382</u>
<b>PROGRAM REVENUES</b>					
Charges for services:					
Instructional services	2,965	2,774	2,552	3,662	2,807
Student transportation services	552	560	586	572	532
Food services	1,142	1,907	2,157	2,820	4,740
Operating grants and contributions	57,600	52,075	51,939	49,120	43,618
Capital grants and contributions	10,802	5,888	6,882	5,672	6,864
Total primary government program revenues	<u>73,061</u>	<u>63,204</u>	<u>64,116</u>	<u>61,846</u>	<u>58,561</u>
Total primary government net (expenses) revenues	<u>(973,536)</u>	<u>(948,962)</u>	<u>(900,955)</u>	<u>(845,520)</u>	<u>(820,821)</u>
<b>GENERAL REVENUES</b>					
Property taxes levied for operational purposes	175,403	170,105	162,002	162,423	155,374
Property taxes levied for capital projects	55,363	50,873	45,862	42,918	40,529
Local sales taxes	50,197	45,161	43,048	40,757	38,290
Unrestricted grants and contributions	686,695	663,408	630,276	607,096	598,347
Investment earnings	6,220	2,467	1,290	1,393	796
Miscellaneous	8,306	12,473	22,064	18,104	17,241
Impact Fees	30,663				
Total primary government general revenues	<u>1,012,847</u>	<u>944,487</u>	<u>904,542</u>	<u>872,691</u>	<u>850,577</u>
<b>CHANGE IN NET POSITION</b>					
Total governmental activities	<u>39,311</u>	<u>(4,475)</u>	<u>3,587</u>	<u>27,171</u>	<u>29,756</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>EXPENSES</b>	-	108	637	391	82
<b>PROGRAM REVENUES</b>					
Charges for services	-	234	744	560	203
<b>CHANGE IN NET POSITION</b>					
Total business-type activities	<u>-</u>	<u>126</u>	<u>107</u>	<u>169</u>	<u>121</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 39,311</u>	<u>\$ (4,349)</u>	<u>\$ 3,694</u>	<u>\$ 27,340</u>	<u>\$ 29,877</u>

Note: The District terminated business-type activities in 2017-2018 fiscal year that began in 2014-2015 fiscal year.  
Impact fees are included in miscellaneous earnings.

Source: District Records

Fiscal Year				
2014	2013	2012	2011	2010
\$ 531,412	\$ 514,670	\$ 501,427	\$ 538,107	\$ 523,680
84,267	82,988	83,720	91,279	85,524
35,115	34,588	36,358	36,143	34,430
66,916	65,724	92,047	78,757	83,849
39,775	40,108	40,310	43,096	42,785
43,475	32,606	33,190	34,456	36,651
48,350	44,617	43,949	45,588	45,300
2,836	2,857	3,194	3,327	3,045
16,288	19,050	19,908	19,776	22,488
578	246	186	189	533
<u>869,012</u>	<u>837,454</u>	<u>854,289</u>	<u>890,718</u>	<u>878,285</u>
2,227	2,145	2,346	1,888	1,908
509	516	470	505	463
6,427	6,990	7,304	8,649	9,599
38,673	35,599	34,978	35,862	33,547
3,388	3,392	3,372	11,212	12,107
<u>51,224</u>	<u>48,642</u>	<u>48,470</u>	<u>58,116</u>	<u>57,624</u>
<u>(817,788)</u>	<u>(788,812)</u>	<u>(805,819)</u>	<u>(832,602)</u>	<u>(820,661)</u>
155,565	147,333	158,902	173,763	195,839
38,597	36,886	38,651	41,306	48,373
43,260	34,082	32,341	30,459	29,510
572,735	544,989	524,209	600,709	551,962
775	1,220	696	2,904	4,207
9,880	14,255	18,013	11,494	13,406
<u>820,812</u>	<u>778,765</u>	<u>772,812</u>	<u>860,635</u>	<u>843,297</u>
3,024	(10,047)	(33,007)	28,033	22,636
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 3,024</u>	<u>\$ (10,047)</u>	<u>\$ (33,007)</u>	<u>\$ 28,033</u>	<u>\$ 22,636</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		
2019	\$ 50,197	\$ 25,530	\$ 402	51.7%	
2018	45,161	24,720	1,195	57.4%	
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%	

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		
2019	\$ 175,403	\$ 55,363	\$ 50,197	\$ 280,963
2018	170,105	50,873	45,161	266,139
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
2011	173,763	41,306	30,459	245,528
2010	195,839	48,373	29,510	273,722

