

School Board of Polk County, Florida



POLK COUNTY
PUBLIC SCHOOLS
STUDENTS FIRST

Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2018



Jacqueline M. Byrd,
Superintendent



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

of

The School District of
Polk County, Florida

For the

Fiscal Year Ended June 30, 2018



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
David Denbow, Director, Accounting

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



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

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Introductory Section



POLK COUNTY
PUBLIC SCHOOLS

STUDENTS FIRST



BOARD MEMBERS

December 17, 2018

Lynn Wilson
Board Chair
District 6

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

Billy Townsend
District 1

The Comprehensive Annual Financial Report ("CAFR") of the School District of Polk County, Florida (the "District") for fiscal year ended June 30, 2018 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.

Lori Cunningham
District 2

Hazel Sellers
District 3

Sara Beth Reynolds
District 4

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.

Kay Fields
District 5

Tim Harris
District 7

C. Wesley Bridges, II
General Counsel

ADMINISTRATION

Jacqueline M. Byrd
Superintendent

The Florida Auditor General has audited the District's financial statements. The objective of the independent audit is to provide reasonable assurance that the financial statements of the District for fiscal year ended June 30, 2018, 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, 2018, are fairly presented in conformity with GAAP. The report of the independent auditor is presented as the first component of the financial section of this report.

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

STUDENTS FIRST

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 2018, the District operated 115 traditional schools, including 66 elementary, five elementary/middle, four elementary/middle/secondary, twenty middle, four middle/secondary, and sixteen 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 27 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 (7th) largest school district in Florida and is the twenty-eighth (28th) largest school district in the United States with approximately 101,593 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 -9% wholesale trade to 2.0% in retail trade.

Professional/business services, mining/logging, and construction, increases of 6.5%, 9.3% respectively, while education/health services experienced decreases of 2.8%. The County's available labor force was approximately 298,313 for August 2018, 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 4.3% as of August 2018. The labor force increased by approximately 6,586 from July 2017 to July 2018, 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 \$158,250 in July 2017, to \$173,000 in June 2018. This represents a 8.5% increase. As reported by the 2018-19 Florida Education Finance Program Second Calculation, the 2018 tax roll increased from \$35.1 billion to \$38 billion, a 7.7% increase from last year's value. Although the increase is an encouraging economic sign, the \$35.1 billion is still slightly less than the peak value in 2007 of \$35.6 billion.

Inflation has increased from 1.7% in July 2017 to 2.9% in June 2018, as reported by the Bureau of Labor Statistics.

The Florida Consumer Sentiment Index (formerly the Consumer Confidence Index), which measures consumer perceptions about current economic conditions, increased from 97.7 in July 2017 to 100.6 in July 2018, 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 2017-2018 fiscal year is 4.57% 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 2017 is estimated by the BEBR to be at 661,645, a growth rate of 9.9% 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 2018, student enrollment was 101,593. For the upcoming fiscal year, enrollment is projected to increase by approximately 3,147 students, or 3.1%, 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:

NEW SCHOOLS SCHEDULE				
SCHOOL	OPEN/AVAIL	CONST START	DESIGN START	PROP ACQ
Elementary (SW Lakeland)	TBD	TBD	TBD	Completed
Elementary (SE Winter Haven)	TBD	TBD	TBD	TBD
Elementary (Mulberry)	TBD	TBD	TBD	Completed
Elementary (Poinciana)	TBD	TBD	TBD	Completed
High School (DSOA)	TBD	TBD	TBD	Completed
Middle School (SW Lakeland)	TBD	TBD	TBD	Completed
High School (Davenport)	TBD	TBD	TBD	TBD
Citrus Ridge	2017/18			Completed

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 2018, there were 27 charter schools operating within the district (of which nine were conversion charter schools) reflecting approximately 14,311 students. For a site to become a charter school, a sponsor, which in the case of Polk County is the District, must approve an application submitted by the charter school. In addition, for an existing District school to convert to charter status, at least 50% of the teachers and parents must support such conversion. The State funds each charter school based on the number of students it serves. The State money first goes to the District, which disburses the funds to each charter school.

Health costs in the District's plan remain challenging for 2018. A second clinic was opened during the 2015-2016 fiscal year in south Lakeland. Net position decreased by \$9.78 million as of June 30, 2018.

Effective January 1, 2019, the Board's premium contribution remained at \$654 per month.

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

Goal 1

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

Goal 2

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

Goal 3

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

Goal 4

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

Goal 5

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


Awards and Acknowledgements


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, 2017. This is the seventh 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, 2018**

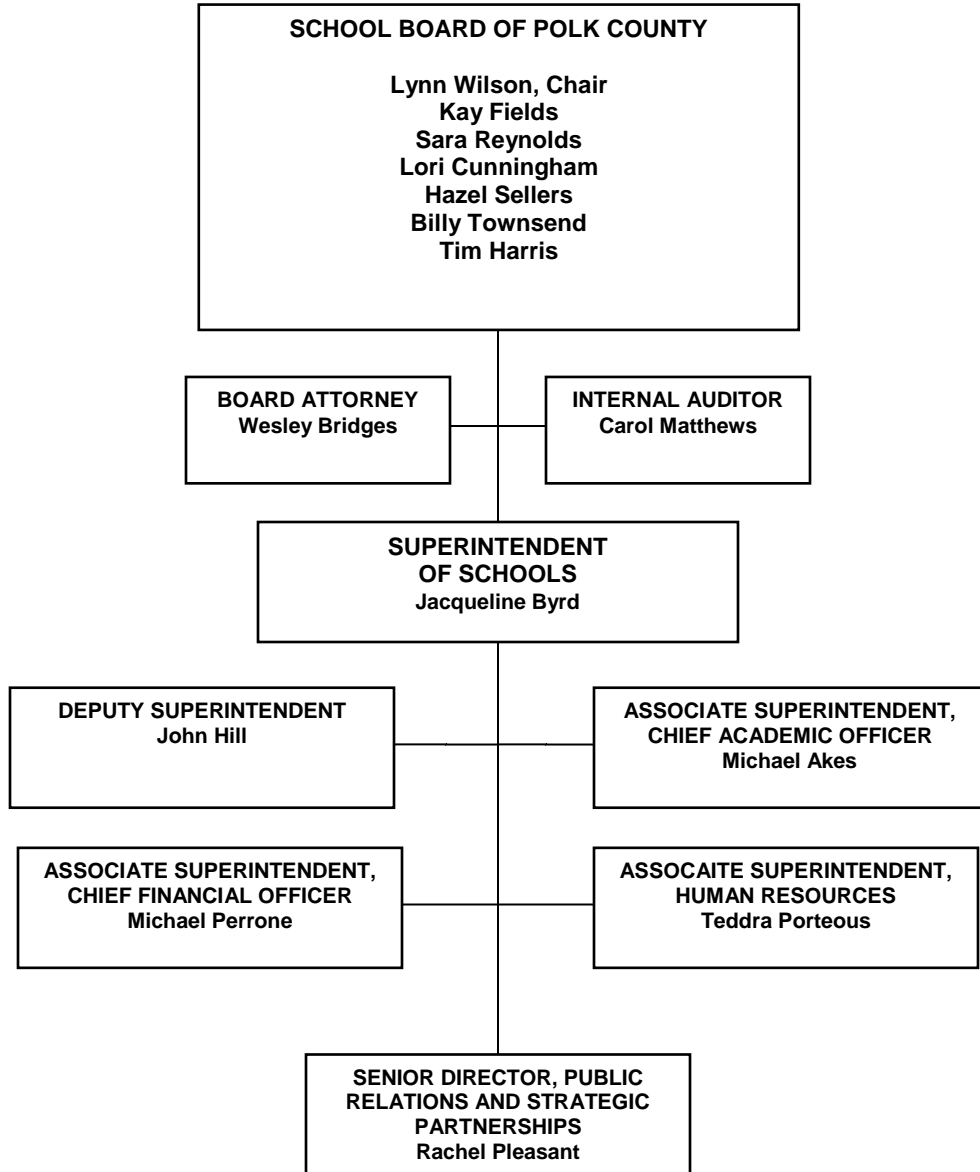
Mr. Lynn Wilson, Chair Member from District 6 Present term began Present term expires Began as a Board member	November, 2014 November, 2018 November, 2014
Mr. Billy Townsend Member from District 1 Present term began Present term expires Began as a Board member	November, 2016 November, 2020 November,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

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA

**Other Principal Officials - Appointed
As of July 1, 2018**

<u>Name</u>	<u>Title</u>
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, 2018





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, 2017

Christopher P. Morrill

Executive Director/CEO



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PUBLIC SCHOOLS

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Financial Section



POLK COUNTY
PUBLIC SCHOOLS

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Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722
Fax: (850) 488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Polk County District School Board, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in 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 financial statements of the school internal funds, which represent 8 percent of the assets and 18 percent 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 percent of the transactions and account balances of the aggregate discretely presented component units' columns. Those 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 school internal funds and the aggregate 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and

perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Polk County District School Board, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General and major special revenue funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1.O. to the financial statements, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is a change in accounting principle that addresses accounting and financial reporting for other postemployment benefits. This affects the comparability of amounts reported for the 2017-18 fiscal year with amounts reported for the 2016-17 fiscal year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of Changes in the District's Total OPEB Liability and Related Ratios**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to the Required Supplementary Information**, as listed 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 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.

Supplementary and 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 combining and individual fund statements and schedules and the introductory and statistical sections, 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. Also, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the accompanying **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 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 accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, are fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is to describe the scope of

our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 14, 2018
Audit Report No. 2019-082

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

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, 2018.

Financial Highlights

- Beginning net position decreased by \$0.1 million from \$652.9 million to \$652.8 million. The adjustment was the result of the state bond refunding bond premium from June 30, 2017.
- Beginning net position decreased by \$4.8 million from \$652.8 million to \$648.0 million. The adjustment was the result of the District adopting the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 75.
- Ending net position for Business Type activities decreased by \$0.4 million. Effective December 2017, the District no longer serves as fiscal agent to Florida School Retiree Benefits Consortium. The assets and liabilities were forwarded to Duval County District School Board.
- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$643.6 million (*net position*).
- The District's total net position decreased by \$9.8 million due to expenditures exceeding revenues, and the noted adjustments.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$183.6 million, an increase of \$10.1 million compared to the prior fiscal year. Approximately 18.5 percent of this total amount, \$34.0 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 \$34.0 million, or 4.3 percent of total general fund expenditures.
- The District's total long-term liabilities, net of premiums and discounts, decreased by (\$25.5 million) (3.1 percent) during the current fiscal year. The key factor in this change was the payout of bonds and COPs exceeded the increase in pension liabilities.
- The District's total capital assets, net of accumulated depreciation, remained virtually unchanged at \$1.1 billion. This is a result of depreciation offsetting current year asset acquisitions.

Overview of the Financial Statements

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

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

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

Government-wide Financial Statements

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

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

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

Fund Financial Statements

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

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

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

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

Fiduciary (Agency) 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.

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

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 \$643.6 million at the close of the most recent fiscal year.

District's Net Position
Governmental and Business-Type Activities
As of June 30, 2018 and June 30, 2017
(in thousands of dollars)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 293,448	\$ 280,765	\$ -	\$ 448	\$ 293,448	\$ 281,213
Capital assets	1,054,611	1,078,708	-	-	1,054,611	1,078,708
Total assets	1,348,059	1,359,473	-	448	1,348,059	1,359,921
Deferred outflows of resources	206,346	182,619	-	-	206,346	182,619
Total assets and deferred outflows	<u>\$ 1,554,405</u>	<u>\$ 1,542,092</u>	<u>\$ -</u>	<u>\$ 448</u>	<u>\$ 1,554,405</u>	<u>\$ 1,542,540</u>
Long-term liabilities outstanding	\$ 788,427	\$ 809,038	\$ -	\$ -	\$ 788,427	\$ 809,038
Other Liabilities	73,515	61,053	-	50	73,515	61,103
Total Liabilities	861,942	870,091	-	50	861,942	870,141
Deferred inflows of resources	48,898	19,059	-	-	48,898	19,059
Total liabilities and deferred inflows	<u>\$ 910,840</u>	<u>\$ 889,150</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 910,840</u>	<u>\$ 889,200</u>
Net position:						
Net Investment in capital assets	\$ 849,717	\$ 822,501	\$ -	\$ -	\$ 849,717	\$ 822,501
Restricted	140,890	127,208	-	-	140,890	127,208
Unrestricted	(347,042)	(296,767)	-	398	(347,042)	(296,369)
Total net position	<u>\$ 643,565</u>	<u>\$ 652,942</u>	<u>\$ -</u>	<u>\$ 398</u>	<u>\$ 643,565</u>	<u>\$ 653,340</u>

By far, the largest of the District's net position (132 percent) reflects its \$849.7 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, \$140.9 million (21.9 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*, (\$347.0 million) is negative due to \$302.5 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 increased by \$27.2 million and restricted net position increased by \$13.7 million. These changes are primarily related to

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

changes in capital outlay. Unrestricted net position decreased by \$50.3 million, primarily due to an increase in pension-related obligations and Internal Service operations.

Total net position decreased (\$9.7 million) compared to the prior fiscal year-end, driven by the following:

- Operational property taxes, which were included in general revenues, increased by \$8.1 million (5.0 percent) during the fiscal year, while property taxes for capital improvements and debt service, which were also included in general revenues, increased by \$5.0 million (10.9 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 \$33.1 million (5.3 percent) during the fiscal year. This increase was driven by an increase in the State portion of the FEFP.
- Discretionary sales tax revenue and impact fees, which were included in general revenues, increased \$2.1 million (4.9 percent) during the year, which reflects the continued turnaround in the state and local economy.
- Program revenues through operating and capital grants decreased by (\$0.9 million) (1.5 percent), which reflects a decrease in Public Education Capital Outlay (PECO) funding.
- Increases in expenses totaling \$46.6 million (4.8 percent) were primarily a result of increases in instructional services.

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

District's Changes in Net Position
Governmental and Business-Type Activities
As of June 30, 2017 and June 30, 2018
(in thousands of dollars)

	Governmental		Business-Type		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 5,241	\$ 5,295	\$ 234	\$ 744	\$ 5,475	\$ 6,039
Operating grants and contributions	52,075	51,939	-	-	52,075	51,939
Capital grants and contributions	5,888	6,882	-	-	5,888	6,882
General Revenues:						
Property taxes-operational	170,105	162,002	-	-	170,105	162,002
Property taxes-capital	50,873	45,862	-	-	50,873	45,862
Local sales tax	45,161	43,048	-	-	45,161	43,048
Grants and contributions not restricted to specific programs	663,408	630,276	-	-	663,408	630,276
Other	14,940	23,354	-	-	14,940	23,354
Total revenues	<u>1,007,691</u>	<u>968,658</u>	<u>234</u>	<u>744</u>	<u>1,007,925</u>	<u>969,402</u>
Expenses and special item:						
Instruction	631,644	593,878	-	-	631,644	593,878
Pupil personnel services	42,921	40,892	-	-	42,921	40,892
Instructional media services	9,493	8,635	-	-	9,493	8,635
Instruction and curriculum development services	14,101	13,272	-	-	14,101	13,272
Instructional staff training services	24,077	21,308	-	-	24,077	21,308
Instructional related technology	10,222	8,954	-	-	10,222	8,954
School Board	2,025	2,463	-	-	2,025	2,463
General administration	6,952	6,287	-	-	6,952	6,287
School administration	47,568	45,929	-	-	47,568	45,929
Facilities acquisition and construction	16,397	20,792	-	-	16,397	20,792
Fiscal services	3,423	3,051	-	-	3,423	3,051
Food services	57,653	56,311	-	-	57,653	56,311
Central services	17,732	20,148	-	-	17,732	20,148
Pupil transportation	36,464	30,558	-	-	36,464	30,558
Operation of plant	48,888	47,353	-	-	48,888	47,353
Maintenance of plant	24,169	22,796	-	-	24,169	22,796
Administrative technology services	5,970	5,777	-	-	5,970	5,777
Community services	3,321	2,598	-	-	3,321	2,598
Unallocated interest on long-term debt	8,599	12,995	-	-	8,599	12,995
Unallocated fiscal charges on long-term debt	39	550	-	-	39	550
Unallocated depreciation expense	508	525	-	-	508	525
Florida School Retiree Benefits Consortium	-	-	108	636	108	636
Special item: Consortium net position sent to Duval County District School Board	-	-	524	-	524	-
Total expenses and special item	<u>1,012,166</u>	<u>965,072</u>	<u>632</u>	<u>636</u>	<u>1,012,798</u>	<u>965,708</u>
Change in net position	(4,475)	3,586	(398)	108	(4,873)	3,694
Net position - beginning	652,942	649,356	398	290	653,340	649,646
Adjustment to Beginning Net Position (1 and 2)	(4,902)	-	-	-	(4,902)	-
Net Position, Beginning, Restated	<u>648,040</u>	<u>649,356</u>	<u>398</u>	<u>290</u>	<u>648,438</u>	<u>649,646</u>
Net position - ending	<u>\$ 643,565</u>	<u>\$652,942</u>	<u>\$ -</u>	<u>\$ 398</u>	<u>\$ 643,565</u>	<u>\$653,340</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, 2018

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 \$183.6 million, an increase of \$10.1 million when compared to the prior fiscal year. Approximately 6.8 percent (\$12.4 million) of the ending fund balance represents inventories and prepaid items that are nonspendable. Approximately 74.7 percent (\$137.2 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 0.2 percent (\$0.4 million) of the ending fund balance and reflect amounts that are set aside for school operations. The remaining 18.3 percent (\$33.5 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 \$54.2 million. Of this, about 61.9 percent (\$33.5 million) was unassigned. The remaining 38.1 percent (\$20.7 million) of the overall fund balance in the General Fund was nonspendable, restricted, or assigned. As a measure of the General Fund's liquidity, it may be useful to compare its unassigned fund balance and its total fund balance to total General Fund expenditures. These figures were 4.2 percent and 6.9 percent, respectively.

The fund balance of the District's General Fund decreased by \$6.5 million during the current fiscal year. Key factors affecting fund balance include the following:

- Total revenues of the General Fund increased by \$21.5 million. The largest contributor consisted of \$10.5 million increase in State source revenues, known as the Florida Education Finance Program.
- Expenditures in the General Fund increased by \$28.7 million – primarily a result of increased instructional services.
- Although expenditures exceeded revenues by \$45.9 million, this was partially offset by \$39.6 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 \$73.3 million. Due to revenue exceeding expenditures, the fund balance of the Other Capital Projects Fund increased by \$12.5 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, 2018

General Fund Budgetary Highlights

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

- \$12.5 million increase in revenue projections due to other local revenue being higher than expected.
- \$43.6 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 \$20.0 million. However, due to the following actual results, actual fund balance decreased by \$6.5 million:

- Revenues were \$2.9 million less than budgetary estimates, which was primarily due to less than expected state source revenues.
- Expenditures were \$44.3 million less than budgetary estimates, primarily due to the lapsing of appropriated expenditures.
- Other financing sources were less than budgetary estimates by \$27.9 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, 2018, amounted to \$1.1 billion. This investment in capital assets, net of accumulated depreciation, consists of 96.7 percent real property, such as land, building and fixed equipment, improvements other than buildings, and construction in progress. The remainder, which reflected 3.3 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 additional classrooms at an elementary school as well as remodeling of a high school. As a result of new projects, commitments remaining at fiscal year-end on existing construction contracts totaled \$19.9 million.

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

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

	<u>2018</u>	<u>2017</u>
Land	\$ 99,998	\$ 99,388
Construction in progress	3,124	17,461
Improvements other than buildings	17,067	17,339
Buildings and fixed equipment	899,778	909,486
Furniture, fixtures, and equipment	12,595	12,402
Motor vehicles	20,269	22,276
Audio visual materials and computer software	1,780	356
Total	<u>\$1,054,611</u>	<u>\$1,078,708</u>

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 \$31.6 million. This included \$4.9 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, \$26.7 million of sales tax bonds secured by a local option half cent sales tax. Additionally, the District had \$187.0 million in certificates of participation in which the annually appropriated lease payments on the part of the District are the pledged revenue stream. The decrease in long-term debt is primarily attributable to the reduction of sales tax revenue bonds and certificates of participation.