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				
	2019	2018	2017	2016	2015
<b>General Fund</b>					
Nonspendable	\$ 13,301	\$ 9,972	\$ 9,354	\$ 9,148	\$ 10,382
Restricted	12,997	10,257	14,838	10,679	6,508
Assigned	452	442	336	1,588	1,177
Unassigned	29,443	33,527	36,153	42,409	44,984
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total general fund	<u>\$ 56,193</u>	<u>\$ 54,198</u>	<u>\$ 60,681</u>	<u>\$ 63,824</u>	<u>\$ 63,051</u>
<b>All Other Governmental Funds</b>					
Nonspendable, reported in:					
Special revenue funds	\$ 2,554	\$ 2,452	\$ 2,198	\$ 1,678	\$ 1,468
Restricted, reported in:					
Special revenue funds	7,285	5,770	6,474	6,421	5,930
Capital projects funds	325,310	101,045	86,328	71,583	83,680
Debt service funds	24,821	20,160	17,882	15,554	13,272
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 359,970</u>	<u>\$ 129,427</u>	<u>\$ 112,882</u>	<u>\$ 95,236</u>	<u>\$ 104,350</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				
2014	2013	2012	2011	2010
\$ 7,220	\$ 7,259	\$ 7,653	\$ 7,664	\$ -
5,901	9,632	12,580	8,237	-
691	582	2,850	10,449	-
45,981	42,479	52,230	53,049	-
-	-	-	-	11,857
-	-	-	-	56,961
<u>\$ 59,793</u>	<u>\$ 59,952</u>	<u>\$ 75,313</u>	<u>\$ 79,399</u>	<u>\$ 68,818</u>
\$ 1,237	\$ 1,175	\$ 1,270	\$ 1,332	\$ -
8,075	9,842	9,930	8,063	-
95,180	99,548	127,646	170,725	-
11,695	8,653	7,086	4,520	-
-	-	-	-	84,283
-	-	-	-	7,279
-	-	-	-	156,370
<u>\$ 116,187</u>	<u>\$ 119,218</u>	<u>\$ 145,932</u>	<u>\$ 184,640</u>	<u>\$ 247,932</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				
	2019	2018	2017	2016	2015
<b>REVENUES</b>					
Local sources:					
Ad valorem taxes	\$ 230,766	\$ 220,978	\$ 207,864	\$ 205,341	\$ 195,903
Local sales tax	50,197	45,161	43,048	40,757	38,290
Impact Fees	30,807	4,334	13,545	10,325	8,494
Food services	1,142	1,907	2,157	2,820	4,740
Interest income	5,115	2,133	1,043	928	540
Other	11,823	10,872	11,007	10,814	12,107
Total local sources	<u>329,850</u>	<u>285,385</u>	<u>278,664</u>	<u>270,985</u>	<u>260,074</u>
State sources:					
Florida education finance program	455,521	430,572	420,095	400,711	386,495
Public education capital outlay	3,377	2,163	3,271	2,162	1,881
Food services	737	752	720	676	631
Grants and other	143,470	131,127	131,369	129,445	130,037
Total state sources	<u>603,105</u>	<u>564,614</u>	<u>555,455</u>	<u>532,994</u>	<u>519,044</u>
Federal sources:					
Food services	56,863	51,324	51,219	48,444	42,959
Federal grants direct	17,266	18,634	16,840	15,025	15,825
Federal grants through state and local	77,863	86,799	65,583	65,426	70,973
Total federal sources	<u>151,992</u>	<u>156,757</u>	<u>133,642</u>	<u>128,895</u>	<u>129,757</u>
Total revenues	<u>1,084,947</u>	<u>1,006,756</u>	<u>967,761</u>	<u>932,874</u>	<u>908,875</u>
<b>EXPENDITURES</b>					
Current:					
Instructional services:	605,887	592,456	556,426	533,801	528,291
Instructional support services:					
Student personnel services	40,103	40,068	38,215	38,302	37,182
Instructional media services	8,275	8,873	8,077	8,050	8,338
Instruction and curriculum development services	13,719	13,229	12,461	13,259	13,765
Instructional staff training services	24,227	22,555	19,976	17,215	16,189
Instructional related technology	10,466	10,081	9,429	10,577	8,680
Total instructional support services	<u>96,790</u>	<u>94,806</u>	<u>88,158</u>	<u>87,403</u>	<u>84,154</u>
Student transportation services	<u>37,798</u>	<u>35,742</u>	<u>34,288</u>	<u>32,964</u>	<u>32,785</u>
Operation and maintenance of plant:					
Operation of plant	54,890	46,326	44,545	44,030	43,103
Maintenance of plant	22,849	23,680	21,987	20,233	21,652
Total operation and maintenance of plant	<u>77,739</u>	<u>70,006</u>	<u>66,532</u>	<u>64,263</u>	<u>64,755</u>
School administration	<u>45,797</u>	<u>44,462</u>	<u>42,984</u>	<u>41,258</u>	<u>39,124</u>
General administration:					
Central services	14,882	13,138	12,528	12,413	11,493
Board	1,815	1,909	2,324	2,018	1,904
General administration	5,668	6,161	5,792	5,315	4,790
Fiscal services	3,261	3,232	2,884	3,121	3,173
Administrative technology services	6,652	5,862	5,942	6,009	5,927
Total general administration	<u>32,278</u>	<u>30,302</u>	<u>29,470</u>	<u>28,876</u>	<u>27,287</u>
Non-capitalizable facilities acquisition and construction	12,211	7,373	8,990	11,174	11,261
Food services	56,849	54,239	53,220	50,985	49,471
Community services and other	3,430	3,125	2,449	2,255	2,742
Debt Service:					
Principal retirement	41,447	37,870	36,237	35,484	34,366
Interest	7,062	8,233	9,447	12,185	14,544
Fiscal charges	1,168	91	755	507	153
Capital outlay					
Facilities acquisitions & construction	20,587	11,097	15,763	35,377	18,239

						Fiscal Year					
2014		2013		2012		2011		2010			
\$	194,161	\$	184,219	\$	197,553	\$	215,069	\$	244,212		
	35,881		34,082		32,341		30,459		29,510		
	7,379		5,133		3,764		2,738		4,284		
	6,446		6,989		7,304		8,649		9,600		
	572		702		543		1,796		2,998		
	13,482		13,102		18,138		12,357		11,605		
	<u>257,921</u>		<u>244,227</u>		<u>259,643</u>		<u>271,068</u>		<u>302,209</u>		
	368,371		339,640		313,381		438,439		414,238		
	-		-		-		7,855		8,750		
	634		653		707		734		736		
	130,433		128,619		127,261		13,287		13,591		
	<u>499,438</u>		<u>468,912</u>		<u>441,349</u>		<u>460,315</u>		<u>437,315</u>		
	38,038		34,947		34,271		35,128		32,819		
	14,749		15,721		15,513		15,014		10,370		
	61,667		63,562		70,575		136,834		116,671		
	<u>114,454</u>		<u>114,230</u>		<u>120,359</u>		<u>186,976</u>		<u>159,860</u>		
	<u>871,813</u>		<u>827,369</u>		<u>821,351</u>		<u>918,359</u>		<u>899,384</u>		
	510,130		491,148		468,983		508,593		494,238		
	36,456		31,996		31,602		34,874		33,814		
	8,725		8,561		8,245		11,347		11,731		
	17,064		16,589		16,405		16,351		14,634		
	9,455		11,718		13,002		18,582		14,424		
	9,085		10,098		8,980		5,202		6,157		
	<u>80,785</u>		<u>78,962</u>		<u>78,234</u>		<u>86,356</u>		<u>80,760</u>		
	<u>33,999</u>		<u>33,601</u>		<u>33,051</u>		<u>34,683</u>		<u>33,736</u>		
	42,344		44,262		43,936		48,873		49,965		
	21,666		18,817		16,501		20,844		22,604		
	<u>64,010</u>		<u>63,079</u>		<u>60,437</u>		<u>69,717</u>		<u>72,569</u>		
	<u>38,215</u>		<u>38,366</u>		<u>37,670</u>		<u>40,648</u>		<u>40,253</u>		
	10,885		10,909		10,505		15,771		12,209		
	1,975		2,039		2,372		2,398		2,469		
	4,844		6,065		5,379		6,689		7,140		
	3,169		2,995		3,017		3,267		2,945		
	5,489		5,081		5,054		4,833		4,778		
	<u>26,362</u>		<u>27,089</u>		<u>26,327</u>		<u>32,958</u>		<u>29,541</u>		
	10,757		8,630		11,525		8,183		7,505		
	46,674		42,792		40,630		43,121		42,764		
	2,694		2,700		3,017		3,147		2,609		
	32,775		31,408		30,077		28,749		27,340		
	16,941		18,139		18,998		19,743		21,806		
	75		872		1,210		1,210		3,110		
	7,743		26,277		43,073		92,108		66,320		