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

	<u>2018</u>	<u>2017</u>
Sales tax revenue bonds	\$ 26,679	\$ 52,467
Certificates of participation	186,972	199,047
State school bonds	4,915	5,641
Derivative instruments	9,100	13,237
Swap - upfront payments	2,285	2,559
Capital lease	-	286
Compensated absences	39,480	37,948
Est. liability for claims	20,580	21,613
Net pension liability	451,828	433,352
OPEB liability	46,513	47,791
Total	<u>\$ 788,352</u>	<u>\$ 813,941</u>

THE SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

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 \$41.1 million, which provides a debt service margin of \$21.9 million when compared to the District's \$19.2 million debt service on the certificates of participation during the 2018-19 fiscal year.

Sales tax proceeds that can be applied towards sales tax bonds are estimated to be \$42 million, which provides a debt service margin of \$16.1 million when compared to the District's \$25.9 million debt service on sales tax bonds during the 2018-19 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 4.4 percent, which is a decrease from the 4.9 percent reported for calendar year 2017.
- The District's regional consumer price index increased 2.9 percent from June 2017 to June 2018.
- The State's consumer confidence index for June 2018 increased to 98.3.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS



POLK COUNTY
PUBLIC SCHOOLS

STUDENTS FIRST

THE SCHOOL DISTRICT OF POLK COUNTY

**STATEMENT OF NET POSITION
JUNE 30, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash	\$ 55,251,751	\$ -	\$ 55,251,751	\$ 18,985,671
Investments	199,094,685	-	199,094,685	5,664,823
Accounts and interest receivable	2,311,329	-	2,311,329	9,202,104
Due from other governmental agencies	24,366,733	-	24,366,733	3,325,997
Inventories	9,865,571	-	9,865,571	-
Prepaid items	2,558,121	-	2,558,121	227,811
Other assets	-	-	-	11,861,349
Capital Assets (net of accumulated depreciation):				
Land	99,997,633	-	99,997,633	4,253,305
Land improvements	-	-	-	392,351
Construction in progress	3,123,449	-	3,123,449	6,672,947
Improvements other than buildings	17,067,055	-	17,067,055	1,054,892
Buildings and fixed equipment	899,777,872	-	899,777,872	26,656,844
Furniture, fixtures and equipment	12,594,894	-	12,594,894	2,877,795
Motor vehicles	20,269,444	-	20,269,444	3,473,800
Audio visual materials and computer software	1,780,125	-	1,780,125	-
Total assets	1,348,058,662	-	1,348,058,662	94,649,689
Deferred outflows of resources:				
Unamortized loss on debt refunding	15,260,448	-	15,260,448	-
Pensions	187,090,068	-	187,090,068	23,057,887
Other Postemployment Benefits	3,995,770	-	3,995,770	-
Total assets and deferred outflows of resources	\$ 1,554,404,948	\$ -	\$ 1,554,404,948	\$ 117,707,576
LIABILITIES				
Accounts payable	\$ 25,685,046	\$ -	\$ 25,685,046	\$ 4,344,053
Construction and retainage payable	1,513,244	-	1,513,244	-
Salaries and wages payable	25,068,574	-	25,068,574	2,302,874
Payroll deductions and withholdings	3,296,438	-	3,296,438	-
Accrued interest payable	1,283,725	-	1,283,725	-
Due to other governmental agencies	16,422,928	-	16,422,928	1,001,165
Sales tax payable	2,272	-	2,272	-
Unearned revenue	242,447	-	242,447	260,868
Other liabilities	962	-	962	262,014
Noncurrent liabilities:				
Due within one year	51,163,407	-	51,163,407	2,451,751
Due in more than one year	737,263,676	-	737,263,676	85,524,786
Total liabilities	861,942,719	-	861,942,719	96,147,511
Deferred inflows of resources:				
Accumulated increase in fair value of hedging derivatives	9,555,019	-	9,555,019	-
Pension	37,734,194	-	37,734,194	5,772,238
Other Postemployment Benefits	1,608,359	-	1,608,359	-
Total liabilities and deferred inflows of resources	910,840,291	-	910,840,291	101,919,749
NET POSITION				
Net Investment in capital assets	849,716,987	-	849,716,987	13,923,465
Restricted for:				
State required carryover programs	10,126,605	-	10,126,605	-
Debt service	20,159,761	-	20,159,761	-
Capital Projects	102,381,477	-	102,381,477	-
Food service	8,135,842	-	8,135,842	-
Endowment - nonexpendable	-	-	-	1,701,921
Other purposes	86,503	-	86,503	3,599,677
Unrestricted	(347,042,518)	-	(347,042,518)	(3,437,236)
Total net position	\$ 643,564,657	\$ -	\$ 643,564,657	\$ 15,787,827

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, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
Instructional services	\$ 631,644,502	\$ 2,774,223	\$ -	\$ -
Instructional support services	100,813,989	-	-	-
Student transportation services	36,463,686	560,032	-	-
Operation and maintenance of plant	73,056,563	-	-	4,925,937
School administration	47,568,397	-	-	-
General administration	52,500,065	-	-	-
Food services	57,653,446	1,907,002	52,075,619	-
Community services and other	3,320,864	-	-	-
Unallocated interest on long-term debt	8,598,626	-	-	962,126
Unallocated depreciation expense *	546,832	-	-	-
Total governmental activities	<u>1,012,166,970</u>	<u>5,241,257</u>	<u>52,075,619</u>	<u>5,888,063</u>
Business-type activities:				
Florida School Retiree Benefits Consortium	107,759	234,545	-	-
Total primary government	<u>\$ 1,012,274,729</u>	<u>\$ 5,475,802</u>	<u>\$ 52,075,619</u>	<u>\$ 5,888,063</u>
Component units:				
Polk Education Foundation and Charter Schools	<u>\$ 110,298,928</u>	<u>\$ 3,796,514</u>	<u>\$ 7,430,725</u>	<u>\$ 429,868</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
 Special Item:
 Consortium net position sent to Duval County District School Board
 Total general revenues and Special Item
 Change in net position
 Net position - beginning
 Adjustments to beginning net position
 Net position - beginning - restated
 Net position - ending

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

The accompany notes are an integral part of these statements.

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

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (628,870,279)	\$ -	\$ (628,870,279)	\$ -
(100,813,989)	-	(100,813,989)	-
(35,903,654)	-	(35,903,654)	-
(68,130,626)	-	(68,130,626)	-
(47,568,397)	-	(47,568,397)	-
(52,500,065)	-	(52,500,065)	-
(3,670,825)	-	(3,670,825)	-
(3,320,864)	-	(3,320,864)	-
(7,636,500)	-	(7,636,500)	-
(546,832)	-	(546,832)	-
<u>(948,962,031)</u>	<u>-</u>	<u>(948,962,031)</u>	<u>-</u>
-	126,786	126,786	-
<u>(948,962,031)</u>	<u>126,786</u>	<u>(948,835,245)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,641,821)</u>
170,104,995	-	170,104,995	-
50,872,785	-	50,872,785	-
45,160,658	-	45,160,658	-
663,407,758	-	663,407,758	100,229,319
2,466,721	-	2,466,721	136,632
8,139,228	-	8,139,228	1,290,890
4,333,906	-	4,333,906	-
-	(524,302)	(524,302)	-
<u>944,486,051</u>	<u>(524,302)</u>	<u>943,961,749</u>	<u>101,656,841</u>
(4,475,980)	(397,516)	(4,873,496)	3,015,020
652,943,042	397,516	653,340,558	12,772,807
<u>(4,902,405)</u>	<u>-</u>	<u>(4,902,405)</u>	<u>-</u>
648,040,637	397,516	648,438,153	12,772,807
<u>\$ 643,564,657</u>	<u>\$ -</u>	<u>\$ 643,564,657</u>	<u>\$ 15,787,827</u>

THE SCHOOL DISTRICT OF POLK COUNTY

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General	Other Federal Programs	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 4,868,793	\$ -	\$ 29,469,525	\$ 15,198,633	\$ 49,536,951
Investments	71,721,458	-	37,236,696	38,357,497	147,315,651
Accounts and interest receivable	1,630,880	73,329	1,544	62,089	1,767,842
Due from other governmental agencies	1,737,162	10,275,351	8,196,538	4,157,682	24,366,733
Due from other funds	12,064,178	17,771	-	-	12,081,949
Inventories	7,468,221	-	-	2,397,350	9,865,571
Prepaid Items	2,503,894	54,228	-	-	2,558,122
Total assets	<u>\$ 101,994,586</u>	<u>\$ 10,420,679</u>	<u>\$ 74,904,303</u>	<u>\$ 60,173,251</u>	<u>\$ 247,492,819</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,124,022	\$ 761,309	\$ 215,343	\$ 180,640	\$ 4,281,314
Construction contracts and retainage payable	153,044	-	1,360,200	-	1,513,244
Salaries and wages payable	25,040,694	18,590	-	9,290	25,068,574
Payroll deductions and withholdings	3,296,212	216	-	10	3,296,438
Due to other funds	-	9,402,710	1,544	2,659,924	12,064,178
Due to other governmental agencies	16,181,134	151,351	-	90,443	16,422,928
Sales tax payable	1,804	-	-	468	2,272
Unearned revenue	-	-	-	242,447	242,447
Matured interest payable	-	-	-	976,804	976,804
Total liabilities	<u>47,796,910</u>	<u>10,334,176</u>	<u>1,577,087</u>	<u>4,160,026</u>	<u>63,868,199</u>
Fund balances					
Nonspendable:					
Inventories	7,468,221	-	-	2,397,350	9,865,571
Prepaid amounts	2,503,894	54,228	-	-	2,558,122
Restricted:					
State required carryover programs	7,619,070	-	-	-	7,619,070
Special revenues	-	32,275	-	-	32,275
Food service	-	-	-	5,738,492	5,738,492
Debt service	-	-	-	20,159,761	20,159,761
Capital projects	130,317	-	73,327,216	27,717,622	101,175,155
Other	2,507,535	-	-	-	2,507,535
Assigned:					
Other	441,689	-	-	-	441,689
Unassigned					
Total fund balances	<u>54,197,676</u>	<u>86,503</u>	<u>73,327,216</u>	<u>56,013,225</u>	<u>183,624,620</u>
Total liabilities and fund balances	<u>\$ 101,994,586</u>	<u>\$ 10,420,679</u>	<u>\$ 74,904,303</u>	<u>\$ 60,173,251</u>	<u>\$ 247,492,819</u>

The accompanying notes are an integral part of these statements.

THE SCHOOL DISTRICT OF POLK COUNTY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total Fund Balances - Governmental Funds			\$ 183,624,620
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.			1,054,610,472
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	\$ 187,090,068	
	Deferred inflows related to pensions	<u>(37,734,194)</u>	149,355,874
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	\$ 15,260,448	
	Deferred inflows related to derivatives	<u>(9,555,019)</u>	5,705,429
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	\$ 3,995,770	
	Deferred inflows related to OPEB	<u>(1,608,359)</u>	2,387,411
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.			16,034,845
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.			(767,847,071)
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>(306,923)</u>
Total Net Position - Governmental Activities			\$ 643,564,657

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, 2018**

	General	Other Federal Programs	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Local sources:					
Ad valorem taxes	\$ 170,104,995	\$ -	\$ -	\$ 50,872,785	\$ 220,977,780
Local sales tax	-	-	45,160,658	-	45,160,658
Impact fees	-	-	4,333,906	-	4,333,906
Food services	-	-	-	1,907,002	1,907,002
Other	12,045,808	25,477	353,660	580,416	13,005,361
Total local sources	<u>182,150,803</u>	<u>25,477</u>	<u>49,848,224</u>	<u>53,360,203</u>	<u>285,384,707</u>
State sources:					
Florida education finance program	430,572,004	-	-	-	430,572,004
Categorical programs	116,946,155	-	-	-	116,946,155
Workforce development	7,929,801	-	-	-	7,929,801
Food services	-	-	-	751,857	751,857
Charter school capital outlay	-	-	978,014	-	978,014
Other	1,547,731	-	-	5,888,062	7,435,793
Total state sources	<u>556,995,691</u>	<u>-</u>	<u>978,014</u>	<u>6,639,919</u>	<u>564,613,624</u>
Federal sources:					
Federal grants direct	1,015,839	16,553,954	-	1,064,570	18,634,363
Federal grants through state and local	3,324,076	75,258,746	-	-	78,582,822
Food services	-	-	-	51,323,762	51,323,762
Other	-	-	-	8,216,868	8,216,868
Total federal sources	<u>4,339,915</u>	<u>91,812,700</u>	<u>-</u>	<u>60,605,200</u>	<u>156,757,815</u>
Total revenues	<u>743,486,409</u>	<u>91,838,177</u>	<u>50,826,238</u>	<u>120,605,322</u>	<u>1,006,756,146</u>
EXPENDITURES					
Current:					
Instruction	539,344,564	45,776,466	-	7,336,598	592,457,628
Student personnel services	33,803,242	6,221,980	-	42,427	40,067,649
Instructional media services	7,423,899	1,441,971	-	7,539	8,873,409
Instruction and curriculum development services	4,518,325	8,585,911	-	124,719	13,228,955
Instructional staff training services	2,097,953	20,018,970	-	438,161	22,555,084
Instructional related technology	10,080,915	124	-	-	10,081,039
Board	1,908,515	-	-	-	1,908,515
General administration	3,043,151	3,113,456	-	3,896	6,160,503
School administration	44,424,626	888	-	36,034	44,461,548
Non capitalizable facilities acquisition and construction	7,369,506	3,116	-	-	7,372,622
Fiscal services	3,115,597	116,478	-	-	3,232,075
Food services	-	60,176	-	54,178,808	54,238,984
Central services	11,089,365	2,047,196	-	943	13,137,504
Student transportation services	35,482,433	249,726	-	9,660	35,741,819
Operation of plant	46,194,764	98,103	-	33,525	46,326,392
Maintenance of plant	23,507,049	45,350	-	127,279	23,679,678
Administrative technology services	5,862,485	-	-	-	5,862,485
Community services and other	478,826	2,646,551	-	-	3,125,377
Debt service:	-	-	-	-	-
Principal retirement	-	-	-	37,870,222	37,870,222
Interest	-	-	-	8,232,675	8,232,675
Dues, fees and other	-	-	-	90,535	90,535
Capital outlay:					
Facilities acquisition and construction	2,948,621	52,740	7,733,975	361,832	11,097,168
Other capital outlay	6,725,607	1,348,696	-	486,969	8,561,272
Total expenditures	<u>789,419,443</u>	<u>91,827,898</u>	<u>7,733,975</u>	<u>109,381,822</u>	<u>998,363,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(45,933,034)</u>	<u>10,279</u>	<u>43,092,263</u>	<u>11,223,500</u>	<u>8,393,008</u>
OTHER FINANCING SOURCES (USES):					
Loss Recoveries	601,205	-	-	-	601,205
Transfers in	39,005,344	-	-	46,336,665	85,342,009
Transfers out	(157,442)	-	(30,575,242)	(53,542,528)	(84,275,212)
Total other financing sources and uses	<u>39,449,107</u>	<u>-</u>	<u>(30,575,242)</u>	<u>(7,205,863)</u>	<u>1,668,002</u>
Net change in fund balances	(6,483,927)	10,279	12,517,021	4,017,637	10,061,010
Fund balances - beginning	60,681,603	76,224	60,810,195	51,995,588	173,563,610
Fund balances - ending	<u>\$ 54,197,676</u>	<u>\$ 86,503</u>	<u>\$ 73,327,216</u>	<u>\$ 56,013,225</u>	<u>\$ 183,624,620</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, 2018**

Net Change in Fund Balances - Total Governmental Funds	\$ 10,061,010
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 (\$44,000,479) is greater than capitalized expenditures of (\$19,941,656) during the current period.	(24,058,823)
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.	(38,549)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments in the current fiscal year.	37,870,223
Premiums and discounts on debt issued are reported in the governmental funds in the year debt is issued, but are deferred and amortized over the life of the debt in the statement of activities. This is the amount of amortization during the current period.	929,637
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.	274,345
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.	205,053
Net pension liability	(21,516,821)
Net carrying amount of debt-refunding	(1,684,452)
Other postemployment healthcare benefits	3,665,150
Compensated absences	(1,531,906)
Some expenses reported in the statement of activities do not require the use of current financial resources.	433,180
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.	<u>(9,084,027)</u>
Change in Net Position of Governmental Activities	<u>\$ (4,475,980)</u>

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, 2018**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local sources:				
Ad valorem taxes	\$ 161,757,566	\$ 168,498,926	\$ 170,104,995	\$ 1,606,069
Other	7,651,693	8,863,255	12,045,808	3,182,553
Total local sources	169,409,259	177,362,181	182,150,803	4,788,622
State sources:				
Florida education finance program	435,341,938	438,963,709	430,572,004	(8,391,705)
Categorical programs	116,623,382	117,471,530	116,946,155	(525,375)
Workforce development	7,766,957	7,893,686	7,929,801	36,115
Other	1,200,000	1,200,000	1,547,731	347,731
Total state sources	560,932,277	565,528,925	556,995,691	(8,533,234)
Federal sources:				
Federal direct	1,130,000	1,130,000	1,015,839	(114,161)
Federal through state and local	2,400,000	2,400,000	3,324,076	924,076
Total federal sources	3,530,000	3,530,000	4,339,915	809,915
Total revenues	733,871,536	746,421,106	743,486,409	(2,934,697)
EXPENDITURES				
Current:				
Instruction	543,603,940	560,186,225	539,344,564	20,841,661
Student Personnel Services	28,838,997	28,919,410	33,803,242	(4,883,832)
Instructional Media Services	7,303,021	7,363,775	7,423,899	(60,124)
Instruction and Curriculum Development Services	4,055,682	4,293,378	4,518,325	(224,947)
Instruction Staff Training Services	858,787	1,610,515	2,097,953	(487,438)
Instruction Related Technology	8,445,291	10,796,506	10,080,915	715,591
Board	2,180,670	2,890,503	1,908,515	981,988
General Administration	3,474,628	3,489,886	3,043,151	446,735
School Administration	45,390,030	45,651,569	44,424,626	1,226,943
Non Capitalizable Facilities Acquisition and Construction	8,316,340	21,014,036	7,369,506	13,644,530
Fiscal Services	3,067,215	3,297,573	3,115,597	181,976
Central Services	10,908,349	11,655,545	11,089,365	566,180
Student Transportation	32,675,217	34,263,555	35,482,433	(1,218,878)
Operation of Plant	44,901,150	46,245,062	46,194,764	50,298
Maintenance of Plant	23,517,089	25,434,207	23,507,049	1,927,158
Administrative Technology Services	5,757,356	6,895,582	5,862,485	1,033,097
Community Services	33,762	532,629	478,826	53,803
Capital Outlay:				
Facilities acquisition and construction	3,015,788	5,592,388	2,948,621	2,643,767
Other capital outlay	13,750,424	13,609,930	6,725,607	6,884,323
Total expenditures	790,093,736	833,742,274	789,419,443	44,322,831

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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures	<u>(56,222,200)</u>	<u>(87,321,168)</u>	<u>(45,933,034)</u>	<u>41,388,134</u>
OTHER FINANCING SOURCES (USES)				
Loss Recoveries	-	-	601,205	601,205
Transfers in	43,109,041	67,525,794	39,005,344	(28,520,450)
Transfers out	-	<u>(157,442)</u>	<u>(157,442)</u>	-
Total other financing sources and uses	<u>43,109,041</u>	<u>67,368,352</u>	<u>39,449,107</u>	<u>(27,919,245)</u>
Net change in fund balances	(13,113,159)	(19,952,816)	(6,483,927)	13,468,889
Fund balances - beginning	<u>60,681,603</u>	<u>60,681,603</u>	<u>60,681,603</u>	-
Fund balances - ending	<u>\$ 47,568,444</u>	<u>\$ 40,728,787</u>	<u>\$ 54,197,676</u>	<u>\$ 13,468,889</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources:				
Other	\$ (526)	\$ (526)	\$ 25,477	\$ 26,003
Total local sources	(526)	(526)	25,477	26,003
State sources:				
Other	95,052	95,052	-	(95,052)
Total state sources	95,052	95,052	-	(95,052)
Federal sources:				
Federal direct	11,825,728	25,130,784	16,553,954	(8,576,830)
Federal through state and local	103,216,063	114,201,371	75,258,746	(38,942,625)
Total federal sources	115,041,791	139,332,155	91,812,700	(47,519,455)
 Total revenues	 115,136,317	 139,426,681	 91,838,177	 (47,588,504)
EXPENDITURES				
Current:				
Instruction	50,409,444	72,208,698	45,776,466	26,432,232
Student Personnel Services	7,302,499	9,532,192	6,221,980	3,310,212
Instructional Media Services	747,097	1,700,988	1,441,971	259,017
Instruction and Curriculum Development Services	11,808,430	12,638,633	8,585,911	4,052,722
Instruction Staff Training Services	28,797,210	28,846,208	20,018,970	8,827,238
Instruction Related Technology	-	281	124	157
General Administration	4,626,160	5,317,790	3,113,456	2,204,334
School Administration	75	1,003	888	115
Non Capitalizable Facilities Acquisition and Construction	-	3,116	3,116	-
Fiscal Services	72,919	227,697	116,478	111,219
Food Service	26,383	91,556	60,176	31,380
Central Services	977,360	3,035,628	2,047,196	988,432
Student Transportation	7,725,409	595,231	249,726	345,505
Operation of Plant	88,400	148,157	98,103	50,054
Maintenance of Plant	20,157	196,758	45,350	151,408
Administrative Technology Services	-	16,675	-	16,675
Community Services	2,279,873	2,662,166	2,646,551	15,615
Capital Outlay:				
Facilities acquisition and construction	4,538	69,813	52,740	17,073
Other capital outlay	250,363	2,134,091	1,348,696	785,395
 Total expenditures	 115,136,317	 139,426,681	 91,827,898	 47,598,783
 Excess (deficiency) of revenues over (under) expenditures	 -	 -	 10,279	 10,279
 Net change in fund balances	 -	 -	 10,279	 10,279
 Fund balances - beginning	 76,224	 76,224	 76,224	 -
 Fund balances - ending	 \$ 76,224	 \$ 76,224	 \$ 86,503	 \$ 10,279

The accompanying notes are an integral part of these statements.