**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				
	2019	2018	2017	2016	2015
Other capital outlay	11,725	8,561	10,402	7,401	11,554
Total expenditures	1,050,768	998,363	955,121	943,933	918,726
Excess (deficiency) of revenues over (under) expenditures	34,179	8,393	12,640	(11,059)	(9,851)
<b>OTHER FINANCING SOURCES (USES):</b>					
Long term bonds issued	160,025	-	-	-	-
Premium on sale of bonds	34,182	-	-	-	-
Discount on sale of bonds	-	-	-	-	-
Refunding bonds issued	2,752	-	26,891	118,935	46,179
Premium on sale of refunding bonds	435	-	85	-	200
Loans incurred	-	-	-	-	-
Refunded loan payments	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	(26,229)	(118,528)	(47,061)
Proceeds from capital leases	-	-	-	-	1,133
Insurance loss recoveries	-	601	-	1,199	7
Transfers in	96,635	85,342	81,080	77,260	87,407
Transfers out	(95,669)	(84,275)	(79,964)	(76,148)	(86,593)
Total other financing sources and uses	198,360	1,668	1,863	2,718	1,272
Net change in fund balances	\$ 232,539	\$ 10,061	\$ 14,503	\$ (8,341)	\$ (8,579)
Debt service as a percentage of non-capital expenditures	4.88%	4.71%	4.92%	5.29%	5.50%

Source: District Records

Fiscal Year				
2014	2013	2012	2011	2010
5,835	6,577	12,673	18,089	16,736
876,995	869,640	865,905	987,305	939,287
(5,182)	(42,271)	(44,554)	(68,946)	(39,903)
-	-	-	21,223	24,763
140	-	48	55	177
-	-	-	-	(71)
900	81,255	440	44,485	141,550
-	-	-	-	-
-	-	-	-	-
(268)	(81,255)	(487)	(43,636)	(139,130)
-	-	-	-	-
19	7	183	11	13
94,287	81,788	82,405	77,136	80,792
(93,086)	(80,334)	(80,830)	(75,514)	(79,378)
1,992	1,461	1,759	23,760	28,716
<u>\$ (3,190)</u>	<u>\$ (40,810)</u>	<u>\$ (42,795)</u>	<u>\$ (45,186)</u>	<u>\$ (11,187)</u>
5.76%	5.92%	6.06%	5.53%	5.74%

**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
2019	\$ 31,491,549	\$ 5,224,663	\$ 2,885,916	\$ 2,174,082	\$ 3,885,577	\$ 7,241,148	\$ 14,727,845
2018	28,148,924	4,932,713	2,659,652	2,033,639	3,785,351	6,743,583	13,233,779
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

(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 of Estimated Taxable Value</u>
\$ 38,175,090	6.2510	\$ 53,020,095	72.00%
35,070,083	6.5140	48,404,657	72.45%
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%

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

	Fiscal Year				
	2019	2018	2017	2016	2015
District School Board:					
Required Local Effort	3.9980	4.2660	4.5490	4.9010	4.9600
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
<b>Total District School Board</b>	<b>6.2460</b>	<b>6.5140</b>	<b>6.7970</b>	<b>7.1490</b>	<b>7.2080</b>
Other County-Wide:					
Board of County Commissioners	7.1565	6.7815	6.7815	6.7815	6.8665
<b>Total County-Wide</b>	<b>13.4025</b>	<b>13.2955</b>	<b>13.5785</b>	<b>13.9305</b>	<b>14.0745</b>
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	0.5619	0.5619	0.4219
Municipalities:					
Auburndale	4.2515	4.2657	4.2657	4.2657	4.2657
Bartow	3.5378	3.6541	3.8044	3.8387	3.9075
Davenport	7.5000	7.5000	7.5000	7.5000	7.5000
Eagle Lake	7.6516	7.6516	7.6516	7.6516	7.6516
Fort Meade	6.8704	6.8704	6.2458	5.6484	5.6484
Frostproof	7.3045	7.4978	7.7716	8.0587	8.0587
Haines City	7.5895	7.5895	7.5895	7.7900	7.7900
Lake Alfred	7.2390	7.2390	7.2390	7.4890	7.5890
Lake Wales	7.0438	7.0438	7.3273	7.3638	8.3638
Lakeland	5.4644	5.5644	5.5644	5.5644	4.6644
Mulberry	6.4400	6.5900	6.7900	7.2900	7.6500
Polk City	7.2500	7.4877	8.0000	8.2500	8.6000
Winter Haven	6.7900	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				
2014	2013	2012	2011	2010
5.2990	5.2440	5.4220	5.2940	5.0880
0.7480	0.7480	0.7480	0.7480	0.7480
0.0000	0.0000	0.0000	0.2500	0.2500
0.0000	0.0000	0.0000	0.0000	0.0000
1.5000	1.5000	1.5000	1.5000	1.5000
7.5470	7.4920	7.6700	7.7920	7.5860
6.8665	6.8665	6.8665	6.8665	6.8665
14.4135	14.3585	14.5365	14.6585	14.4525
0.2109	0.2109	0.2109	0.2109	0.2109
0.4219	0.4219	0.4219	0.4219	0.4219
4.2657	4.2657	3.8393	3.8393	3.8393
3.9960	3.9962	3.9962	3.9962	3.9962
7.7500	7.7500	6.9900	6.0000	5.9792
7.6516	7.6516	7.6516	7.6516	7.6516
5.6484	5.6484	3.3509	3.3509	3.3509
8.0587	7.8209	7.8209	7.8209	7.8209
7.7900	7.9900	6.9900	6.9900	6.9900
7.5890	7.5890	6.9990	6.5800	6.5800
8.5866	8.5119	7.9998	7.3277	7.3277
4.6644	4.6644	4.1644	4.1644	3.6538
8.4000	8.9000	8.9000	8.9000	8.0500
8.6547	8.6547	8.6547	8.6547	7.8000
5.7900	5.7900	5.7900	5.7900	5.7900