THE SCHOOL DISTRICT OF POLK COUNTY

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2018

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 5,714,800
Investments	-	51,779,034
Accounts receivable	-	525,716
Total current assets	-	58,019,550
Noncurrent Assets:		
Capital assets, net of accumulated depreciation	-	2,095,559
Total assets	\$ -	\$ 60,115,109
LIABILITIES		
Current liabilities:		
Accounts payable	\$ -	\$ 21,385,886
Due to other agencies	-	1,036
Due to other funds	-	17,771
Estimated liability for claims	-	7,614,605
Total current liabilities	-	29,019,298
Noncurrent liabilities:		
Estimated liability for claims	-	12,965,407
Total liabilities	\$ -	\$ 41,984,705
NET POSITION		
Investment in capital assets	\$ -	\$ 2,095,559
Unrestricted	-	16,034,845
Total net position	\$ -	\$ 18,130,404

(1)

The accompanying notes are an integral part of these statements.

(1) Florida School Retiree Benefits Consortium fiscal agent role was terminated during the 2017-2018 fiscal year.

THE SCHOOL DISTRICT OF POLK COUNTY

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Premium revenue from other funds	\$ -	\$ 110,671,881
Other revenue	234,545	1,398,322
Total operating revenues	<u>234,545</u>	<u>112,070,203</u>
OPERATING EXPENSES:		
Salaries & benefits	54,225	272
Purchased services	53,534	7,718,176
Energy services	-	16,362
Materials and supplies	-	129,666
Depreciation	-	73,284
Claims	-	113,222,395
Total operating expenses	<u>107,759</u>	<u>121,160,155</u>
Operating income (loss)	<u>126,786</u>	<u>(9,089,952)</u>
NON-OPERATING REVENUE(EXPENSES):		
Interest	-	333,638
Miscellaneous	-	(4,219)
Loss Recoveries	-	743,303
Total non-operating revenue	<u>-</u>	<u>1,072,722</u>
Income (loss) before transfers and special item	126,786	(8,017,230)
Transfers in	-	626,688
Transfers out	-	(1,693,485)
Special Item: Consortium net position sent to Duval County District School Board	<u>(524,302)</u>	<u>-</u>
Change in net position	(397,516)	(9,084,027)
Total net position - beginning	<u>397,516</u>	<u>27,214,431</u>
Total net position - ending	<u>\$ -</u>	<u>\$ 18,130,404</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, 2018**

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	\$ 234,545	\$ -
Receipts from interfund services provided	-	111,021,028
Payment to suppliers	(53,534)	(2,229,679)
Payment to employees	(54,225)	(272)
Payments for interfund services used	-	(114,111,280)
Other receipts (payments)	(50,231)	7,767,281
Net cash provided (used) by operating activities	<u>76,555</u>	<u>2,447,078</u>
CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:		
Transfers from other funds	-	626,688
Transfers to other funds	-	(1,697,704)
Consortium net position sent to Duval County District School Board	(524,302)	-
Net cash provided (used) by noncapital and related financing activities	<u>(524,302)</u>	<u>(1,071,016)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Disposition of Capital Assets	-	743,303
Acquisition and Construction of Capital Assets	-	(2,806)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>740,497</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	-	(3,931,456)
Interest and dividends earned on investments	-	333,638
Net cash provided (used) by investing activities	<u>-</u>	<u>(3,597,818)</u>
Net increase (decrease) in cash and cash equivalents	(447,747)	(1,481,259)
Cash and cash equivalents - Beginning of year	<u>447,747</u>	<u>7,196,059</u>
Cash and cash equivalents - End of year	<u>\$ -</u>	<u>\$ 5,714,800</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating Income (loss)	\$ 126,786	\$ (9,089,952)
Adjustments to reconcile operating income (loss) to net cash provided(used) by operating activities:		
Depreciation expense	-	73,284
Change in assets and liabilities:		
Accounts receivable	-	349,146
Accounts payable	-	12,147,392
Unearned revenue	(50,231)	-
Estimated liability for claims	-	(1,032,792)
Total adjustments	<u>(50,231)</u>	<u>11,537,030</u>
Net cash provided (used) by operating activities	<u>\$ 76,555</u>	<u>\$ 2,447,078</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, 2018

	Agency Fund
ASSETS	
Cash	\$ 634,323
Investments	8,839,075
Accounts receivable	201,320
Inventory	529,251
Total assets	<u>\$ 10,203,969</u>
LIABILITIES	
Accounts payable	\$ 30,046
Sales tax payable	622
Due to student organizations	10,173,301
Total liabilities	<u>\$ 10,203,969</u>

The accompanying notes are an integral part of these statements.



POLK COUNTY
PUBLIC SCHOOLS

STUDENTS FIRST

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SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2018

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, 2018, 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:

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

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

Berkley Elementary Charter School
5240 Berkley Road
Auburndale, FL 33823

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

Berkley Accelerated Middle
5316 Berkley Road
Auburndale, FL 33823

Lakeland Montessori Middle
800 E. Palmetto
Lakeland, FL 33801

Compass
550 E. Clower Street
Bartow, FL 33830

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

Cypress Junction Montessori
220 5th Street SW
Winter Haven, FL 33880

Magnolia Montessori Academy
1540 New Jersey Rd
Lakeland, FL 33803

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

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

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

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

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

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

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

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

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

Ridgeview Global Studies Academy
1000 Dunson Rd
Davenport, FL 33896

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

A. Reporting Entity (continued)

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

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.

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

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

B. Basis of Presentation (continued)

Additionally, the District reports the following fund types:

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

Enterprise Fund – accounts for the financial activities of the Florida Schools Retiree Benefits Consortium (FSRBC). Effective December 2017, the fiscal agent responsibility terminated with the District and began with Duval County Public Schools.

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

C. Basis of Accounting

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

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

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property taxes, interest and certain General Fund program grants associated with the current fiscal year are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenues are recognized at the time the expenditures are made, provided receipt of funds is considered available.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The major operating revenues of the District's internal service funds are from charges for employee health insurance premiums

The major operating expenses for the internal service funds include administrative expenses, claims and insurance premiums for excess coverage. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

C. Basis of Accounting (continued)

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

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

D. Deposits and Investments

Banks qualified as public depositories under Florida law hold cash deposits. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The exhibits presented in this Comprehensive Annual Financial Report ("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, reported at fair value and the Florida Education Investment Trust Fund ("FEITF"), reported at net asset value and their respective custodians. Investments made locally consist of money market funds, United States Treasury Securities, Federal Notes and Corporate notes.

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

E. Interfund Receivables and Payables

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

F. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption in the course of District operations. All inventories are stated on a moving-average basis 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.

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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>
Buildings	50
Building Improvements	40
Improvements Other Than Buildings	20
Motor Vehicles	10
Furniture, Fixtures & Equipment	5-7
Software & Audio Visual Materials	3-5
Computers	5

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

H. Deferred Outflows/Inflows of Resources

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

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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.

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.

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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 2017 tax levy on September 5, 2017. Taxes become an enforceable lien on property as of January 1; tax bills are mailed in October; and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to four percent for early payment.

Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to the June 30 fiscal year-end.

Property tax revenue is recognized when the District receives taxes; however, revenue is accrued for taxes collected by the Polk County Tax Collector at fiscal year-end but not yet remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued and no delinquent tax revenue deferral is recorded.

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

L. Federal Revenue Sources

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various grantor agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

M. Use of Estimates

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

N. Pensions

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

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

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

O. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

The GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017, which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Among other things, GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The beginning net position of the District was decreased by \$4,817,520 due to implementation of GASB Statement No.75. The District's total OPEB liability reported at June 30, 2017, increased by \$4,817,520 to \$47,790,848 as of July 1, 2017, due to the transition in the valuation methods under GASB Statement No.45 to GASB Statement No.75, and beginning balances for deferred outflows/inflows of resources were not restated.

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

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for periods after June 15, 2018, 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 GASB issued Statement No. 84, *Fiduciary Activities*, effective for periods after December 15, 2018, 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.

P. Prior Period Adjustment

The beginning net position was adjusted due to state refunding of bonds premium not recorded at June 30, 2017 decreasing the net position by \$84,885.

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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

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

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

The details of this \$767,847,071 difference are as follows:

Bonds Payable, Including Premium	\$	(31,668,549)
Certificates of Participation, Net of Discount and Deferred Amount		(186,972,140)
Compensated Absences Payable		(39,479,635)
Derivative Instrument, Including Upfront Payment		(11,385,361)
Net Pension Liability		(451,828,277)
Other Post-Employment Benefits		<u>(46,513,109)</u>
Net adjustment to reduce Total Fund Balances-Total		
Governmental Funds to Total Net Position-Governmental Activities	\$	<u>(767,847,071)</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.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund-function level. The School Board made several supplemental budgetary appropriations throughout the year. Supplemental budgetary appropriations are presented in budget and actual comparison statements by original budget and final budget amounts and discussed in the Management's Discussion and Analysis.

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

4. INVESTMENTS

As of June 30, 2018, the District has the following investments and maturities:

Investment	Average Maturity	Fair Value	Valuation Measurement Method/Level
Money Market Funds			
Bank of Central Florida Insured Cash Sweep Purchases	No Maturity	\$ 6,050,383	Amortized Costs
Fidelity Prime Money Market Portfolio Class I	20 Days	370,381	Amortized Costs
Federated Prime Cash Obligations Money Market Fund (Held by Fifth Third Bank)	30 Days	158,626	Amortized Costs
Florida Community Bank Money Markets	No Maturity	21,423,191	Amortized Costs
Total Money Market Funds		28,002,581	
Other Investments			
Florida Education Investment Trust Fund (FEITF)	32 Days	5,589,749	Net Asset Value
FL. Cooperative Liquid Assets Security Systems (FLCLASS)	64 Days	10,085,464	Net Asset Value
Florida Fixed Income Trust-CP Pool	3 Months	45,583,267	Net Asset Value
Florida Fixed Income -Enhanced Cash Pool	6 Months	2,310,740	Net Asset Value
		63,569,220	
State Board of Administration - Debt Service Account	6 Months	111,550	Fair Value Level 1
Ultra-short Income Portfolio (Held by Morgan Stanley)	53 Days	58,976,409	Fair Value Level 2
Trust Fund Investment US Bank United States Treasury Note	Less than 6 months	3,273,176	Fair Value Level 2
United States Treasury Notes	3 to 5 years	31,939,644	Fair Value Level 2
Trust Fund Investment US Bank United States Treasury Notes	6 months	7,917,344	Fair Value Level 2
Federal Agency Notes - Various	3 to 5 Years	2,650,559	Fair Value Level 2
Corporate Notes - Various	3 to 10 Years	11,493,277	Fair Value Level 2
		116,361,959	
		\$ 207,933,760	
Investments are reflected in the financial statements as follows			
Governmental Funds		\$ 147,315,651	
Internal Service Funds		51,779,034	
Governmental Activities		199,094,685	
Fiduciary Funds		8,839,075	
		\$ 207,933,760	
Investment Interest Rate Swap		\$ (2,284,926)	Fair Value Level 2

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

4. INVESTMENTS (continued)

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

Investments classified under the Net Asset Value classification include the Intergovernmental investment pool funds, which are held with FEITF, 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 \$11.5 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, 2018

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, 2018, 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, 2018, 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 Education Investment Trust Fund ("FEITF"), which is and 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, 2018, the District's investment in various Corporate Notes was rated by S&P between A+ and BBB+ and Moody's rating between A1 and A3.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer.

The District is at risk for the Corporate Notes held by the District, which represent 5.53 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, 2018

6. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 99,387,814	\$ 609,819	\$ -	\$ 99,997,633
Construction in Progress	17,461,133	3,102,496	17,440,180	3,123,449
Total capital assets, not being depreciated	<u>116,848,947</u>	<u>3,712,315</u>	<u>17,440,180</u>	<u>103,121,082</u>
Capital assets, being depreciated:				
Improvements Other Than Buildings	55,087,764	1,309,659	2,597	56,394,826
Buildings and Fixed Equipment	1,502,081,466	23,674,958	-	1,525,756,424
Furniture, Fixtures, and Equipment	85,324,459	4,450,771	4,976,140	84,799,090
Motor Vehicles	74,102,166	2,311,357	796,491	75,617,032
Audio Visual Materials and Computer Software	10,084,977	1,922,776	656,636	11,351,117
Total capital assets, being depreciated	<u>1,726,680,832</u>	<u>33,669,521</u>	<u>6,431,864</u>	<u>1,753,918,489</u>
Less accumulated depreciation for:				
Improvements Other Than Buildings	37,748,489	1,580,494	1,212	39,327,771
Buildings and Fixed Equipment	592,595,357	33,383,195	-	625,978,552
Furniture, Fixtures, and Equipment	72,922,163	4,229,327	4,947,294	72,204,196
Motor Vehicles	51,826,551	4,312,119	791,082	55,347,588
Audio Visual Materials and Computer Software	9,729,375	495,344	653,727	9,570,992
Total accumulated depreciation	<u>764,821,935</u>	<u>44,000,479</u>	<u>6,393,315</u>	<u>802,429,099</u>
Total capital assets, being depreciated, net	<u>961,858,897</u>	<u>(10,330,958)</u>	<u>38,549</u>	<u>951,489,390</u>
Governmental Activities Capital assets, net	<u>\$ 1,078,707,844</u>	<u>\$ (6,618,643)</u>	<u>\$ 17,478,729</u>	<u>\$ 1,054,610,472</u>

Depreciation expense was charged to functions as follows:

Instructional	\$ 24,445,441
Student Personnel Services	1,653,245
Media Services	366,129
Curriculum Development	545,927
Instructional Training	930,653
Instructional Technology Support	415,957
Board	78,748
General Administration	254,191
School Administration	1,834,543
Facilities & Construction	323,292
Fiscal Services	133,360
Food Services	2,237,973
Central Services	5,530,849
Student Transportation	1,474,459
Operation of Plant	1,919,367
Maintenance of Plant	977,211
Administrative Technology Support	241,894
Community Services	128,957
Unallocated	508,283
Total Depreciation Expense	<u>\$ 44,000,479</u>

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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 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, 2018

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 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, 2018

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 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 1st and July 1st, 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, 2018

7. CERTIFICATES OF PARTICIPATION (continued)

If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the 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, 2018

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 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 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.

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
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 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
NOTES TO THE FINANCIAL STATEMENTS
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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 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 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
June 30, 2018

7. CERTIFICATES OF PARTICIPATION (continued)

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

The following is a summary of Certificates of Participation payable:

	<u>Balance at 6/30/18</u>
Series 2004-QZAB/COPS, \$3,561,000, Issued 06/08/04	\$ 3,561,000
Series 2009C QSCB, \$20,543,000, Issued 12/30/2009	20,543,000
Series 2010A (Refinances 1999A), \$51,315,000, Issued 03/09/2010	7,940,000
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	40,105,000
Series 2015B (Refinance 2010D), \$42,850,000, Issued 10/30/15	38,530,000
Series 2016A (Partial Refinance 2012B), \$33,725,000, Issued 04/04/16	29,360,000
Series 2017A (Partial Refinance 2010A), \$26,331,000, Issued 06/30/17	<u>25,673,000</u>
 Total Certificates of Participation	 <u>\$ 187,295,000</u>

The following is a schedule by years of future minimum lease payments under the lease agreements, together with the present value of minimum lease payments as of June 30, 2018:

Fiscal Year Ended <u>June 30</u>	Certificates of Participation		
	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 17,551,907	\$ 12,300,000	\$ 5,251,907
2020	21,095,605	16,217,000	4,878,605
2021	17,484,374	12,963,000	4,521,374
2022	17,573,048	13,363,000	4,210,048
2023	17,674,150	13,793,000	3,881,150
2024-2028	107,122,164	97,436,000	9,686,164
2029-2033	21,223,000	21,223,000	-
<u>Grand Totals</u>	<u>\$ 219,724,248</u>	<u>\$ 187,295,000</u>	<u>\$ 32,429,248</u>

Total COPS	\$ 187,295,000
Less: Unamortized Premium/Discount	<u>(322,860)</u>
 Total COPS Payable	 <u>\$ 186,972,140</u>

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

8. BONDS PAYABLE

The following is a description of debt issues:

State School Bonds

These bonds are issued by the State Board of Education (“SBE”) on behalf of the District. The bonds mature serially and are secured by a pledge of part of the District’s portion of State-assessed motor vehicle license tax. The State’s full faith and credit is also pledged as security for these issues. Principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements are administered by the 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, 2004 for a period not to exceed fifteen (15) years. Sales tax received for the current year was \$45,160,658. For the fiscal year, the amount of principal, interest, and fees on Sales Tax Bonds was \$25,917,887.

The following is a summary of bonds payable at June 30, 2018:

<u>State School Bonds:</u>	<u>Balance at 6/30/2018</u>
Series 2009-A (Refunding Portion), \$655,000, Issued 08/15/09. This refunded 1999-A, Matures Serially 01/01/19, Interest Rate of 5.0 Percent, Payable in a Future Annual Installment Ranging totaling \$80,000, a Semiannual interest payment totaling \$2,000.	\$ 80,000
Series 2009-A (New Money Portion), \$4,220,000, Issued 08/15/09, Matures Serially to 01/01/29, Interest Rates Ranging from 4.0 to 5.0 Percent, Payable in Future Annual Installments Ranging from \$190,000 to \$460,000, Semiannual Interest Payments Range from \$9,775 to \$68,250.	3,310,000
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.	140,000
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.	140,000
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.	657,000
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.	70,000
Series 2017-A, \$1,035,000, Issued 04/29/17. This refund 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.	<u>518,000</u>
Total State School Bonds	<u>4,915,000</u>

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

8. BONDS PAYABLE (continued)

Sales Tax Bonds:

	Balance at 6/30/2018
Series 2007, \$109,445,000, issued 11/30/07; matures serially to 10/01/18; interest rates ranging from 4.0 to 5.0 percent; payable in a future annual installment totaling \$12,535,000, semiannual interest payment totaling \$300,850.	\$ 12,535,000
Series 2014, \$43,470,000, issued 10/01/14, refunding Series 2004 and partially refunding Series 2005; matures serially to 10/01/18; interest rate is 1.55 percent; payable in a future annual installment totaling \$12,995,000, semiannual interest payment totaling \$100,711.	12,995,000
Total Sales Tax Bonds	25,530,000
Total Bonds Payable	\$ 30,445,000

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, 2018 are as follows:

State School Bonds

Fiscal Year

Ended

June-30

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	709,280	497,000	212,280
2020	641,880	454,000	187,880
2021	617,360	449,000	168,360
2022	587,110	439,000	148,110
2023	595,260	466,000	129,260
2024-2028	2,509,070	2,150,000	359,070
2029-2033	479,550	460,000	19,550
Total	\$ 6,139,510	\$ 4,915,000	\$ 1,224,510

Sales Tax Bonds

Fiscal Year

Ended

June-30

2019	25,931,561	25,530,000	401,561
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State School Bonds	\$ 4,915,000
Sales Tax Bonds	25,530,000
Sub Total Bonds	\$ 30,445,000
Plus Unamortized Bond Premium/Discount	1,223,549
Total Bonds Payable	\$ 31,668,549

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

9. CHANGES IN LONG-TERM LIABILITIES

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

Description	BALANCE			BALANCE 6/30/2018	DUE WITHIN ONE YEAR	DUE AFTER ONE YEAR
	7/1/2017	ADDITIONS	DEDUCTIONS			
Certificates of Participation (COP)	\$ 199,433,000	\$ -	\$ 12,138,000	\$ 187,295,000	\$ 12,300,000	\$ 174,995,000
COP-Prem/Discount	(386,033)	-	(63,173)	(322,860)	(63,173)	(259,687)
Bonds Payable	55,891,000	-	25,446,000	30,445,000	26,027,000	4,418,000
Bonds Payable-Prem/Discount (1)	2,216,359	-	992,810	1,223,549	992,810	230,739
Derivative Instruments	13,237,151	-	4,136,716	9,100,435	-	9,100,435
Borrowing – Swap Upfront Payment	2,559,271	-	274,345	2,284,926	401,287	1,883,639
Obligations Under Capital Lease	286,223	-	286,223	-	-	-
Compensated Absences Payable	37,947,729	5,420,822	3,888,916	39,479,635	3,890,878	35,588,757
Estimated Liability for Claims	21,612,805	893,026	1,925,819	20,580,012	7,614,605	12,965,407
Net Pension Liability	433,352,488	36,053,455	17,577,666	451,828,277	-	451,828,277
Other Postemployment Benefits (2)	47,790,848	3,662,089	4,939,828	46,513,109	-	46,513,109
Total	\$ 813,940,841	\$ 46,029,392	\$ 71,543,150	\$ 788,427,083	\$ 51,163,407	\$ 737,263,676

(1) restatement increasing the beginning balance due to state refunding of bonds premium not recorded as of 6/30/17 - \$84,885

(2) restatement increasing the beginning balance due to GASB Statement No. 75 - \$4,817,520

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, 2018.

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

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2018, was rated A+ by Fitch Rating, A+ by S&P, and A1 by Moody's Investors Service. As of June 30, 2018, 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 (\$3,943,360).

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 (\$5,157,075) as of June 30, 2018. The 2001A swap is now associated with the Series 2015B (2010D) issue. The swaption was exercised by Citibank on December 30, 2010. Under the terms of the swap agreement, the District will make semiannual payments to Citibank based on the notional amount and a fixed rate equal to each corresponding issue as specified in the table above. Citibank will make semi-annual payments to the District based on an amortized notional amount and a variable rate equal to the SIFMA Municipal Swap Index, less 0.75 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, 2018, the intrinsic portion and time value portion were valued at \$653,370 and \$1,631,556, respectively, for a total liability for upfront payments of \$2,284,926.

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

11. DERIVATIVE INSTRUMENTS (continued)

		<u>2018 Changes in Fair Value</u>		<u>Fair Value at June 30, 2018</u>		
		<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
Governmental Activities						
Hedging Derivatives						
Deferrals Since Refundings:						
2003 Interest Rate Swap (2015A COPS)	Deferred inflow of Resources		\$2,023,096	Debt	\$5,474,905	\$39,590,000
2001A - Swap (2015B COPS)	Deferred inflow of Resources		<u>\$2,073,606</u>	Debt	<u>4,080,114</u>	\$38,530,000
Total Deferrals since Refundings			<u>\$4,096,702</u>		<u>\$9,555,019</u>	
Original Deferred Amount of Refunding:						
2003 Interest Rate Swap	Deferred amount on refunding				(\$9,410,972)	
2001A SWAP	Deferred amount on refunding				<u>(9,244,482)</u>	
Total Derivatives at Refundings					<u>(\$18,655,454)</u>	
Derivatives Instruments Liability					<u>(\$9,100,435)</u>	

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

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2018, 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)	\$ 39,590,000	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)	\$ 38,530,000	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, 2018 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.

2015A	Bond Interest Expense			Swap Receipt		
Period Ending	Bond Principal	Projected at SIFMA (1.51%)	Swap Payment Fixed at 4.565%	Projected at SIFMA minus 0.02% (1.49%)		Total
1/1/2019	\$ 800,000	\$ 605,586	\$ 1,830,793	\$ (597,565)		\$ 2,638,814
1/1/2020	830,000	593,506	1,794,273	(585,645)		2,632,134
1/1/2021	800,000	580,973	1,756,384	(573,278)		2,564,079
1/1/2022	810,000	568,893	1,719,864	(561,358)		2,537,399
1/1/2023	870,000	556,662	1,682,887	(549,289)		2,560,260
2024-2028	35,995,000	2,346,844	7,094,923	(2,315,760)		43,121,007
	<u>\$40,105,000</u>	<u>\$ 5,252,464</u>	<u>\$ 15,879,124</u>	<u>\$ (5,182,895)</u>		<u>\$56,053,693</u>

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

11. DERIVATIVE INSTRUMENTS (continued)

2015B

Period Ending	Bond Principal	Bond Interest Expense Projected at SIFMA (1.51%)	Swap Payment Fixed at 5.49%	Swap Receipt Projected at SIFMA minus 0.75% (.76%)	Total
1/1/2019	\$ 1,555,000	\$ 581,803	\$ 2,115,297	\$ (292,828)	\$ 3,959,272
1/1/2020	1,640,000	558,323	2,029,928	(281,010)	3,947,241
1/1/2021	1,705,000	533,559	1,939,892	(268,546)	3,909,905
1/1/2022	1,825,000	507,813	1,846,287	(255,588)	3,923,512
1/1/2023	1,925,000	480,256	1,746,095	(241,718)	3,909,633
2024-2026	29,880,000	1,090,598	3,965,153	(548,910)	34,386,841
	<u>\$38,530,000</u>	<u>\$ 3,752,352</u>	<u>\$ 13,642,652</u>	<u>\$ (1,888,600)</u>	<u>\$54,036,404</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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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 \$12,423,693 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 \$137,232,288 and represents \$7,619,070 in State required carryover programs (Advanced Placement - \$0.5 million, School Recognition - \$0.2 million, Career Academy Certification - \$2.2 million, Lottery - \$1.7 million, Digital Classrooms - \$0.5 million, International Baccalaureate - \$0.5 million, enhancements - \$0.8 million, and Instructional Materials - \$1.2 million), \$2,507,535 in State and Local grants (including Drivers Education and Safety Trust - \$1.1 million, Fuel Tax - Paving – \$0.9 million, Pre-K Early Intervention - \$0.2, and Polk County Board of County Commissioners - \$0.3 million), \$32,275 in other Federal projects, \$5,738,492 in food service, \$20,159,761 in debt service, and \$101,175,155 in capital projects.

- **Assigned for School Operations**

The District has set aside certain spendable fund balance for school operations. At year-end, the assigned fund balance is \$441,689 for school operations. The assigned fund balance for school operations includes other grants.

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

12. FUND BALANCE REPORTING (continued)

- **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 \$33,526,950.

Description	Major			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Other Federal Programs	Other Capital Projects		
Fund Balances:					
Nonspendable:					
Inventories	\$ 7,468,221	\$ -	\$ -	\$ 2,397,350	\$ 9,865,571
Prepaid Amounts	2,503,894	54,228	-	-	2,558,122
Restricted:					
State Required Carryover	7,619,070	-	-	-	7,619,070
Federal & State Grants	-	32,275	-	-	32,275
Food Service	-	-	-	5,738,492	5,738,492
State & Local Grants	2,507,535	-	-	-	2,507,535
Debt Service	-	-	-	20,159,761	20,159,761
Capital Projects	130,317	-	73,327,216	27,717,622	101,175,155
Assigned:					
School Operations	441,689	-	-	-	441,689
Unassigned	33,526,950	-	-	-	33,526,950
Total Fund Balances	\$ 54,197,676	\$ 86,503	\$ 73,327,216	\$ 56,013,225	\$ 183,624,620

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
June 30, 2018

13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Fund	Interfund	
	Receivables	Payables
Major:		
General Fund	\$ 12,064,178	\$ -
Special Revenue	17,771	9,402,710
Capital Projects		
Other Capital Projects	-	1,544
Non-major:		
Governmental	-	2,659,924
Internal Service	-	17,771
Total	<u>\$ 12,081,949</u>	<u>\$ 12,081,949</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:

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General Fund	\$ 39,005,344	\$ 157,442
Special Revenue	-	-
Capital Projects		
Other Capital Projects	-	30,575,242
Non-major:		
Governmental	46,336,665	53,542,528
Internal Service	626,688	1,693,485
Total	<u>\$ 85,968,697</u>	<u>\$ 85,968,697</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
June 30, 2018

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 2018-2019 fiscal year budget as a result of purchase orders outstanding at June 30, 2018.

Funds	Significant* Outstanding Encumbrances
Major:	
General	\$ 8,576,217
Special Revenue	-
Capital Projects:	
Other Capital Projects	18,983,216
Nonmajor Governmental	1,896,101
Total	\$ 29,455,534

*Outstanding encumbrances \$100,000 and greater

15. PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2017 tax roll for fiscal year 2017-2018:

	<u>MILLAGES</u>		<u>TAXES</u>	
	Maximum		Levied	
	<u>Authorized</u>	<u>Levied</u>	<u>(100%)</u>	<u>Collected</u>
<u>GENERAL FUND</u>				
Non-voted School Tax:				
Required Local Effort	4.266	4.266	\$ 149,603,816	\$ 143,403,506
Discretionary Local Effort	0.748	0.748	26,231,518	25,144,356
Prior Years				1,557,133
 <u>CAPITAL PROJECTS FUNDS</u>				
Non-voted Tax:				
Local Capital Improvements	1.50	1.50	52,603,311	50,513,819
Prior Years				358,966
Total	6.514	6.514	\$ 228,438,645	\$ 220,977,780

Actual current-year property taxes collected totaled 97 percent of taxes levied. The Polk County Tax Collector is not required by law to make an accounting to the Board of the differences between taxes levied and taxes collected. However, because discounts are allowed for early payment of taxes and because of other reasons for non-collection, the Board budget estimates a 4 percent shortfall between taxes levied and taxes collected.

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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).

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, 2018

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>
<i>Regular Class members initially enrolled before July 1, 2011</i>	
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
<i>Regular Class members initially enrolled on or after July 1, 2011</i>	
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
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

16. STATE RETIREMENT PROGRAMS (continued)

Contributions The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-18 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	7.92
FRS, Elected County Officers	3.00	45.5
FRS, Senior Management Service	3.00	22.71
DROP - Applicable to Members of the Above Classes	0.00	13.26
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 \$28,720,458 for fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$296,118,011 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportionate share of the net pension liability was based on the District's 2016-2017 fiscal year contributions relative to the 2016-2017 fiscal year contributions of all participating members. At June 30, 2017, the District's proportionate share was 1.001097797 percent, which was a decrease of 0.028857638 from its proportionate share measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$46,595,665 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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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	\$ 27,176,507	\$ 1,640,342
Change of assumptions	99,516,558	-
Net difference between projected and actual earnings on FRS pension plan investments	-	7,338,544
Changes in proportion and difference between District FRS contributions and proportionate share of contributions	-	11,732,705
District FRS contributions subsequent to the measurement date	<u>28,720,458</u>	<u>-</u>
Total	<u><u>\$ 155,413,523</u></u>	<u><u>\$ 20,711,591</u></u>

The deferred outflows of resources related to pension, totaling \$28,720,458, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 12,640,054
2020	38,113,655
2021	26,088,240
2022	3,592,778
2023	18,436,401
Thereafter	<u>7,110,346</u>
	<u><u>\$ 105,981,474</u></u>

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

16. STATE RETIREMENT PROGRAMS (continued)

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

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	7.10 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, 2017 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>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.0%	3.0%	1.8%
Fixed Income	18%	4.5%	4.4%	4.2%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate (Property)	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%
Total Fund	<u>100%</u>			
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 7.1 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 2017 valuation was updated from 7.6 percent to 7.1 percent.

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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 7.1 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 (6.1 percent) or 1-percentage-point higher (8.1 percent) than the current rate:

	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
District's proportionate share of the net pension liability	\$ 535,955,715	\$ 296,118,011	\$ 96,997,767

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, 2018, the District reported a payable of \$5,731,762 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2018.

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, 2018, 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 \$7,942,324 for the fiscal year ended June 30, 2018.

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2018, the District reported a net pension liability of \$155,710,266 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and update procedures were used to determine liabilities as of July 1, 2017. The District's proportionate share of the net pension liability was based on the District's 2016-2017 fiscal year contributions relative to the total 2016-2017 fiscal year contributions of all participating members. At June 30, 2017 the District's proportionate share was 1.456262136 percent, which was a decrease of 0.030602659 from its proportionate share measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$11,583,938, related to the HIS Plan. In addition, the District reported as deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 324,214
Change of assumptions	21,887,510	13,464,432
Net difference between projected and actual earnings on FRS pension plan investments	86,353	-
Changes in proportion and difference between District FRS contributions and proportionate share of contributions	1,760,358	3,233,957
District FRS contributions subsequent to the measurement date	7,942,324	-
	<hr/>	<hr/>
Total	\$ 31,676,545	\$ 17,022,603

The deferred outflows of resources related to pensions, totaling \$7,942,324, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

16. STATE RETIREMENT PROGRAMS (continued)

<u>Fiscal Year Ending June 30</u>		<u>Amount</u>
2019	\$	2,292,071
2020		2,275,730
2021		2,267,887
2022		1,795,096
2023		603,646
Thereafter		<u>(2,522,812)</u>
	<u>\$</u>	<u>6,711,618</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	3.58 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 3.58 percent, which is an increase from 2.85 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 3.58 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 (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>2.58%</u>	<u>Current</u> <u>Discount Rate</u> <u>3.58%</u>	<u>1%</u> <u>Increase</u> <u>4.58%</u>
District's proportionate share of the net pension liability	\$ 177,686,034	\$ 155,710,266	\$ 137,405,666

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2018, the District reported a payable of \$95,147 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2018.

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

	Pension Plan	HIS Plan	Total
Net pension liabilities	\$ 296,118,011	\$ 155,710,266	\$ 451,828,277
Deferred outflows of resources related to defined benefit plans	155,413,523	31,676,545	187,090,068
Deferred inflows of resources related to defined benefit plans	20,711,591	17,022,603	37,734,194
Pension expense	46,595,665	11,583,938	58,179,603

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 2017-2018 fiscal year were as follows:

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled \$4,348,022 for the fiscal year ended June 30, 2018.

The District's Investment Plan pension payable totaled \$1,117,790 for the fiscal year ended June 30, 2018.

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, 2018

18. CONSTRUCTION CONTRACT COMMITMENTS

LOCATION	Contracted Amount	Completed Amount	Committed Amount
Lakeland Highlands Middle	\$ 444,860	\$ 412,690	\$ 32,170
Haines City HS	207,999	31,230	176,769
District Office	649,990	206,716	443,274
Haines City HS	243,399	102,761	140,638
Lawton Chiles	92,637	30,937	61,700
Lawton Chiles	161,710	73,866	87,844
Griffin El	170,626	8,616	162,010
Griffin El	175,163	11,413	163,750
Lake Gibson Sr	381,425	-	381,425
Support Svcs	258,200	-	258,200
Bartow HS	13,550,898	1,483,599	12,067,299
Lake Gibson HS	8,253,577	7,726,314	527,263
Loughman Oaks	5,760,796	404,900	5,355,896
Total	\$ 30,351,280	\$ 10,493,042	\$ 19,858,238

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 2017-18 fiscal year. The following is a schedule of State revenue sources and amounts:

<u>Sources</u>	<u>Amount</u>
Florida Education Finance Program	\$ 430,572,004
Class Size Reduction	109,467,595
Workforce Development	7,929,801
Other Categorical Programs	7,484,292
Capital & Debt Service	3,775,159
Public Education Capital Outlay	2,163,116
Charter School Capital Outlay	978,014
Miscellaneous	386,510
Florida State License Tax	929,292
Discretionary Lottery Funds	175,984
Food Service Supplement	751,857
TOTAL STATE REVENUE SOURCES	\$ 564,613,624

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, 2018

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 2017-2018 fiscal year totaled \$236,490 and the related 6.2% FICA tax savings to the Board was \$195,498.

21. OPERATING LEASES

Expenditures for operating leases during 2017-2018 totaled \$6,128,965. 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 2018-2019 is \$5,279,546, 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.

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

22. OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

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
Total	<u>11,596</u>

Total OPEB Liability

The District's total OPEB liability of \$46,513,109 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

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

Inflation	2.5 percent
Salary increases	3.7-7.8 percent, average, including inflation
Discount rate	3.56 percent
Healthcare cost trend rates	7.00 percent for 2018, decreasing 0.25 percent per year to an ultimate rate of 4.24 percent for 2040 and later years
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 rates were based on the Generational RP-2000 with Projected Scale BB.

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

Balance at 6/30/17, as Restated	<u>\$ 47,790,848</u>
Changes for the year:	
Service Cost	2,247,244
Interest	1,414,845
Changes in Assumptions or Other Inputs	(1,770,820)
Benefit Payments	<u>(3,169,008)</u>
Net Changes	<u>(1,277,739)</u>
Balance at 6/30/18	<u><u>\$ 46,513,109</u></u>

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

22. OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

There were no changes of benefit terms during the year.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.92 percent in 2016 to 3.56 percent in 2017.

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 (2.56 percent) or 1 percentage point higher (4.56 percent) than the current rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$49,287,240	\$46,513,109	\$43,803,356

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:

	1% Decrease (6.0% decreasing to 3.24%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.24%)	1% Increase (8.0% decreasing to 5.24%)
Total OPEB liability	\$41,363,251	\$46,513,109	\$52,263,113

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

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$3,499,628. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change of assumptions or other inputs	-	1,608,359
Transactions subsequent to the measurement date	3,995,770	-
Total	\$ 3,995,770	\$ 1,608,359

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

22. OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

The amount reported as deferred outflows of resources related to OPEB, \$3,995,770 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, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ (162,461)
2020	(162,461)
2021	(162,461)
2022	(162,461)
2023	(162,461)
Thereafter	(796,054)
Total	\$ (1,608,359)

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, 2018 were \$60,115,109, made up of net position of \$18,130,404 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 \$20,580,012 at June 30, 2018 is based on estimates provided by qualified loss reserve specialists.

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

	<u>Beginning-of-Fiscal-Year Claims Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End-of-Fiscal-Year Claims Liability</u>
2016-2017	\$ 21,028,877	\$ 107,033,378	\$ (106,449,450)	\$ 21,612,805
2017-2018	\$ 21,612,805	\$ 113,078,487	\$ (114,111,280)	\$ 20,580,012

SCHOOL DISTRICT OF POLK COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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 2018. The flood deductible is \$100,000. For Flood Zones A & V, the deductible is \$500,000 per building and \$500,000 contents per building. For 2018, Terrorism coverage has a \$50 million limit.