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

<b>Fiscal Year</b>							
		<b>2019</b>			<b>2010</b>		
Taxpayer	Rank	Taxable Value	Percentage of Total Assessed Value	Rank	Taxable Value	Percentage of Total Assessed Value	
Duke Energy/Progress Energy	1	\$ 1,186,191	2.41%			0.00%	
Tampa Electric	2	888,115	1.80%	3	450,382	1.49%	
Mosaic/Streamsong/Stillwater	3	729,986	1.48%	2	486,452	1.61%	
Publix Super Markets	4	445,251	0.90%	4	285,225	0.94%	
Walmart	5	397,177	0.81%	8	104,526	0.34%	
Invitation Homes	6	220,494	0.45%			0.00%	
Coca Cola	7	195,013	0.40%	6	170,553	0.56%	
Florida Southeast Connection	8	180,560	0.37%			0.00%	
Frontier/Verizon	9	137,907	0.28%			0.00%	
Amazon	10	124,786	0.25%			0.00%	
Bright House Networks				9	100,135	0.33%	
Lowe's				10	73,110	0.24%	
Duke Energy/Florida Power				1	559,595	1.85%	
Osprey Energy Center				5	171,908	0.57%	
Gulfstream Natural Gas				7	162,322	0.54%	
Total		<u>\$ 4,505,480</u>	<u>9.15%</u>		<u>\$ 2,564,208</u>	<u>8.46%</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
2019	\$ 237,554,259	\$ 228,164,079	96.05%	\$ 2,601,537	\$ 230,765,616	97.14%
2018	228,438,645	219,061,681	95.90%	1,916,099	220,977,780	96.73%
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%

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

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)						Percentage of Personal Income (B)	Per Capita (B)
	Sales Tax Revenue Bonds	State Board of Education Bonds	Capital Leases	Certificates Of Participation	Notes Payable	Total Primary Government		
2019	\$ 192,363	\$ 4,252	\$ -	\$ 174,741	\$ -	\$ 371,356	N/A	N/A
2018	26,429	5,164	-	186,972	-	218,565	N/A	325
2017	52,049	5,974	281	199,047	-	257,351	1.14%	382
2016	76,888	7,254	568	207,595	-	292,305	1.32%	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

(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.

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Source District Records

**SCHOOL DISTRICT OF POLK COUNTY  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2019  
TABLE 12  
(unaudited)**

<u>Jurisdiction</u>	<b>General Obligation Bonded Debt Outstanding</b>	<b>Direct Debt</b>		<b>Direct and Overlapping Debt</b>	
		<b>Percentage Applicable to This Governmental Unit</b>	<b>Amount Applicable to This Governmental Unit</b>	<b>Percentage Applicable to Polk County</b>	<b>Amount Applicable to Polk County</b>
Polk County Board of County Commissioners	\$ 132,599,928	100%	\$ 132,599,928	100%	\$ 132,599,928
Polk County District School Board	-	100%	371,356,318	100%	-
<b>Totals</b>	<u>\$ 132,599,928</u>		<u>\$ 503,956,246</u>		<u>\$ 132,599,928</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.

Sources: 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>
2019	\$ 35,175,090	\$ 17,218,320	0.5153
2018	35,070,083	17,401,051	0.5223
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

(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.

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Source: Florida Department of Revenue and District Records

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

<b>Fiscal Year</b>	<b>Population (A)</b>	<b>Personal Income (1) (C)</b>	<b>Per Capita Personal Income (A)</b>	<b>Unemployment Rate (B)</b>
2018	673,028	N/A	N/A	3.5%
2017	661,645	\$ 22,636,860	\$ 34,213	4.6%
2016	646,989	22,126,377	34,199	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%

(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: 2019 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					
	2018			2009		
	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
Polk County School Board	13,238	1	4.40%	14,000	1	5.14%
Publix Super Markets	11,721	2	3.90%	9,500	2	3.49%
Lakeland Regional Medical Center	5,605	3	1.86%	4,600	5	1.69%
Wal-Mart	5,100	4	1.70%	5,100	3	1.87%
Polk County Government	4,484	5	1.49%	4,700	4	1.72%
City of Lakeland	2,300	6	0.76%	2,500	9	0.92%
GEICO Insurance	2,222	7	0.74%	2,000	10	0.73%
Winter Haven Hospital	2,079	8	0.69%	2,500	8	0.92%
Watson Clinic	1,851	9	0.62%			
Southeastern University	1,557	10	0.52%			
Mosiac Fertilizer				4,000	7	1.47%
State of Florida	-			4,300	6	1.58%
	<u>50,157</u>		<u>16.68%</u>	<u>53,200</u>		<u>19.53%</u>

Note: 2019 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 2018





**POLK COUNTY**  
**PUBLIC SCHOOLS**

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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				
	2019	2018	2017	2016	2015
<b>Schools</b>					
<b>Elementary</b>					
Locations	65	66	66	66	66
Square feet	6,069,905	6,293,636	6,515,678	6,102,843	6,108,489
Capacity	385,816	51,419	53,928	50,714	50,686
Enrollment	40,622	40,226	41,975	40,540	40,379
<b>Middle</b>					
Locations	20	20	20	20	20
Square feet	2,804,098	2,825,675	2,800,879	2,654,893	2,653,573
Capacity	24,179	22,578	21,803	24,321	22,894
Enrollment	17,123	17,867	16,084	16,409	16,659
<b>Senior High</b>					
Locations	14	15	15	15	16
Square feet	4,351,929	4,344,534	4,297,686	4,302,843	4,285,656
Capacity	34,771	33,106	32,237	33,846	34,150
Enrollment	25,798	25,923	25,523	25,537	25,014
<b>Other (A)</b>					
Locations	13	12	12	11	11
Square feet	1,268,049	1,067,481	1,143,280	988,116	987,396
Capacity	7,912	6,445	7,385	6,212	6,184
Enrollment	6,642	4,637	5,694	4,302	4,339
<b>Conversion Charter (B)</b>					
Locations	9	9	9	9	9
Square feet	1,165,534	1,163,225	1,160,446	1,160,446	1,162,582
Capacity	8,883	8,483	8,360	8,685	8,439
Enrollment	7,942	7,749	7,982	7,744	7,351
<b>Administrative / Support Services</b>					
Locations	13	15	16	17	17
Square feet	1,268,049	571,682	591,512	593,317	593,333
<b>Total Enrollment in District Facilities</b>	98,127	96,402	97,258	94,532	93,742

(A) Includes ESE, alternative education, and elementary-middle fine arts.

(B) 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>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
67	67	67	67	67
6,273,582	6,264,516	6,281,975	6,311,927	6,307,785
51,616	51,126	51,507	51,853	53,259
38,619	40,168	40,167	40,337	40,159
19	19	19	19	19
2,607,658	2,630,298	2,641,924	2,639,634	2,581,660
22,997	23,480	23,884	21,071	20,510
15,635	15,655	16,006	15,338	15,113
15	16	16	16	16
4,295,866	4,306,621	4,323,615	4,394,670	4,319,245
34,223	34,461	34,432	34,863	32,088
24,086	21,912	22,312	22,117	22,301
10	10	10	10	10
914,943	914,042	921,463	771,564	778,035
5,861	5,851	5,893	5,575	4,936
4,045	4,204	3,976	3,980	4,151
9	9	9	9	9
1,162,538	1,163,607	1,167,797	1,167,797	1,160,449
8,439	8,405	8,318	8,184	8,237
7,153	7,138	6,904	6,758	6,653
18	17	17	17	17
664,623	557,797	569,433	570,691	569,721
89,538	89,077	89,365	88,530	88,377

**SCHOOL DISTRICT OF POLK COUNTY  
 TEACHER BASE SALARIES  
 LAST TEN FISCAL YEARS  
 TABLE 17  
 (unaudited)**

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>Average Salary</u>
2019	\$ 40,972	\$ 64,072	\$ 47,857
2018	41,272	62,872	48,199
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

Note: Includes only 10 Month Teachers  
 Performance Pay Schedule

Source: District Records



**POLK COUNTY**  
**PUBLIC SCHOOLS**

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**SCHOOL DISTRICT OF POLK COUNTY  
FOOD SERVICE OPERATING DATA  
LAST TEN YEARS  
TABLE 18  
(unaudited)**