The administrator for the general and fleet liability self-insurance program and the worker's compensation program is John Eastern from July 1, 2017 to June 30, 2018. 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*

	2018
Total OPEB Liability	
Service Cost	\$ 2,247,244
Interest	1,414,845
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	(1,770,820)
Benefit Payments	(3,169,008)
Net Change in Total OPEB Liability	(1,277,739)
Total OPEB Liability - Beginning, as Restated	47,790,848
Total OPEB Liability - Ending	\$ 46,513,109
Covered-Employee Payroll	\$ 430,356,678
Total OPEB Liability as a Percentage of Covered-Employee Payroll	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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the FRS net pension liability	1.001097797%	1.029955435%	1.097838884%	1.104389771%	1.117915580%
District's proportionate share of the FRS net pension liability	\$ 296,118,011	\$ 260,064,556	\$ 141,800,616	\$ 67,384,017	\$ 192,443,026
District's covered payroll	\$ 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	63.76%	56.65%	31.84%	16.95%	44.89%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%	88.54%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 28,720,458	\$ 26,061,040	\$ 25,117,106	\$ 24,190,823	\$ 15,043,772
Contributions in relation to the contractually required contribution	<u>28,720,458</u>	<u>26,061,040</u>	<u>25,117,106</u>	<u>24,190,823</u>	<u>15,043,772</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 478,426,152	\$ 464,416,622	\$ 459,070,936	\$ 445,311,752	\$ 397,471,489
Contributions as a percentage of covered payroll	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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the HIS net pension liability	1.456262136%	1.486864795%	1.463739376%	1.459028367%	1.475547971%
District's proportionate share of the HIS net pension liability	\$ 155,710,266	\$ 173,287,932	\$ 149,651,081	\$ 136,422,713	\$ 128,465,852
District's covered payroll	\$ 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	33.53%	37.75%	33.61%	34.32%	29.97%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%	1.78%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 7,942,324	\$ 7,706,959	\$ 7,621,130	\$ 4,998,140	\$ 4,833,522
Contributions in relation to the contractually required contribution	<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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 478,426,152	\$ 464,418,622	\$ 459,070,936	\$ 445,311,752	\$ 397,471,489
Contributions as a percentage of covered payroll	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, 2018

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, 2018, 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 2.92 percent as of the beginning of the measurement period to 3.56 percent as of June 30, 2017 (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 7.6 percent to 7.1 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 2.85% to 3.58%.

**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, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Local sources:				
Local Sales Tax	\$ 39,000,000	\$ 39,000,000	\$ 45,160,658	\$ 6,160,658
Impact Fees	10,000,000	10,000,000	4,333,906	(5,666,094)
Other	-	-	353,660	353,660
Total local sources	<u>49,000,000</u>	<u>49,000,000</u>	<u>49,848,224</u>	<u>848,224</u>
State sources:				
Charter School Capital Outlay	1,588,875	1,075,294	978,014	(97,280)
Other				
Total state sources	<u>1,588,875</u>	<u>1,075,294</u>	<u>978,014</u>	<u>(97,280)</u>
Total revenues	<u>50,588,875</u>	<u>50,075,294</u>	<u>50,826,238</u>	<u>750,944</u>
EXPENDITURES				
Current:				
Non Capitalizable Facilities Acquisition and Construction	487,261	612,050	-	612,050
Capital Outlay:				
Facilities acquisition and construction	27,177,804	28,555,459	7,733,975	20,821,484
Other capital outlay	750,178	831,595	-	831,595
Total capital outlay	<u>27,927,982</u>	<u>29,387,054</u>	<u>7,733,975</u>	<u>21,653,079</u>
Total expenditures	<u>28,415,243</u>	<u>29,999,104</u>	<u>7,733,975</u>	<u>22,265,129</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,173,632</u>	<u>20,076,190</u>	<u>43,092,263</u>	<u>23,016,073</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(32,785,284)</u>	<u>(44,271,703)</u>	<u>(30,575,242)</u>	<u>13,696,461</u>
Total other financing sources and uses	<u>(32,785,284)</u>	<u>(44,271,703)</u>	<u>(30,575,242)</u>	<u>13,696,461</u>
Net change in fund balances	(10,611,652)	(24,195,513)	12,517,021	36,712,534
Fund balances - beginning	<u>60,810,195</u>	<u>60,810,195</u>	<u>60,810,195</u>	<u>-</u>
Fund balances - ending	<u>\$ 50,198,543</u>	<u>\$ 36,614,682</u>	<u>\$ 73,327,216</u>	<u>\$ 36,712,534</u>

The accompanying notes are an integral part of these statements.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



POLK COUNTY
PUBLIC SCHOOLS

STUDENTS FIRST



Nonmajor Governmental Funds

Special Revenue Funds

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

Debt Service Funds

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

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

Capital Projects Funds

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

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



POLK COUNTY
PUBLIC SCHOOLS

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THE SCHOOL DISTRICT OF POLK COUNTY

**COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Special Revenue			Debt Service			
	Food Services	Miscellaneous Special Revenue	Total	State Board of Education Bonds	Other Debt Service	ARRA Debt Service	Total
ASSETS							
Cash	\$ 5,699,496	\$ 20,432	\$ 5,719,928	\$ -	\$ 979,838	\$ 5,522,856	\$ 6,502,694
Investments	-	-	-	111,550	3,273,176	11,230,925	14,615,651
Accounts and interest receivable	28,277	-	28,277	-	18,220	-	18,220
Due from other governmental agencies	513,550	-	513,550	-	-	-	-
Inventories	2,397,350	-	2,397,350	-	-	-	-
Total assets	<u>\$ 8,638,673</u>	<u>\$ 20,432</u>	<u>\$ 8,659,105</u>	<u>\$ 111,550</u>	<u>\$ 4,271,234</u>	<u>\$ 16,753,781</u>	<u>\$ 21,136,565</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and contracts payable	\$ 160,173	\$ 20,432	\$ 180,605	\$ -	\$ -	\$ -	\$ -
Salaries and wages payable	9,290	-	9,290	-	-	-	-
Payroll deductions and withholdings	10	-	10	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Due to other governmental agencies	90,443	-	90,443	-	-	-	-
Sales tax payable	468	-	468	-	-	-	-
Unearned revenue	242,447	-	242,447	-	-	-	-
Matured interest payable	-	-	-	-	976,804	-	976,804
Total liabilities	<u>502,831</u>	<u>20,432</u>	<u>523,263</u>	<u>-</u>	<u>976,804</u>	<u>-</u>	<u>976,804</u>
Fund balances:							
Nonspendable:							
Inventories	2,397,350	-	2,397,350	-	-	-	-
Restricted:							
Debt service	-	-	-	111,550	3,294,430	16,753,781	20,159,761
Capital outlay	-	-	-	-	-	-	-
Food services	5,738,492	-	5,738,492	-	-	-	-
Total fund balances	<u>8,135,842</u>	<u>-</u>	<u>8,135,842</u>	<u>111,550</u>	<u>3,294,430</u>	<u>16,753,781</u>	<u>20,159,761</u>
Total liabilities and fund balances	<u>\$ 8,638,673</u>	<u>\$ 20,432</u>	<u>\$ 8,659,105</u>	<u>\$ 111,550</u>	<u>\$ 4,271,234</u>	<u>\$ 16,753,781</u>	<u>\$ 21,136,565</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, 2018**

	Capital Projects				Total	Total Nonmajor Governmental Funds
	Capital Outlay Bond Issue	Public Education Capital Outlay	Capital Outlay and Debt Service	Local Capital Improvement		
ASSETS						
Cash	\$ 17,677	\$ -	\$ 2,958,334	\$ -	\$ 2,976,011	\$ 15,198,633
Investments	-	-	2,095,887	21,645,959	23,741,846	38,357,497
Accounts and interest receivable	-	-	-	15,592	15,592	62,089
Due from other governmental agencies	-	3,624,447	-	19,685	3,644,132	4,157,682
Inventories	-	-	-	-	-	2,397,350
Total assets	<u>\$ 17,677</u>	<u>\$ 3,624,447</u>	<u>\$ 5,054,221</u>	<u>\$ 21,681,236</u>	<u>\$ 30,377,581</u>	<u>\$ 60,173,251</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and contracts payable	\$ -	\$ -	\$ 35	\$ -	\$ 35	\$ 180,640
Salaries and wages payable	-	-	-	-	-	9,290
Payroll deductions and withholdings	-	-	-	-	-	10
Due to other funds	-	137,217	-	2,522,707	2,659,924	2,659,924
Due to other governmental agencies	-	-	-	-	-	90,443
Sales Tax Payable	-	-	-	-	-	468
Unearned revenue	-	-	-	-	-	242,447
Matured interest payable	-	-	-	-	-	976,804
Total liabilities	<u>-</u>	<u>137,217</u>	<u>35</u>	<u>2,522,707</u>	<u>2,659,959</u>	<u>4,160,026</u>
Fund balances:						
Nonspendable:						
Inventories	-	-	-	-	-	2,397,350
Restricted:						
Debt service	-	-	-	-	-	20,159,761
Capital outlay	17,677	3,487,230	5,054,186	19,158,529	27,717,622	27,717,622
Food services	-	-	-	-	-	5,738,492
Total fund balances	<u>17,677</u>	<u>3,487,230</u>	<u>5,054,186</u>	<u>19,158,529</u>	<u>27,717,622</u>	<u>56,013,225</u>
Total liabilities and fund balances	<u>\$ 17,677</u>	<u>\$ 3,624,447</u>	<u>\$ 5,054,221</u>	<u>\$ 21,681,236</u>	<u>\$ 30,377,581</u>	<u>\$ 60,173,251</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, 2018**

	Special Revenue			Debt Service			Total
	Food Services	Miscellaneous Special Revenue	Total	State Board of Education Bonds	Other Debt Service	ARRA Debt Service	
REVENUES							
Local sources:							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food services	1,907,002	-	1,907,002	-	-	-	-
Other	8,282	865	9,147	-	131,585	131,733	263,318
Total local sources	1,915,284	865	1,916,149	-	131,585	131,733	263,318
State sources:							
Food services	751,857	-	751,857	-	-	-	-
Other	-	-	-	962,126	-	-	962,126
Total state sources	751,857	-	751,857	962,126	-	-	962,126
Federal sources:							
Federal direct	-	536	536	-	-	1,064,034	1,064,034
Food services	51,323,762	-	51,323,762	-	-	-	-
Miscellaneous	-	8,216,868	8,216,868	-	-	-	-
Total federal through state and local	51,323,762	8,216,868	59,540,630	-	-	-	-
Total federal sources	51,323,762	8,217,404	59,541,166	-	-	1,064,034	1,064,034
Total revenues	53,990,903	8,218,269	62,209,172	962,126	131,585	1,195,767	2,289,478
EXPENDITURES							
Current:							
Instruction	-	7,336,598	7,336,598	-	-	-	-
Student personnel services	-	42,427	42,427	-	-	-	-
Instructional media services	-	7,539	7,539	-	-	-	-
Instruction and curriculum development services	-	124,719	124,719	-	-	-	-
Instructional staff training services	-	438,161	438,161	-	-	-	-
General administration	-	3,896	3,896	-	-	-	-
School administration	-	36,034	36,034	-	-	-	-
Food services	54,134,220	44,588	54,178,808	-	-	-	-
Central services	-	943	943	-	-	-	-
Student transportation services	-	9,660	9,660	-	-	-	-
Operation of plant	-	33,525	33,525	-	-	-	-
Maintenance of plant	-	127,279	127,279	-	-	-	-
Debt Service:							
Principal retirement	-	-	-	726,000	37,144,222	-	37,870,222
Interest	-	-	-	239,559	6,463,056	1,530,060	8,232,675
Dues, fees and other	-	-	-	690	79,333	7,450	87,473
Capital outlay:							
Facilities acquisition and construction	-	-	-	-	-	-	-
Other capital outlay	474,069	12,900	486,969	-	-	-	-
Total expenditures	54,608,289	8,218,269	62,826,558	966,249	43,686,611	1,537,510	46,190,370
Excess (deficiency) of revenues over (under) expenditures	(617,386)	-	(617,386)	(4,123)	(43,555,026)	(341,743)	(43,900,892)
OTHER FINANCING SOURCES (USES):							
Transfers in	157,442	-	157,442	-	43,633,889	2,545,334	46,179,223
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	157,442	-	157,442	-	43,633,889	2,545,334	46,179,223
Net change in fund balances	(459,944)	-	(459,944)	(4,123)	78,863	2,203,591	2,278,331
Fund balances - beginning	8,595,786	-	8,595,786	115,673	3,215,567	14,550,190	17,881,430
Fund balances - ending	\$ 8,135,842	\$ -	\$ 8,135,842	\$ 111,550	\$ 3,294,430	\$ 16,753,781	\$ 20,159,761

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, 2018**

	Capital Projects				Total	Total Nonmajor Governmental Funds
	Capital Outlay Bond Issue	Public Education Capital Outlay	Capital Outlay and Debt Service	Local Capital Improvement		
REVENUES						
Local sources:						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 50,872,785	\$ 50,872,785	\$ 50,872,785
Food services	-	-	-	-	-	\$ 1,907,002
Other	-	-	14,408	293,543	307,951	580,416
Total local sources	-	-	14,408	51,166,328	51,180,736	53,360,203
State sources:						
Food services	-	-	-	-	-	751,857
Other	-	2,163,116	2,762,820	-	4,925,936	5,888,062
Total state sources	-	2,163,116	2,762,820	-	4,925,936	6,639,919
Federal sources:						
Federal direct	-	-	-	-	-	1,064,570
Food services	-	-	-	-	-	51,323,762
Miscellaneous	-	-	-	-	-	8,216,868
Total federal through state and local	-	-	-	-	-	59,540,630
Total federal sources	-	-	-	-	-	60,605,200
Total revenues	-	2,163,116	2,777,228	51,166,328	56,106,672	120,605,322
EXPENDITURES						
Current:						
Instruction	-	-	-	-	-	7,336,598
Student personnel services	-	-	-	-	-	42,427
Instructional media services	-	-	-	-	-	7,539
Instruction and curriculum development services	-	-	-	-	-	124,719
Instructional staff training services	-	-	-	-	-	438,161
General administration	-	-	-	-	-	3,896
School administration	-	-	-	-	-	36,034
Food services	-	-	-	-	-	54,178,808
Central services	-	-	-	-	-	943
Student transportation services	-	-	-	-	-	9,660
Operation of plant	-	-	-	-	-	33,525
Maintenance of plant	-	-	-	-	-	127,279
Debt Service:						
Principal retirement	-	-	-	-	-	37,870,222
Interest	-	-	-	-	-	8,232,675
Dues, fees and other	-	-	3,062	-	3,062	90,535
Capital outlay						
Facilities acquisition and construction	-	-	361,832	-	361,832	361,832
Other capital outlay	-	-	-	-	-	486,969
Total expenditures	-	-	364,894	-	364,894	109,381,822
Excess (deficiency) of revenues over (under) expenditures	-	2,163,116	2,412,334	51,166,328	55,741,778	11,223,500
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	46,336,665
Transfers out	-	(1,921,213)	-	(51,621,315)	(53,542,528)	(53,542,528)
Total other financing sources and uses	-	(1,921,213)	-	(51,621,315)	(53,542,528)	(7,205,863)
Net change in fund balances	-	241,903	2,412,334	(454,987)	2,199,250	4,017,637
Fund balances - beginning	17,677	3,245,327	2,641,852	19,613,516	25,518,372	51,995,588
Fund balances - ending	\$ 17,677	\$ 3,487,230	\$ 5,054,186	\$ 19,158,529	\$ 27,717,622	\$ 56,013,225

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, 2018**

	Food Services			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Local sources:				
Food services	\$ 2,309,600	\$ 2,309,600	\$ 1,907,002	\$ (402,598)
Other	15,000	15,000	8,282	(6,718)
Total local sources	<u>2,324,600</u>	<u>2,324,600</u>	<u>1,915,284</u>	<u>(409,316)</u>
State sources:				
Food services	710,000	710,000	751,857	41,857
Other	-	-	-	-
Total state sources	<u>710,000</u>	<u>710,000</u>	<u>751,857</u>	<u>41,857</u>
Federal sources:				
Federal Direct				-
Federal through State/Local				-
Food services	52,378,977	52,378,977	51,323,762	(1,055,215)
Total federal sources	<u>52,378,977</u>	<u>52,378,977</u>	<u>51,323,762</u>	<u>(1,055,215)</u>
Total revenues	<u>55,413,577</u>	<u>55,413,577</u>	<u>53,990,903</u>	<u>(1,422,674)</u>
EXPENDITURES:				
Current:				
Instruction	-	-	-	-
Student Personnel Services	-	-	-	-
Instructional Media Services	-	-	-	-
Instruction and Curriculum Development	-	-	-	-
Instruction Staff Training	-	-	-	-
Instruction Related Technology	-	-	-	-
Board	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Non Capitalizable Facilities acquisition and construction	-	-	-	-
Fiscal Services	-	-	-	-
Food services	55,622,120	55,622,120	54,134,220	1,487,900
Central Services	-	-	-	-
Student Transportation Services	-	-	-	-
Operation of Plant	-	-	-	-
Maintenance of Plant	-	-	-	-
Administrative Technology Services	-	-	-	-
Community Services	-	-	-	-
Capital outlay:				
Facilities acquisition and construction	-	-	-	-
Other capital outlay	560,000	560,000	474,069	85,931
Total expenditures	<u>56,182,120</u>	<u>56,182,120</u>	<u>54,608,289</u>	<u>1,573,831</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(768,543)</u>	<u>(768,543)</u>	<u>(617,386)</u>	<u>151,157</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	157,442	157,442
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>157,442</u>	<u>157,442</u>
Net change in fund balance	(768,543)	(768,543)	(459,944)	308,599
Fund balance - beginning	8,595,786	8,595,786	8,595,786	-
Fund balance - ending	<u>\$ 7,827,243</u>	<u>\$ 7,827,243</u>	<u>\$ 8,135,842</u>	<u>\$ 308,599</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, 2018**

	Miscellaneous Special Revenue			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Local sources:				
Food services	\$ -	\$ -	\$ -	\$ -
Other	-	-	865	865
Total local sources	-	-	865	865
State sources:				
Food services	-	-	-	-
Other	-	-	-	-
Total state sources	-	-	-	-
Federal sources:				
Federal Direct	-	-	536	536
Federal through State/Local	349,872	11,908,413	8,216,868	(3,691,545)
Food services	-	-	-	-
Total federal sources	349,872	11,908,413	8,217,404	(3,691,009)
Total revenues	349,872	11,908,413	8,218,269	(3,690,144)
EXPENDITURES:				
Current:				
Instruction	-	8,940,087	7,336,598	1,603,489
Student Personnel Services	3,387	638,124	42,427	595,697
Instructional Media Services	-	6,601	7,539	(938)
Instruction and Curriculum Development	139,354	151,507	124,719	26,788
Instruction Staff Training	34,668	1,842,338	438,161	1,404,177
Instruction Related Technology	-	-	-	-
Board	-	-	-	-
General Administration	-	3,897	3,896	1
School Administration	-	36,034	36,034	-
Non Capitalizable Facilities acquisition and construction	-	-	-	-
Fiscal Services	-	-	-	-
Food services	-	44,588	44,588	-
Central Services	6,726	2,484	943	1,541
Student Transportation Services	-	45,000	9,660	35,340
Operation of Plant	-	32,016	33,525	(1,509)
Maintenance of Plant	89,792	89,792	127,279	(37,487)
Administrative Technology Services	18,676	18,676	-	18,676
Community Services	-	-	-	-
Capital outlay:				
Facilities acquisition and construction	-	-	-	-
Other capital outlay	57,269	57,269	12,900	44,369
Total expenditures	349,872	11,908,413	8,218,269	3,690,144
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
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, 2018**

	State Board of Education Bonds Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Local sources:				
Other	\$ -	\$ -	\$ -	\$ -
Total local sources	-	-	-	-
State sources:				
Other	976,218	976,218	962,126	(14,092)
Total state sources	976,218	976,218	962,126	(14,092)
Federal Sources:				
Federal grants direct	-	-	-	-
Total state sources	-	-	-	-
Total revenues	976,218	976,218	962,126	(14,092)
EXPENDITURES:				
Principal retirement	734,000	734,000	726,000	8,000
Interest	240,218	240,218	239,559	659
Dues, fees and other	2,000	2,000	690	1,310
Total expenditures	976,218	976,218	966,249	9,969
Excess (deficiency) of revenues over (under) expenditures	-	-	(4,123)	(4,123)
OTHER FINANCING SOURCES (USES):				
Premium on sale of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	(4,123)	(4,123)
Fund balances - beginning	115,673	115,673	115,673	-
Fund balances - ending	<u>\$ 115,673</u>	<u>\$ 115,673</u>	<u>\$ 111,550</u>	<u>\$ (4,123)</u>

See accompanying report of independent auditor.