	Fiscal Year				
	2019	2018	2017	2016	2015
<b>Days Meals Served:</b>	180	174	178	180	180
<b>Student Lunches Served:</b>					
Paid Lunches (regular)	-	440,716	522,762	633,470	1,148,306
Reduced Lunches (regular)	-	29,460	47,065	106,093	306,398
Free Lunches (regular)	11,666,364	10,608,564	10,740,732	10,421,805	9,198,230
<b>Total Student Lunches Served</b>	11,666,364	11,078,740	11,310,559	11,161,368	10,652,934
Daily Average Student Lunches Served	64,813	63,671	63,542	62,008	59,183
<b>Student Breakfasts Served:</b>					
Paid Breakfasts (regular)	-	113,894	150,768	139,378	173,192
Reduced Breakfasts (regular)	-	8,377	12,374	25,546	71,598
Free Breakfasts (regular)	5,853,353	5,285,375	5,446,493	5,306,261	4,645,245
<b>Total Student Breakfasts Served</b>	5,853,353	5,407,646	5,609,635	5,471,185	4,890,035
Daily Average Student Breakfasts Served	32,519	31,078	31,515	30,395	27,167
<b>LUNCH PRICES:</b>					
Elementary	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Middle	\$2.30	\$2.30	\$2.30	\$2.30	\$2.30
High	\$2.60	\$2.60	\$2.60	\$2.60	\$2.60
<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	-	3.4%	4.0%	4.6%	8.5%
Reduced	-	0.2%	0.4%	0.8%	2.4%
Free	100.0%	96.4%	95.7%	94.6%	89.1%

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Source: District Records

Fiscal Year				
2014	2013	2012	2011	2010
180	179	180	180	180
1,297,759	1,439,256	1,631,888	2,113,892	2,279,097
478,147	755,136	756,400	817,978	1,110,348
8,125,512	7,525,884	7,736,169	7,953,136	7,554,767
9,901,418	9,720,276	10,124,457	10,885,006	10,944,212
55,008	54,303	56,247	60,472	60,801
250,749	232,618	250,740	314,675	311,451
121,221	210,856	206,980	229,219	299,563
3,880,971	3,538,062	3,539,847	3,751,738	3,361,212
4,252,941	3,981,536	3,997,567	4,295,632	3,972,226
23,627	22,243	22,209	23,865	22,068
\$2.00	\$1.80	\$1.70	\$1.70	\$1.70
\$2.30	\$2.10	\$2.00	\$2.00	\$2.00
\$2.30	\$2.10	\$2.00	\$2.00	\$2.00
\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
10.9%	12.2%	13.3%	16.0%	17.4%
4.2%	7.1%	6.8%	6.9%	9.5%
84.8%	80.7%	79.8%	77.2%	73.3%

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# Compliance Section



**POLK COUNTY**  
**PUBLIC SCHOOLS**

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

YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Cluster/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 -				
Florida Department of Agriculture and Consumer Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	14002	\$ 12,526,175	\$ -
National School Lunch Program	10.555	14001, 14003	43,581,488	-
Summer Food Service Program for Children	10.559	14006, 14007	623,009	-
<b>Total Child Nutrition Cluster</b>			<u>56,730,672</u>	<u>-</u>
Child Food Care Program	10.558	14001	132,794	-
Equipment Assistance	10.579	N/A	97,575	-
<b>Total United States Department of Agriculture</b>			<u>56,961,041</u>	<u>-</u>
<b>United States Department of Defense:</b>				
Direct -				
Army Junior Reserve Officers Training Corps	12.U01	N/A	963,152	-
Marine Corps Junior Reserve Officers Training Corps	12.U02	N/A	63,631	-
Air Force Junior Reserve Officers Training Corps	12.U03	N/A	135,423	-
Navy Junior Reserve Officers Training Corps	12.U04	N/A	86,657	-
<b>Total United States Department of Defense:</b>			<u>1,248,863</u>	<u>-</u>
<b>United States Department of Labor:</b>				
Indirect -				
Florida Department of Education:				
National Farmworker Jobs Program	17.264	405	393,558	-
<b>Total United States Department of Labor</b>			<u>393,558</u>	<u>-</u>
<b>United States Department of Education:</b>				
Direct -				
Student Financial Assistance Cluster:				
Federal Pell Grant Program	84.063	N/A	2,737,925	-
<b>Total Student Financial Assistance Cluster</b>			<u>2,737,925</u>	<u>-</u>
Magnet Schools Assistance	84.165	N/A	3,315,086	-
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	772,543	-
State Fiscal Stabilization Fund - Investing in Innovation Fund, Recovery Act	84.411A	N/A	234,310	-
<b>Total Direct</b>			<u>7,059,864</u>	<u>-</u>