Other Debt Service			
Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 131,585	\$ 131,585
-	-	131,585	131,585
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	131,585	131,585
37,144,223	37,144,223	37,144,222	1
6,320,586	6,401,586	6,463,056	(61,470)
34,102	86,532	79,333	7,199
43,498,911	43,632,341	43,686,611	(54,270)
(43,498,911)	(43,632,341)	(43,555,026)	77,315
-	-	-	-
-	-	-	-
-	-	-	-
43,498,911	43,581,939	43,633,889	51,950
43,498,911	43,581,939	43,633,889	51,950
-	(50,402)	78,863	129,265
3,215,567	3,215,567	3,215,567	-
\$ 3,215,567	\$ 3,165,165	\$ 3,294,430	\$ 129,265

(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, 2018**

	ARRA Debt Service			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Local sources:				
Other	\$ -	\$ -	\$ 131,733	\$ 131,733
Total local sources	-	-	131,733	131,733
State sources:				
SBE/COBI bond interest	-	-	-	-
Total state sources	-	-	-	-
Federal Sources:				
Federal grants direct	1,141,797	1,141,797	1,064,034	(77,763)
Total federal sources	1,141,797	1,141,797	1,064,034	(77,763)
Total revenues	1,141,797	1,141,797	1,195,767	53,970
EXPENDITURES:				
Principal retirement	-	-	-	-
Interest	1,530,060	1,530,060	1,530,060	-
Dues, fees and other	5,700	7,450	7,450	-
Total expenditures	1,535,760	1,537,510	1,537,510	-
Excess (deficiency) of revenues over (under) expenditures	(393,963)	(395,713)	(341,743)	53,970
OTHER FINANCING SOURCES (USES):				
Premium on sale of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	2,465,880	2,467,630	2,545,334	77,704
Total other financing sources and uses	2,465,880	2,467,630	2,545,334	77,704
Net change in fund balances	2,071,917	2,071,917	2,203,591	131,674
Fund balances - beginning	14,550,190	14,550,190	14,550,190	-
Fund balances - ending	<u>\$ 16,622,107</u>	<u>\$ 16,622,107</u>	<u>\$ 16,753,781</u>	<u>\$ 131,674</u>

See accompanying report of independent auditor.

THE SCHOOL DISTRICT OF POLK COUNTY

**CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Capital Outlay Bond Issue Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
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	-	-	-	-
EXPENDITURES:				
Debt service:				
Dues, fees and other	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
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, 2018**

	Public Education Capital Outlay Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total local sources	-	-	-	-
State sources:				
Capital outlay distributed to district	2,163,116	2,163,116	2,163,116	-
Interest on undistributed CO & DS	-	-	-	-
Total state sources	2,163,116	2,163,116	2,163,116	-
Total revenues	2,163,116	2,163,116	2,163,116	-
EXPENDITURES:				
Facilities acquisition and construction	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	2,163,116	2,163,116	2,163,116	-
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,245,513)	(5,408,629)	(1,921,213)	3,487,416
Total other financing sources and uses	(3,245,513)	(5,408,629)	(1,921,213)	3,487,416
Net change in fund balances	(1,082,397)	(3,245,513)	241,903	3,487,416
Fund balances - beginning	3,245,327	3,245,327	3,245,327	-
Fund balances - ending	\$ 2,162,930	\$ (186)	\$ 3,487,230	\$ 3,487,416

(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, 2018**

	Capital Outlay & Debt Service Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other	-	-	14,408	14,408
Total local sources	-	-	14,408	14,408
State sources:				
Capital outlay distributed to district	800,000	800,000	2,717,260	1,917,260
Interest on undistributed CO & DS	20,000	20,000	45,560	25,560
Total state sources	820,000	820,000	2,762,820	1,942,820
Total revenues	820,000	820,000	2,777,228	1,957,228
EXPENDITURES:				
Debt service:				
Dues, fees and other	-	-	3,062	(3,062)
Facilities acquisition and construction	350,712	1,397,859	361,832	1,036,027
Total expenditures	350,712	1,397,859	364,894	1,032,965
Excess (deficiency) of revenues over (under) expenditures	469,288	(577,859)	2,412,334	2,990,193
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	469,288	(577,859)	2,412,334	2,990,193
Fund balances - beginning	2,641,852	2,641,852	2,641,852	-
Fund balances - ending	\$ 3,111,140	\$ 2,063,993	\$ 5,054,186	\$ 2,990,193

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, 2018**

	Local Capital Improvement			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Local sources:				
Ad valorem taxes	\$ 50,499,179	\$ 50,499,179	\$ 50,872,785	\$ 373,606
Other	-	-	293,543	293,543
Total local sources	<u>50,499,179</u>	<u>50,499,179</u>	<u>51,166,328</u>	<u>667,149</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>50,499,179</u>	<u>50,499,179</u>	<u>51,166,328</u>	<u>667,149</u>
EXPENDITURES:				
Debt Service				
Dues, fees and other	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50,499,179</u>	<u>50,499,179</u>	<u>51,166,328</u>	<u>667,149</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(51,737,734)</u>	<u>(62,548,442)</u>	<u>(51,621,315)</u>	<u>10,927,127</u>
Total other financing sources and uses	<u>(51,737,734)</u>	<u>(62,548,442)</u>	<u>(51,621,315)</u>	<u>10,927,127</u>
Net change in fund balances	(1,238,555)	(12,049,263)	(454,987)	11,594,276
Fund balances - beginning,	<u>19,624,653</u>	<u>19,624,653</u>	<u>19,613,516</u>	<u>(11,137)</u>
Fund balances - ending	<u>\$ 18,386,098</u>	<u>\$ 7,575,390</u>	<u>\$ 19,158,529</u>	<u>\$ 11,583,139</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, 2018

	Governmental Activities	
	Workers' Compensation	General Liability/ Fleet Liability
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 251,215	\$ 356,547
Investments	19,788,723	5,871,197
Accounts receivable	17,771	-
Total current assets	<u>20,057,709</u>	<u>6,227,744</u>
Noncurrent Assets:		
Buildings	-	-
Improvements other than buildings	-	19,589
Furniture, fixtures, and equipment	3,882	-
Total noncurrent assets	<u>3,882</u>	<u>19,589</u>
Total assets	<u>20,061,591</u>	<u>6,247,333</u>
LIABILITIES		
Current liabilities:		
Accounts payable	95,182	4,287
Payroll Deductions and Withholdings	-	-
Due to other agencies	-	-
Due to other funds	17,771	-
Unearned revenue	-	-
Estimated liability for claims	3,118,830	1,403,418
Total current liabilities	<u>3,231,783</u>	<u>1,407,705</u>
Noncurrent liabilities:		
Estimated liability for claims	5,310,440	2,389,603
Total noncurrent liabilities	<u>5,310,440</u>	<u>2,389,603</u>
Total liabilities	<u>8,542,223</u>	<u>3,797,308</u>
NET POSITION		
Net investment in capital assets	3,882	19,589
Unrestricted	11,515,486	2,430,436
Total net position	<u>\$ 11,519,368</u>	<u>\$ 2,450,025</u>

See accompanying report of independent auditor.

Internal Service Funds		
Errors & Omissions/ Boiler & Machinery	Group Health Insurance	Total
\$ 76,412	\$ 5,030,626	\$ 5,714,800
1,878,904	24,240,210	51,779,034
-	507,945	525,716
<u>1,955,316</u>	<u>29,778,781</u>	<u>58,019,550</u>
-	1,982,154	1,982,154
-	4,382	23,971
-	85,552	89,434
-	2,072,088	2,095,559
<u>1,955,316</u>	<u>31,850,869</u>	<u>60,115,109</u>
-	21,286,417	21,385,886
-	-	-
-	1,036	1,036
-	-	17,771
-	-	-
-	3,092,357	7,614,605
-	<u>24,379,810</u>	<u>29,019,298</u>
-	5,265,364	12,965,407
-	5,265,364	12,965,407
-	<u>29,645,174</u>	<u>41,984,705</u>
-	2,072,088	2,095,559
1,955,316	133,607	16,034,845
<u>\$ 1,955,316</u>	<u>\$ 2,205,695</u>	<u>\$ 18,130,404</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, 2018**

	Governmental Activities	
	Workers' Compensation	General Liability/ Fleet Liability
OPERATING REVENUES:		
Premium revenue from other funds	\$ 4,802,914	\$ 1,700,000
Other revenue	-	-
Total operating revenues	<u>4,802,914</u>	<u>1,700,000</u>
OPERATING EXPENSES:		
Salaries & benefits	-	-
Purchased services	1,560,649	380,918
Energy services	-	-
Materials and supplies	127,699	-
Other	1,418,364	1,729,140
Depreciation	1,065	1,036
Total operating expenses	<u>3,107,777</u>	<u>2,111,094</u>
Operating income/(loss)	<u>1,695,137</u>	<u>(411,094)</u>
NON-OPERATING REVENUE(EXPENSE):		
Interest	174,127	39,616
Miscellaneous	-	-
Other Miscellaneous Local Sources	-	-
Loss Recoveries	682,406	60,897
Total non-operating revenue	<u>856,533</u>	<u>100,513</u>
Income (loss) before transfers	2,551,670	(310,581)
TRANSFERS IN	-	-
TRANSFERS OUT	<u>(806,249)</u>	<u>(69,826)</u>
Change in net position	1,745,421	(380,407)
Total net position - beginning	<u>9,773,947</u>	<u>2,830,432</u>
Total net position - ending	<u>\$ 11,519,368</u>	<u>\$ 2,450,025</u>

See accompanying report of independent auditor.

Internal Service Funds		
Errors & Omissions/ Boiler & Machinery	Group Health Insurance	Total
\$ -	\$ 104,168,967	110,671,881
-	1,398,322	1,398,322
-	105,567,289	112,070,203
-	272	272
-	5,776,609	7,718,176
-	16,362	16,362
-	1,967	129,666
-	110,074,891	113,222,395
-	71,183	73,284
-	115,941,284	121,160,155
-	(10,373,995)	(9,089,952)
23,737	96,158	333,638
-	(4,219)	(4,219)
-	-	-
-	-	743,303
23,737	91,939	1,072,722
23,737	(10,282,056)	(8,017,230)
-	626,688	626,688
-	(817,410)	(1,693,485)
23,737	(10,472,778)	(9,084,027)
1,931,579	12,678,473	27,214,431
\$ 1,955,316	\$ 2,205,695	18,130,404

THE SCHOOL DISTRICT OF POLK COUNTY

**PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Governmental Activities		
	Workers' Compensation	General Liability/ Fleet Liability	Errors & Omissions/ Boiler & Machinery
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from interfund services provided	\$ 4,785,144	\$ 1,700,000	\$ -
Payment to suppliers	(1,850,439)	(379,240)	-
Payment/premium to employees	-	-	-
Insurance claims payments	-	-	-
Payments for interfund services used	(3,200,275)	(1,204,840)	-
Other receipts	-	-	-
Net cash provided (used) by operating activities	<u>(265,570)</u>	<u>115,920</u>	<u>-</u>
CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:			
Transfers from other funds	-	-	-
Other Receipts	-	-	-
Transfers to other funds	(806,249)	(69,826)	-
Net cash provided (used) by noncapital and related financing activities	<u>(806,249)</u>	<u>(69,826)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from Disposition of Capital Assets	682,406	60,897	-
Acquisition and construction of capital assets	-	-	-
Net cash provided (used) by capital and related financing activities	<u>682,406</u>	<u>60,897</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales and maturities of investments	-	-	-
Purchases of investments	(308,398)	(3,907,997)	(127,284)
Interest and dividends earned on investments	174,127	39,616	23,737
Net cash provided (used) by investing activities	<u>(134,271)</u>	<u>(3,868,381)</u>	<u>(103,547)</u>
Net increase (decrease) in cash and cash equivalents	(523,684)	(3,761,390)	(103,547)
Cash and cash equivalents - Beginning of year	774,901	4,117,937	179,959
Cash and cash equivalents - End of year	<u>\$ 251,217</u>	<u>\$ 356,547</u>	<u>\$ 76,412</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,695,137	\$ (411,094)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,065	1,036	-
Change in assets and liabilities:			
accounts receivable	(17,771)	-	-
due from other agencies	-	-	-
prepaid items	-	-	-
accounts payable	(18,182)	1,677	-
Increase (decrease) in payroll deductions and withholdings	-	-	-
due to other funds	-	-	-
estimated liability for claims adjust expense	(1,925,819)	524,301	-
unearned revenue	-	-	-
Total adjustments	<u>(1,960,707)</u>	<u>527,014</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ (265,570)</u>	<u>\$ 115,920</u>	<u>\$ -</u>

See accompanying report of independent auditor.

Internal Service Funds

Group Health		
Insurance		Total
\$ 104,535,884		\$ 111,021,028
-		(2,229,679)
(272)		(272)
-		-
(109,706,165)		(114,111,280)
<u>7,767,281</u>		<u>7,767,281</u>
<u>2,596,728</u>		<u>2,447,078</u>
626,688		626,688
-		-
<u>(821,629)</u>		<u>(1,697,704)</u>
<u>(194,941)</u>		<u>(1,071,016)</u>
-		743,303
<u>(2,806)</u>		<u>(2,806)</u>
<u>(2,806)</u>		<u>740,497</u>
-		-
412,223		(3,931,456)
<u>96,158</u>		<u>333,638</u>
<u>508,381</u>		<u>(3,597,818)</u>
2,907,362		(1,481,259)
<u>2,123,262</u>		<u>7,196,059</u>
<u>\$ 5,030,624</u>		<u>\$ 5,714,800</u>
\$ (10,373,995)		\$ (9,089,952)
71,183		73,284
366,917		349,146
-		-
-		-
12,163,897		12,147,392
-		-
-		-
368,726		(1,032,792)
-		-
<u>12,970,723</u>		<u>11,537,030</u>
<u>\$ 2,596,728</u>		<u>\$ 2,447,078</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, 2018**

	School Activity Fund			
	Balances July 1, 2017	Additions	Deductions	Balances June 30, 2018
ASSETS				
Cash	\$ 2,268,232	\$ 40,376,896	\$ 42,010,805	\$ 634,323
Investments	6,828,827	8,226,426	6,216,178	8,839,075
Accounts receivable	434,638	193,840	427,158	201,320
Inventory	562,273		33,022	529,251
Total assets	<u>\$ 10,093,970</u>	<u>\$ 48,797,162</u>	<u>\$ 48,687,163</u>	<u>\$ 10,203,969</u>
LIABILITIES				
Accounts payable	\$ 27,824	\$ 19,211,385	\$ 19,209,163	\$ 30,046
Sales tax payable	1,172	25,824	26,374	622
Due to student organizations	10,064,974	747,782	639,455	10,173,301
Total liabilities	<u>\$ 10,093,970</u>	<u>\$ 19,984,991</u>	<u>\$ 19,874,992</u>	<u>\$ 10,203,969</u>

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.



POLK COUNTY
PUBLIC SCHOOLS

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THE SCHOOL DISTRICT OF POLK COUNTY

**COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
Year Ending June 30, 2018**

	Babson Park Elementary	Berkley Accelerated Middle	Berkley Elementary Academy	BOK Academy	Compass Middle Charter	Cypress Junction Montessori
ASSETS						
Cash	\$ -	\$ 797,837	\$ 1,694,850	\$ -	\$ 1,023,870	\$ 121,150
Certificates of Deposit	-	-	-	-	-	-
Investments	-	-	704,914	-	-	-
Accounts receivable	1,063,112	-	-	910,517	388	1,840
Due from other governmental agencies	-	316,913	71,957	-	11,287	-
Prepaid items	-	48,704	-	-	-	-
Other Assets	-	-	99,245	-	-	7,953
Capital assets (net of accumulated depreciation) depreciation):	-	-	-	-	-	-
Land	-	215,000	-	-	-	-
Land improvements	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	73,745
Improvements other than buildings	66,684	-	-	128,755	-	18,989
Buildings and systems	-	4,991,494	64,483	2,318,379	-	-
Furniture, fixtures and equipment	106,119	27,611	60,557	59,286	10,758	64,899
Motor vehicles	-	-	311,272	73,084	46,858	-
Total assets	<u>1,235,915</u>	<u>6,397,559</u>	<u>3,007,278</u>	<u>3,490,021</u>	<u>1,093,161</u>	<u>288,576</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related deferred outflows of resources	798,121	679,818	1,374,193	833,614	222,591	-
Total assets and deferred outflows resources	<u>\$ 2,034,036</u>	<u>\$ 7,077,377</u>	<u>\$ 4,381,471</u>	<u>\$ 4,323,635</u>	<u>\$ 1,315,752</u>	<u>\$ 288,576</u>
LIABILITIES						
Accounts payable	\$ -	\$ 51,787	\$ 271,703	\$ -	\$ 102,268	\$ 16,246
Due to other governmental agencies	-	58,612	-	658,009	62,871	-
Salaries and wages payable	94,771	339,210	199,043	89,790	-	62,193
Deferred revenue	-	-	-	-	5,917	-
Other liabilities	-	-	-	-	-	100
Noncurrent liabilities:						
Due within one year	-	165,678	-	-	-	-
Due in more than one year	-	6,094,353	-	-	-	50,014
Net Pension Liability	1,863,368	1,533,807	3,280,993	1,872,467	535,312	-
Total liabilities	<u>1,958,139</u>	<u>8,243,447</u>	<u>3,751,739</u>	<u>2,620,266</u>	<u>706,368</u>	<u>128,553</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related deferred inflows of resources	265,608	92,659	229,316	119,742	124,976	-
NET POSITION						
Net investment in capital assets	172,803	(1,025,926)	436,312	2,579,504	57,616	107,619
Restricted for:						
Endowment - nonexpendable	-	-	-	-	-	-
Other purposes	-	-	-	-	-	12,093
Unrestricted	(362,514)	(232,803)	(35,896)	(995,877)	426,792	40,311
Total net position	<u>(189,711)</u>	<u>(1,258,729)</u>	<u>400,416</u>	<u>1,583,627</u>	<u>484,408</u>	<u>160,023</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,034,036</u>	<u>\$ 7,077,377</u>	<u>\$ 4,381,471</u>	<u>\$ 4,323,635</u>	<u>\$ 1,315,752</u>	<u>\$ 288,576</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, 2018**

	Discovery Academy of Lake Alfred	Discovery High School	Hartridge Academy	Hillcrest Elementary	Janie Howard Wilson Elementary	Lake Wales High School
ASSETS						
Cash	\$ 34,775	\$ 28,503	\$ 1,289,112	\$ -	\$ -	\$ -
Certificates of Deposit	-	-	-	-	-	-
Investments	764,777	-	-	-	-	-
Accounts receivable	593,185	376,440	38,156	2,184,847	1,477,582	1,117,984
Due from other governmental agencies	57,241	14,819	-	-	-	-
Prepaid items	-	-	101,350	-	-	6,578
Other Assets	67,112	11,352,084	13,260	-	-	-
Capital assets (net of accumulated depreciation):	-	-	-	-	-	-
Land	1,870,537	-	-	-	-	-
Land improvements	-	-	-	-	-	-
Construction in progress	-	-	39,411	-	-	41,376
Improvements other than buildings	-	-	105,645	6,898	-	429,195
Buildings and systems	11,426,538	-	-	-	-	-
Furniture, fixtures and equipment	621,004	237,274	28,856	54,979	17,317	153,403
Motor vehicles	1,160,463	-	105,263	-	-	30,857
Total assets	<u>16,595,632</u>	<u>12,009,120</u>	<u>1,721,053</u>	<u>2,246,724</u>	<u>1,494,899</u>	<u>1,779,393</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related deferred outflows of resources	1,830,381	-	-	1,254,315	648,351	2,105,355
Total assets and deferred outflows resources	<u>\$ 18,426,013</u>	<u>\$ 12,009,120</u>	<u>\$ 1,721,053</u>	<u>\$ 3,501,039</u>	<u>\$ 2,143,250</u>	<u>\$ 3,884,748</u>
LIABILITIES						
Accounts payable	\$ 895,220	\$ 119,012	\$ 85,803	\$ -	\$ 723	\$ -
Due to other governmental agencies	-	-	-	-	-	-
Salaries and wages payable	294,466	76,467	-	124,936	48,825	225,538
Deferred revenue	-	-	-	-	-	-
Other liabilities	-	-	27,263	-	-	-
Noncurrent liabilities:						
Due within one year	419,692	170,621	-	-	-	-
Due in more than one year	12,199,149	11,772,648	-	-	-	-
Net Pension Liability	3,868,027	-	-	2,828,046	1,553,474	4,856,514
Total liabilities	<u>17,676,554</u>	<u>12,138,748</u>	<u>113,066</u>	<u>2,952,982</u>	<u>1,603,022</u>	<u>5,082,052</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related deferred inflows of resources	328,756	-	-	224,554	320,314	309,353
NET POSITION						
Net investment in capital assets	2,459,700	(355,910)	279,175	61,877	17,317	654,831
Restricted for:						
Endowment - nonexpendable	-	-	-	-	-	-
Other purposes	136,564	-	-	-	-	-
Unrestricted	(2,175,561)	226,282	1,328,812	261,626	202,597	(2,161,488)
Total net position	<u>420,703</u>	<u>(129,628)</u>	<u>1,607,987</u>	<u>323,503</u>	<u>219,914</u>	<u>(1,506,657)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 18,426,013</u>	<u>\$ 12,009,120</u>	<u>\$ 1,721,053</u>	<u>\$ 3,501,039</u>	<u>\$ 2,143,250</u>	<u>\$ 3,884,748</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, 2018**

	Lakeland Montessori Schoolhouse	Lakeland Montessori Middle	Magnolia Montessori	McKee Schools System	New Beginnings High School	Victory Ridge Academy
ASSETS						
Cash	\$ 1,302,439	\$ 454,189	\$ 160,945	\$ 5,528,640	\$ 1,160,347	\$ 897,835
Certificates of Deposit	-	-	-	576,058	-	-
Investments	-	-	-	-	-	-
Accounts receivable	19,574	-	1,556	92,679	-	167,188
Due from other governmental agencies	5,250	886	-	41,611	95,992	-
Prepaid items	2,228	-	-	-	52,992	-
Other Assets	22,000	-	-	210,757	-	46,884
Capital assets (net of accumulated depreciation):	-	-	-	-	-	-
Land	306,000	-	-	607,178	-	-
Land improvements	-	-	-	392,351	-	-
Construction in progress	621,166	-	-	38,302	-	-
Improvements other than buildings	-	-	19,142	-	263,817	-
Buildings and systems	469,099	-	-	7,011,373	-	375,478
Furniture, fixtures and equipment	1,975	2,917	2,477	1,319,202	144,432	(122,371)
Motor vehicles	-	-	-	1,082,466	328,732	66,693
Total assets	<u>2,749,731</u>	<u>457,992</u>	<u>184,120</u>	<u>16,900,617</u>	<u>2,046,312</u>	<u>1,431,707</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related deferred outflows of resources	-	-	-	6,885,143	1,460,504	1,453,020
Total assets and deferred outflows resources	<u>\$ 2,749,731</u>	<u>\$ 457,992</u>	<u>\$ 184,120</u>	<u>\$ 23,785,760</u>	<u>\$ 3,506,816</u>	<u>\$ 2,884,727</u>
LIABILITIES						
Accounts payable	\$ 97,109	\$ 20,717	\$ 44,712	\$ 1,944,929	\$ 78,271	\$ 431,617
Due to other governmental agencies	-	-	-	-	-	45,000
Salaries and wages payable	-	-	-	-	32,335	37,901
Deferred revenue	164,229	7,826	18,899	8,704	-	-
Other liabilities	234,651	-	-	-	-	-
Noncurrent liabilities:						
Due within one year	23,538	-	-	1,559,700	78,184	-
Due in more than one year	660,387	-	10,512	15,576,246	185,178	-
Net Pension Liability	-	-	-	-	1,715,336	2,268,723
Total liabilities	<u>1,179,914</u>	<u>28,543</u>	<u>74,123</u>	<u>19,089,579</u>	<u>2,089,304</u>	<u>2,783,241</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related deferred inflows of resources	-	-	8,000	3,000,015	86,455	159,188
NET POSITION						
Net investment in capital assets	737,077	2,917	21,619	4,960,582	473,619	319,800
Restricted for:						
Endowment - nonexpendable	-	-	-	-	-	-
Other purposes	-	-	-	283,293	-	-
Unrestricted	832,740	426,532	80,378	(3,547,709)	857,438	(377,502)
Total net position	<u>1,569,817</u>	<u>429,449</u>	<u>101,997</u>	<u>1,696,166</u>	<u>1,331,057</u>	<u>(57,702)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,749,731</u>	<u>\$ 457,992</u>	<u>\$ 184,120</u>	<u>\$ 23,785,760</u>	<u>\$ 3,506,816</u>	<u>\$ 2,884,727</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, 2018**

	Polk Avenue Elementary	Polk Pre-Collegiate Academy	Ridgeview Global Studies Academy	Polk Education Foundation	TOTALS Component Units
ASSETS					
Cash	\$ -	\$ 599,952	\$ 1,446,847	\$ 2,444,380	\$ 18,985,671
Certificates of Deposit	-	-	-	-	576,058
Investments	-	-	-	3,619,074	5,088,765
Accounts receivable	1,016,012	-	-	141,044	9,202,104
Due from other governmental agencies	-	5,690	183,610	2,520,741	3,325,997
Prepaid items	2,181	13,778	-	-	227,811
Other Assets	-	-	42,054	-	11,861,349
Capital assets (net of accumulated depreciation):	-	-	-	-	-
Land	-	-	1,254,590	-	4,253,305
Land improvements	-	-	-	-	392,351
Construction in progress	-	-	5,858,947	-	6,672,947
Improvements other than buildings	15,767	-	-	-	1,054,892
Buildings and systems	-	-	-	-	26,656,844
Furniture, fixtures and equipment	35,474	6,237	44,036	1,353	2,877,795
Motor vehicles	-	-	268,112	-	3,473,800
Total assets	<u>1,069,434</u>	<u>625,657</u>	<u>9,098,196</u>	<u>8,726,592</u>	<u>94,649,689</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related deferred outflows of resources	890,854	139,240	2,482,387	-	23,057,887
Total assets and deferred outflows resources	<u>\$ 1,960,288</u>	<u>\$ 764,897</u>	<u>\$ 11,580,583</u>	<u>\$ 8,726,592</u>	<u>\$ 117,707,576</u>
LIABILITIES					
Accounts payable	\$ -	\$ 16,272	\$ 153,468	\$ 14,196	\$ 4,344,053
Due to other governmental agencies	-	176,673	-	-	1,001,165
Salaries and wages payable	75,576	118,037	483,786	-	2,302,874
Deferred revenue	-	55,293	-	-	260,868
Other liabilities	-	-	-	-	262,014
Noncurrent liabilities:					
Due within one year	-	-	34,338	-	2,451,751
Due in more than one year	-	-	5,487,245	-	52,035,732
Net Pension Liability	2,061,852	314,153	4,936,982	-	33,489,054
Total liabilities	<u>2,137,428</u>	<u>680,428</u>	<u>11,095,819</u>	<u>14,196</u>	<u>96,147,511</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related deferred inflows of resources	182,278	18,979	302,045	-	5,772,238
NET POSITION					
Net investment in capital assets	51,241	6,237	1,904,102	1,353	13,923,465
Restricted for:					
Endowment - nonexpendable	-	-	-	1,701,921	1,701,921
Other purposes	-	-	72,631	3,095,096	3,599,677
Unrestricted	(410,659)	59,253	(1,794,014)	3,914,026	(3,437,236)
Total net position	<u>(359,418)</u>	<u>65,490</u>	<u>182,719</u>	<u>8,712,396</u>	<u>15,787,827</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,960,288</u>	<u>\$ 764,897</u>	<u>\$ 11,580,583</u>	<u>\$ 8,726,592</u>	<u>\$ 117,707,576</u>

See accompanying independent auditors' report.

THE SCHOOL DISTRICT OF POLK COUNTY

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
Year Ending June 30, 2018**

	Babson Park Elementary	Berkley Accelerated Middle	Berkley Elementary Academy	BOK Academy
EXPENSES				
Instruction	\$ 2,572,334	\$ 2,580,146	\$ 4,298,504	\$ 2,811,140
Student support services	33,792	67,910	176,488	152,645
Instructional Media Services	69,606	570	54,044	734
Instruction and Curriculum Development Services	141,544	-	-	-
Instructional Staff Training Services	13,183	29,057	44,465	9,011
Instruction-Related Technology	20,858	-	-	73,901
Board	10,500	20,279	4,578	10,000
General administration	18,319	-	33,932	23,565
School administration	491,220	458,229	440,794	388,911
Facilities acquisition and construction	9,127	-	6,797	58,752
Fiscal Services	-	71,415	69,532	-
Food services	-	750	470,175	-
Central Services	-	17,526	18,958	-
Student transportation services	80,014	113,360	261,599	486,504
Operation of plant (7900)	182,094	274,561	429,830	605,378
Maintenance of plant (8100)	-	-	-	494
Community services and other	58,633	-	46,017	19,808
Interest on long term debt	-	352,544	5,164	-
Other Operating Expenses	-	1,590	-	-
Total expenses	<u>\$ 3,701,224</u>	<u>\$ 3,987,937</u>	<u>\$ 6,360,877</u>	<u>\$ 4,640,843</u>
PROGRAM REVENUES				
Charges for services	\$ 146,453	\$ -	\$ 162,654	\$ -
Operating grants and contributions	191,214	168,581	370,565	113,980
Capital grants and contributions	-	86,241	-	-
Net program expenses	<u>\$ (3,363,557)</u>	<u>\$ (3,733,115)</u>	<u>\$ (5,827,658)</u>	<u>\$ (4,526,863)</u>
GENERAL REVENUES				
Federal	\$ -	\$ -	\$ -	\$ 53,004
State and Local Sources	3,386,764	2,743,161	4,875,537	4,231,974
Grants and contributions not restricted to specific programs	48,332	-	858,917	2,333,282
Investment earnings	-	-	-	-
Miscellaneous	-	663,343	-	-
Total general revenues	<u>\$ 3,435,096</u>	<u>\$ 3,406,504</u>	<u>\$ 5,734,454</u>	<u>\$ 6,618,260</u>
Change in net position	71,539	(326,611)	(93,204)	2,091,397
Net position - beginning	(261,250)	(932,118)	493,620	(507,770)
Net position - ending	<u>\$ (189,711)</u>	<u>\$ (1,258,729)</u>	<u>\$ 400,416</u>	<u>\$ 1,583,627</u>

See accompanying independent auditors' report.

Compass Middle Charter	Cypress Junction Montessori	Discovery Academy of Lake Alfred	Discovery High School	Hartridge Academy	Hillcrest Elementary	Janie Howard Wilson Elementary
\$ 651,738	\$ 840,545	\$ 3,497,954	\$ 2,130,726	\$ 1,121,622	\$ 3,705,173	\$ 2,170,784
2,479	-	794,625	288,575	-	43,362	21,978
-	-	106,627	-	-	42,829	9,222
-	-	-	-	-	250,045	211,217
3,859	45,186	134,273	3,422	4,366	64,989	196
-	165	-	-	-	26,399	15,628
12,348	22,106	72,344	19,763	18,964	10,500	10,500
-	934	79,866	78,860	-	26,353	16,051
211,207	244,123	843,586	478,623	210,429	590,916	508,659
-	-	583,108	-	-	5,140	-
23,413	13,819	60,034	33,092	-	-	-
-	24,063	813,084	437	-	-	-
1,065	-	32,543	32,540	78,708	-	-
98,900	12,184	1,065,747	161,527	44,892	109,405	179,888
24,544	194,078	453,957	538,818	212,518	249,958	220,849
-	-	-	-	28,106	-	-
-	-	-	-	-	19,030	-
-	1,712	652,844	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,029,553</u>	<u>\$ 1,398,915</u>	<u>\$ 9,190,592</u>	<u>\$ 3,766,383</u>	<u>\$ 1,719,605</u>	<u>\$ 5,144,099</u>	<u>\$ 3,364,972</u>
\$ -	\$ 96,359	\$ 120,740	\$ 14,253	\$ -	\$ 140,938	\$ -
111,652	285,281	1,093,086	554,378	164,060	343,107	419,904
-	112,019	-	-	-	-	-
<u>\$ (917,901)</u>	<u>\$ (905,256)</u>	<u>\$ (7,976,766)</u>	<u>\$ (3,197,752)</u>	<u>\$ (1,555,545)</u>	<u>\$ (4,660,054)</u>	<u>\$ (2,945,068)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,826	\$ 14,210
945,732	1,010,804	6,271,838	2,967,631	1,565,320	4,690,575	2,999,803
-	-	416,730	173,462	-	2,588	29,395
-	-	-	-	184	-	-
-	-	-	-	39,083	-	-
<u>\$ 945,732</u>	<u>\$ 1,010,804</u>	<u>\$ 6,688,568</u>	<u>\$ 3,141,093</u>	<u>\$ 1,604,587</u>	<u>\$ 4,700,989</u>	<u>\$ 3,043,408</u>
27,831	105,548	(1,288,198)	(56,659)	49,042	40,935	98,340
456,577	54,475	1,708,901	(72,969)	1,558,945	282,568	121,574
<u>\$ 484,408</u>	<u>\$ 160,023</u>	<u>\$ 420,703</u>	<u>\$ (129,628)</u>	<u>\$ 1,607,987</u>	<u>\$ 323,503</u>	<u>\$ 219,914</u>

Lake Wales High School	Lakeland Montessori Schoolhouse	Lakeland Montessori Middle	Magnolia Montessori	McKeel Schools System	New Beginnings High School
\$ 6,669,046	\$ 556,924	\$ 190,222	\$ 567,956	\$ 14,358,618	\$ 1,259,383
478,257	6,850	625	7,592	616,996	827,779
13,930	-	-	-	119,093	-
173,126	-	-	-	-	142,568
103,171	22,681	8,473	1,997	205,352	1,648
12,225	-	-	-	572,829	-
15,000	9,638	6,675	6,975	71,059	17,087
61,288	-	-	-	65,241	77,612
1,367,038	238,635	68,996	157,509	1,728,240	1,207,790
58,001	-	-	-	-	77,779
-	-	-	-	388,758	64,173
-	-	-	-	1,634,992	-
-	13,245	7,322	12,692	-	93,911
785,573	-	727	4,442	1,399,928	288,800
1,006,176	97,776	68,573	124,207	2,899,122	1,269,807
16,805	14,084	-	-	283,147	-
433,162	-	-	12,314	222,201	6,715
-	47,733	-	-	249,882	15,395
-	-	-	-	-	-
<u>\$ 11,192,798</u>	<u>\$ 1,007,566</u>	<u>\$ 351,613</u>	<u>\$ 895,684</u>	<u>\$ 24,815,458</u>	<u>\$ 5,350,447</u>
\$ 224,568	\$ 353,413	\$ -	\$ 209,301	\$ 1,959,398	\$ -
475,298	69,762	49,221	46,609	1,141,370	227,618
-	-	-	-	-	209,681
<u>\$ (10,492,932)</u>	<u>\$ (584,391)</u>	<u>\$ (302,392)</u>	<u>\$ (639,774)</u>	<u>\$ (21,714,690)</u>	<u>\$ (4,913,148)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,056,565	674,870	386,959	650,792	22,800,208	4,709,493
397,533	-	-	-	157,074	71,178
-	673	156	-	-	-
-	2,532	-	9,060	-	-
<u>\$ 10,454,098</u>	<u>\$ 678,075</u>	<u>\$ 387,115</u>	<u>\$ 659,852</u>	<u>\$ 22,957,282</u>	<u>\$ 4,780,671</u>
(38,834)	93,684	84,723	20,078	1,242,592	(132,477)
<u>(1,467,823)</u>	<u>1,476,133</u>	<u>344,726</u>	<u>81,919</u>	<u>453,574</u>	<u>1,463,534</u>
<u>\$ (1,506,657)</u>	<u>\$ 1,569,817</u>	<u>\$ 429,449</u>	<u>\$ 101,997</u>	<u>\$ 1,696,166</u>	<u>\$ 1,331,057</u>

(continued)

Victory Ridge Academy	Polk Avenue Elementary	Polk Pre-Collegiate Academy	Ridgeview Global Studies Academy	Polk Education Foundation	TOTALS Component Units
\$ 2,066,377	\$ 2,902,319	\$ 471,656	\$ 7,103,832	\$ -	\$ 62,526,999
1,806,064	38,202	19,920	269,552	-	5,653,691
-	39,306	-	125,786	-	581,747
-	133,773	-	-	-	1,052,273
2,885	-	815	33,011	-	732,040
-	24,620	-	-	-	746,625
23,597	10,500	8,536	35,311	-	416,260
69,452	20,204	-	34,657	-	606,334
564,258	529,105	150,224	810,686	-	11,689,178
36,145	1,608	-	211,250	-	1,047,707
33,352	-	17,006	58,315	-	832,909
42,196	-	-	544,001	-	3,529,698
-	-	1,237	-	-	309,747
111,166	121,652	24,988	367,785	-	5,719,081
332,188	209,934	170,208	670,797	-	10,235,373
-	589	-	-	-	343,225
-	-	-	129,915	-	947,795
11,199	-	-	43,379	-	1,379,852
-	-	4,443	-	1,942,361	1,948,394
<u>\$ 5,098,879</u>	<u>\$ 4,031,812</u>	<u>\$ 869,033</u>	<u>\$ 10,438,277</u>	<u>\$ 1,942,361</u>	<u>\$ 110,298,928</u>
\$ -	\$ 71,109	\$ -	\$ 297,328	\$ -	\$ 3,796,514
369,281	290,844	25,498	919,416	-	7,430,725
-	-	21,927	-	-	429,868
<u>\$ (4,729,598)</u>	<u>\$ (3,669,859)</u>	<u>\$ (821,608)</u>	<u>\$ (9,221,533)</u>	<u>\$ (1,942,361)</u>	<u>\$ (98,641,821)</u>
\$ -	\$ 30,834	\$ -	\$ -	\$ -	\$ 105,874
4,257,203	3,659,093	737,384	8,935,306	-	92,557,012
860,044	23,201	-	154,977	2,039,720	7,566,433
-	-	-	-	135,619	136,632
-	-	83,795	-	493,077	1,290,890
<u>\$ 5,117,247</u>	<u>\$ 3,713,128</u>	<u>\$ 821,179</u>	<u>\$ 9,090,283</u>	<u>\$ 2,668,416</u>	<u>\$ 101,656,841</u>
387,649	43,269	(429)	(131,250)	726,055	3,015,020
(445,351)	(402,687)	65,919	313,969	7,986,341	12,772,807
<u>\$ (57,702)</u>	<u>\$ (359,418)</u>	<u>\$ 65,490</u>	<u>\$ 182,719</u>	<u>\$ 8,712,396</u>	<u>\$ 15,787,827</u>

Statistical Section

(UNAUDITED)