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

YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Cluster/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures	Amount Provided to Subrecipients
<b>United States Department of Education (continued):</b>				
Indirect -				
Florida Department of Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027	262, 263	22,607,037	1,252,905
Special Education - Preschool Grants	84.173	266, 267	462,298	-
<b>Total Special Education Cluster</b>			<u>23,069,335</u>	<u>1,252,905</u>
Adult Education - Basic Grants to States	84.002	191, 193	1,095,540	-
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	33,745,165	735,995
Migrant Education - State Grants Program	84.011	217	985,480	-
Career and Technical Education - Basic Grants to States	84.048	161	1,292,663	-
Title IV Student Support and Academic Enrichment	84.186A	N/A	1,647,744	-
Education for Homeless Children and Youth	84.196	127	128,823	-
Charter Schools	84.282	298	-	899
Twenty First Century Community Learning Centers	84.287	244	387,598	-
Special Education - State Personnel Development	84.323	361	11,156	-
English Language Acquisition State Grants	84.365	102,104	1,626,080	-
Improving Teacher Quality State Grants	84.367	224	3,970,436	-
School Improvement Cohort 4	84.377A	N/A	1,190,369	-
Student Support and Academic Enrichment	84.424A	N/A	401,860	-
Hurricane Relief Act - Immediate Aid to Restart School Operations	84.938B	N/A	81,853	-
<b>Total Indirect</b>			<u>69,634,102</u>	<u>1,989,799</u>
<b>Total United States Department of Education</b>			<u>76,693,966</u>	<u>1,989,799</u>
<b>United States Department of Health and Human Services:</b>				
Direct -				
Head Start	93.600	N/A	7,868,340	-
Substance Abuse and Mental Health Services -				
Projects of Regional and National Significance	93.243	N/A	258,539	-
Assistance Program for Chronic Disease Production and Control	93.945	N/A	973	-
<b>Total United States Department of Health and Human Services</b>			<u>8,127,852</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 143,425,280</u>	<u>\$ 1,989,799</u>

The accompanying notes are an integral part of this schedule.

- Notes:
- (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Polk County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2019. The information in this Schedule is presented in accordance with 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
  - (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
  - (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
  - (4) Noncash Assistance - National School Lunch Program. Includes \$3,812,733 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
  - (5) Head Start. Expenditures include \$3,816,328 for program year 2018, and \$4,052,011 for program year 2019.

**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 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 30, 2020. Our report includes a 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.

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

Orlando, Florida  
January 30, 2020

**Report of Independent Auditor on Compliance for the  
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 the 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 the District's major federal program for the year ended June 30, 2019. The District's major federal program is 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 the District's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on the 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 its major federal program for the year ended June 30, 2019.

**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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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  
January 30, 2020

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

YEAR ENDED JUNE 30, 2019

**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
U.S. Department of Education Title I Grants to Local Education Agencies	84.010

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, 2019*

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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, 2019*

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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 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, 2019, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 30, 2020. 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 January 30, 2020, 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, the results of our tests did not indicate that the District met 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 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. We have identified a certain matter in Appendix A to this letter that is relevant to financial management. We did not audit the District's response to this matter, which is also provided in Appendix A to this letter, and, accordingly, we express no opinion on it.

### **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.

*Cherry Bekaert LLP*

Orlando, Florida  
January 30, 2020

**SCHOOL DISTRICT OF POLK COUNTY, FLORIDA**  
**APPENDIX A – MANAGEMENT LETTER COMMENT**

YEAR ENDED JUNE 30, 2019

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***Budgetary Control***

*Statement of Condition 2019-001:* The food service fund, State Board of Education Bonds fund, other debt service fund, and ARRA debt service fund all had total expenditures exceeding budget by \$187,605, \$409,730, \$1,530,845, and \$496, respectively, at the time of the audit.

*Criteria:* Section 1011.06, Florida Statutes requires that district school boards approve expenditures that exceed budget by amending the budget at the next scheduled public meeting.

*Cause of Condition:* Expenditure overages were not identified by management and budget amendments to address the overages were not made in a timely manner.

*Effect of Condition:* Expenditures exceeded the budget and the budget was not amended in a timely manner in accordance with Section 1011.06, Florida Statutes.

*Recommendation:* We recommend that District implement a procedure to review actual expenditures in relation to the budget on a regular basis and to take budget amendments to the Board for any expenditure overages in a timely manner.

*Management Response:* The District will implement procedures to review actual expenditures to budget on a quarterly basis at a fund level. This procedure will also be included in the year end checklist to insure budget to actual amounts are in compliance with Florida Statutes 1011.06. The District will have this reconciliation completed no later than August 15th of each year to ensure that a final amendment is brought to the board and approved in a timely manner.

**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, 2019. 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, 2019.

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  
January 30, 2020