POLK COUNTY
PUBLIC SCHOOLS

STUDENTS FIRST

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				
	2018	2017	2016	2015	2014
Government activities:					
Net investment in capital assets	\$ 849,717	\$ 822,501	\$ 797,167	\$ 765,624	\$ 752,300
Restricted	140,890	127,208	105,187	109,845	120,340
Unrestricted	<u>(347,043)</u>	<u>(296,766)</u>	<u>(252,998)</u>	<u>(253,284)</u>	<u>11,509</u>
Total governmental activities net position	643,564	652,943	649,356	622,185	884,149
Business-type activities:					
Unrestricted	<u>-</u>	<u>398</u>	<u>290</u>	<u>122</u>	<u>-</u>
Total primary government	<u>\$ 643,564</u>	<u>\$ 653,341</u>	<u>\$ 649,646</u>	<u>\$ 622,307</u>	<u>\$ 884,149</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
2013	2012	2011	2010	2009	
\$ 756,128	\$ 761,407	\$ 781,310	\$ 741,501	\$ 589,452	
125,960	124,599	116,197	136,135	271,820	
<u>2,777</u>	<u>10,170</u>	<u>31,676</u>	<u>23,514</u>	<u>17,242</u>	
884,865	896,176	929,183	901,150	878,514	
-	-	-	-	-	
<u>\$ 884,865</u>	<u>\$ 896,176</u>	<u>\$ 929,183</u>	<u>\$ 901,150</u>	<u>\$ 878,514</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				
	2018	2017	2016	2015	2014
GOVERNMENTAL ACTIVITIES					
EXPENSES					
Instructional services	\$ 631,644	\$ 593,877	\$ 554,005	\$ 536,529	\$ 531,412
Instructional support services	100,814	93,061	90,111	83,923	84,267
Student transportation services	36,464	30,558	31,946	33,256	35,115
Operation and maintenance of plant	73,057	70,149	66,475	66,575	66,916
School administration	47,568	45,929	42,959	39,702	39,775
General administration	52,499	58,518	50,970	53,496	43,475
Food services	57,653	56,311	52,535	49,440	48,350
Community services and other	3,321	2,598	2,335	2,821	2,836
Interest on long term debt	8,599	12,995	15,789	12,998	16,288
Unallocated fiscal charges on long-term debt and depreciation expense	547	1,075	241	642	578
Total primary government expenses	<u>1,012,166</u>	<u>965,071</u>	<u>907,366</u>	<u>879,382</u>	<u>869,012</u>
PROGRAM REVENUES					
Charges for services:					
Instructional services	2,774	2,552	3,662	2,807	2,227
Student transportation services	560	586	572	532	509
Food services	1,907	2,157	2,820	4,740	6,427
Operating grants and contributions	52,075	51,939	49,120	43,618	38,673
Capital grants and contributions	5,888	6,882	5,672	6,864	3,388
Total primary government program revenues	<u>63,204</u>	<u>64,116</u>	<u>61,846</u>	<u>58,561</u>	<u>51,224</u>
Total primary government net (expenses) revenues	<u>(948,962)</u>	<u>(900,955)</u>	<u>(845,520)</u>	<u>(820,821)</u>	<u>(817,788)</u>
GENERAL REVENUES					
Property taxes levied for operational purposes	170,105	162,002	162,423	155,374	155,565
Property taxes levied for capital projects	50,873	45,862	42,918	40,529	38,597
Local sales taxes	45,161	43,048	40,757	38,290	43,260
Unrestricted grants and contributions	663,408	630,276	607,096	598,347	572,735
Investment earnings	2,467	1,290	1,393	796	775
Miscellaneous	12,473	22,064	18,104	17,241	9,880
Total primary government general revenues	<u>944,487</u>	<u>904,542</u>	<u>872,691</u>	<u>850,577</u>	<u>820,812</u>
CHANGE IN NET POSITION					
Total governmental activities	(4,475)	3,587	27,171	29,756	3,024
BUSINESS-TYPE ACTIVITIES					
EXPENSES	108	637	391	82	-
PROGRAM REVENUES	234	744	560	203	-
CHANGE IN NET POSITION	126	107	169	121	-
Total business-type activities	<u>126</u>	<u>107</u>	<u>169</u>	<u>121</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ (4,349)</u>	<u>\$ 3,694</u>	<u>\$ 27,340</u>	<u>\$ 29,877</u>	<u>\$ 3,024</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							
		2013	2012	2011	2010	2009			
\$	514,670	\$	501,427	\$	538,107	\$	523,680	\$	517,548
	82,988		83,720		91,279		85,524		75,282
	34,588		36,358		36,143		34,430		34,329
	65,724		92,047		78,757		83,849		80,175
	40,108		40,310		43,096		42,785		42,743
	32,606		33,190		34,456		36,651		36,250
	44,617		43,949		45,588		45,300		43,818
	2,857		3,194		3,327		3,045		1,511
	19,050		19,908		19,776		22,488		27,460
	246		186		189		533		1,284
	<u>837,454</u>		<u>854,289</u>		<u>890,718</u>		<u>878,285</u>		<u>860,400</u>
	2,145		2,346		1,888		1,908		1,376
	516		470		505		463		482
	6,990		7,304		8,649		9,599		10,488
	35,599		34,978		35,862		33,547		53,178
	3,392		3,372		11,212		12,107		29,196
	<u>48,642</u>		<u>48,470</u>		<u>58,116</u>		<u>57,624</u>		<u>94,720</u>
	<u>(788,812)</u>		<u>(805,819)</u>		<u>(832,602)</u>		<u>(820,661)</u>		<u>(765,680)</u>
	147,333		158,902		173,763		195,839		210,238
	36,886		38,651		41,306		48,373		62,631
	34,082		32,341		30,459		29,510		31,071
	544,989		524,209		600,709		551,962		476,204
	1,220		696		2,904		4,207		2,590
	14,255		18,013		11,494		13,406		8,305
	<u>778,765</u>		<u>772,812</u>		<u>860,635</u>		<u>843,297</u>		<u>791,039</u>
	(10,047)		(33,007)		28,033		22,636		25,359
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
\$	<u>(10,047)</u>	\$	<u>(33,007)</u>	\$	<u>28,033</u>	\$	<u>22,636</u>	\$	<u>25,359</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			
	Sales Tax	Debt Service		Coverage
		Principal	Interest	
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%
2009	31,071	16,535	9,959	85.3%

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		
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
2009	210,238	62,631	31,071	303,940

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				
	2018	2017	2016	2015	2014
General Fund					
Nondisposable	\$ 9,972	\$ 9,354	\$ 9,148	\$ 10,382	\$ 7,220
Restricted	10,257	14,838	10,679	6,508	5,901
Assigned	442	336	1,588	1,177	691
Unassigned	33,527	36,153	42,409	44,984	45,981
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total general fund	<u>\$ 54,198</u>	<u>\$ 60,681</u>	<u>\$ 63,824</u>	<u>\$ 63,051</u>	<u>\$ 59,793</u>
All Other Governmental Funds					
Nondisposable, reported in:					
Special revenue funds	\$ 2,452	\$ 2,198	\$ 1,678	\$ 1,468	\$ 1,237
Restricted, reported in:					
Special revenue funds	5,770	6,474	6,421	5,930	8,075
Capital projects funds	101,045	86,328	71,583	83,680	95,180
Debt service funds	20,160	17,882	15,554	13,272	11,695
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 129,427</u>	<u>\$ 112,882</u>	<u>\$ 95,236</u>	<u>\$ 104,350</u>	<u>\$ 116,187</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				
2013	2012	2011	2010	2009
\$ 7,259	\$ 7,653	\$ 7,664	\$ -	\$ -
9,632	12,580	8,237	-	-
582	2,850	10,449	-	-
42,479	52,230	53,049	-	-
-	-	-	11,857	15,991
-	-	-	56,961	46,071
<u>\$ 59,952</u>	<u>\$ 75,313</u>	<u>\$ 79,399</u>	<u>\$ 68,818</u>	<u>\$ 62,062</u>
\$ 1,175	\$ 1,270	\$ 1,332	\$ -	\$ -
9,842	9,930	8,063	-	-
99,548	127,646	170,725	-	-
8,653	7,086	4,520	-	-
-	-	-	84,283	33,136
-	-	-	7,279	5,996
-	-	-	156,370	226,743
<u>\$ 119,218</u>	<u>\$ 145,932</u>	<u>\$ 184,640</u>	<u>\$ 247,932</u>	<u>\$ 265,875</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				
	2018	2017	2016	2015	2014
REVENUES					
Local sources:					
Ad valorem taxes	\$ 220,978	\$ 207,864	\$ 205,341	\$ 195,903	\$ 194,161
Local sales tax	45,161	43,048	40,757	38,290	35,881
Impact Fees	4,334	13,545	10,325	8,494	7,379
Food services	1,907	2,157	2,820	4,740	6,446
Interest income	2,133	1,043	928	540	572
Other	10,872	11,007	10,814	12,107	13,482
Total local sources	<u>285,385</u>	<u>278,664</u>	<u>270,985</u>	<u>260,074</u>	<u>257,921</u>
State sources:					
Florida education finance program	430,572	420,095	400,711	386,495	368,371
Public education capital outlay	2,163	3,271	2,162	1,881	-
Food services	752	720	676	631	634
Grants and other	131,127	131,369	129,445	130,037	130,433
Total state sources	<u>564,614</u>	<u>555,455</u>	<u>532,994</u>	<u>519,044</u>	<u>499,438</u>
Federal sources:					
Food services	51,324	51,219	48,444	42,959	38,038
Federal grants direct	18,634	16,840	15,025	15,825	14,749
Federal grants through state and local	86,799	65,583	65,426	70,973	61,667
Total federal sources	<u>156,757</u>	<u>133,642</u>	<u>128,895</u>	<u>129,757</u>	<u>114,454</u>
Total revenues	<u>1,006,756</u>	<u>967,761</u>	<u>932,874</u>	<u>908,875</u>	<u>871,813</u>
EXPENDITURES					
Current:					
Instructional services:	592,456	556,426	533,801	528,291	510,130
Instructional support services:					
Student personnel services	40,068	38,215	38,302	37,182	36,456
Instructional media services	8,873	8,077	8,050	8,338	8,725
Instruction and curriculum development services	13,229	12,461	13,259	13,765	17,064
Instructional staff training services	22,555	19,976	17,215	16,189	9,455
Instructional related technology	10,081	9,429	10,577	8,680	9,085
Total instructional support services	<u>94,806</u>	<u>88,158</u>	<u>87,403</u>	<u>84,154</u>	<u>80,785</u>
Student transportation services	<u>35,742</u>	<u>34,288</u>	<u>32,964</u>	<u>32,785</u>	<u>33,999</u>
Operation and maintenance of plant:					
Operation of plant	46,326	44,545	44,030	43,103	42,344
Maintenance of plant	23,680	21,987	20,233	21,652	21,666
Total operation and maintenance of plant	<u>70,006</u>	<u>66,532</u>	<u>64,263</u>	<u>64,755</u>	<u>64,010</u>
School administration	<u>44,462</u>	<u>42,984</u>	<u>41,258</u>	<u>39,124</u>	<u>38,215</u>
General administration:					
Central services	13,138	12,528	12,413	11,493	10,885
Board	1,909	2,324	2,018	1,904	1,975
General administration	6,161	5,792	5,315	4,790	4,844
Fiscal services	3,232	2,884	3,121	3,173	3,169
Administrative technology services	5,862	5,942	6,009	5,927	5,489
Total general administration	<u>30,302</u>	<u>29,470</u>	<u>28,876</u>	<u>27,287</u>	<u>26,362</u>
Non-capitalizable facilities acquisition and construction	7,373	8,990	11,174	11,261	10,757
Food services	54,239	53,220	50,985	49,471	46,674
Community services and other	3,125	2,449	2,255	2,742	2,694
Debt Service:					
Principal retirement	37,870	36,237	35,484	34,366	32,775
Interest	8,233	9,447	12,185	14,544	16,941
Fiscal charges	91	755	507	153	75
Capital outlay					
Facilities acquisitions & construction	11,097	15,763	35,377	18,239	7,743
Other capital outlay	<u>8,561</u>	<u>10,402</u>	<u>7,401</u>	<u>11,554</u>	<u>5,835</u>

		Fiscal Year							
2013		2012	2011	2010	2009				
\$	184,219	\$	197,553	\$	215,069	\$	244,212	\$	272,869
	34,082		32,341		30,459		29,510		31,070
	5,133		3,764		2,738		4,284		6,437
	6,989		7,304		8,649		9,600		10,488
	702		543		1,796		2,998		5,986
	13,102		18,138		12,357		11,605		6,455
	<u>244,227</u>		<u>259,643</u>		<u>271,068</u>		<u>302,209</u>		<u>333,305</u>
	339,640		313,381		438,439		414,238		277,874
	-		-		7,855		8,750		19,385
	653		707		734		736		733
	128,619		127,261		13,287		13,591		156,113
	<u>468,912</u>		<u>441,349</u>		<u>460,315</u>		<u>437,315</u>		<u>454,105</u>
	34,947		34,271		35,128		32,819		30,222
	15,721		15,513		15,014		10,370		8,194
	63,562		70,575		136,834		116,671		59,096
	<u>114,230</u>		<u>120,359</u>		<u>186,976</u>		<u>159,860</u>		<u>97,512</u>
	<u>827,369</u>		<u>821,351</u>		<u>918,359</u>		<u>899,384</u>		<u>884,922</u>
	491,148		468,983		508,593		494,238		488,565
	31,996		31,602		34,874		33,814		30,713
	8,561		8,245		11,347		11,731		11,126
	16,589		16,405		16,351		14,634		12,501
	11,718		13,002		18,582		14,424		12,765
	10,098		8,980		5,202		6,157		4,054
	<u>78,962</u>		<u>78,234</u>		<u>86,356</u>		<u>80,760</u>		<u>71,159</u>
	<u>33,601</u>		<u>33,051</u>		<u>34,683</u>		<u>33,736</u>		<u>32,509</u>
	44,262		43,936		48,873		49,965		47,770
	18,817		16,501		20,844		22,604		24,323
	<u>63,079</u>		<u>60,437</u>		<u>69,717</u>		<u>72,569</u>		<u>72,093</u>
	<u>38,366</u>		<u>37,670</u>		<u>40,648</u>		<u>40,253</u>		<u>40,310</u>
	10,909		10,505		15,771		12,209		14,482
	2,039		2,372		2,398		2,469		2,450
	6,065		5,379		6,689		7,140		5,119
	2,995		3,017		3,267		2,945		2,714
	5,081		5,054		4,833		4,778		4,931
	<u>27,089</u>		<u>26,327</u>		<u>32,958</u>		<u>29,541</u>		<u>29,696</u>
	8,630		11,525		8,183		7,505		9,019
	42,792		40,630		43,121		42,764		41,357
	2,700		3,017		3,147		2,609		1,441
	31,408		30,077		28,749		27,340		26,232
	18,139		18,998		19,743		21,806		22,662
	872		1,210		1,210		3,110		5,439
	<u>26,277</u>		<u>43,073</u>		<u>92,108</u>		<u>66,320</u>		<u>93,864</u>
	<u>6,577</u>		<u>12,673</u>		<u>18,089</u>		<u>16,736</u>		<u>19,554</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				
	2018	2017	2016	2015	2014
Total expenditures	998,363	955,121	943,933	918,726	876,995
Excess (deficiency) of revenues over (under) expenditures	8,393	12,640	(11,059)	(9,851)	(5,182)
OTHER FINANCING SOURCES (USES):					
Long term bonds issued	-	-	-	-	-
Premium on sale of bonds	-	-	-	-	140
Discount on sale of bonds	-	-	-	-	-
Refunding bonds issued	-	26,891	118,935	46,179	900
Premium on sale of refunding bonds	-	85	-	200	-
Loans incurred	-	-	-	-	-
Refunded loan payments	-	-	-	-	-
Payments to refunded bond escrow agent	-	(26,229)	(118,528)	(47,061)	(268)
Proceeds from capital leases	-	-	-	1,133	-
Insurance loss recoveries	601	-	1,199	7	19
Transfers in	85,342	81,080	77,260	87,407	94,287
Transfers out	(84,275)	(79,964)	(76,148)	(86,593)	(93,086)
Total other financing sources and uses	1,668	1,863	2,718	1,272	1,992
Net change in fund balances	\$ 10,061	\$ 14,503	\$ (8,341)	\$ (8,579)	\$ (3,190)
Debt service as a percentage of non-capital expenditures	4.71%	4.92%	5.29%	5.50%	5.76%

Source: District Records

Fiscal Year				
2013	2012	2011	2010	2009
869,640	865,905	987,305	939,287	953,900
(42,271)	(44,554)	(68,946)	(39,903)	(68,978)
-	-	21,223	24,763	-
-	48	55	177	-
-	-	-	(71)	-
81,255	440	44,485	141,550	36,690
-	-	-	-	114
-	-	-	-	8,500
-	-	-	-	(8,328)
(81,255)	(487)	(43,636)	(139,130)	(36,388)
-	-	-	-	-
7	183	11	13	18
81,788	82,405	77,136	80,792	82,677
(80,334)	(80,830)	(75,514)	(79,378)	(81,881)
1,461	1,759	23,760	28,716	1,402
<u>\$ (40,810)</u>	<u>\$ (42,795)</u>	<u>\$ (45,186)</u>	<u>\$ (11,187)</u>	<u>\$ (67,576)</u>
5.92%	6.06%	5.53%	5.74%	5.82%

**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
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
2009	32,643,481	4,895,855	2,076,460	2,684,281	3,390,127	5,994,089	14,857,836

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

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

Source: Florida Department of Revenue

<u>Net Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Taxable Value</u>	<u>Net Assessed Value as a Percentage of Estimated Taxable Value</u>
\$ 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%
36,826,457	7.6340	51,684,293	71.25%

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

	Fiscal Year					
	2018	2017	2016	2015	2014	2013
District School Board:						
Required Local Effort	4.2660	4.5490	4.9010	4.9600	5.2990	5.2440
Discretionary Local	0.7480	0.7480	0.7480	0.7480	0.7480	0.7480
Supplemental Discretionary	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Capital Improvement	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
Total District School Board	6.5140	6.7970	7.1490	7.2080	7.5470	7.4920
Other County-Wide:						
Board of County Commissioners	6.7815	6.7815	6.7815	6.8665	6.8665	6.8665
Total County-Wide	13.2955	13.5785	13.9305	14.0745	14.4135	14.3585
Non-County Wide:						
Board of County Commissioners						
Public Library Service	0.2109	0.2109	0.2109	0.2109	0.2109	0.2109
Parks & Recreation (unincorporated)	0.5619	0.5619	0.5619	0.4219	0.4219	0.4219
Municipalities:						
Auburndale	4.2657	4.2657	4.2657	4.2657	4.2657	4.2657
Bartow	3.6541	3.8044	3.8387	3.9075	3.9960	3.9962
Davenport	7.5000	7.5000	7.5000	7.5000	7.7500	7.7500
Eagle Lake	7.6516	7.6516	7.6516	7.6516	7.6516	7.6516
Fort Meade	6.8704	6.2458	5.6484	5.6484	5.6484	5.6484
Frostproof	7.4978	7.7716	8.0587	8.0587	8.0587	7.8209
Haines City	7.5895	7.5895	7.7900	7.7900	7.7900	7.9900
Lake Alfred	7.2390	7.2390	7.4890	7.5890	7.5890	7.5890
Lake Wales	7.0438	7.3273	7.3638	8.3638	8.5866	8.5119
Lakeland	5.5644	5.5644	5.5644	4.6644	4.6644	4.6644
Mulberry	6.5900	6.7900	7.2900	7.6500	8.4000	8.9000
Polk City	7.4877	8.0000	8.2500	8.6000	8.6547	8.6547
Winter Haven	5.7900	5.7900	5.7900	5.7900	5.7900	5.7900

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

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

Source: Polk County Property Appraiser

Fiscal Year			
2012	2011	2010	2009
5.4220	5.2940	5.0880	5.1360
0.7480	0.7480	0.7480	0.4980
0.0000	0.2500	0.2500	0.2500
0.0000	0.0000	0.0000	0.0000
1.5000	1.5000	1.5000	1.7500
7.6700	7.7920	7.5860	7.6340
6.8665	6.8665	6.8665	6.8665
14.5365	14.6585	14.4525	14.5005
0.2109	0.2109	0.2109	0.2109
0.4219	0.4219	0.4219	0.4219
3.8393	3.8393	3.8393	3.3317
3.9962	3.9962	3.9962	3.9962
6.9900	6.0000	5.9792	4.5695
7.6516	7.6516	7.6516	7.4225
3.3509	3.3509	3.3509	3.0435
7.8209	7.8209	7.8209	7.8209
6.9900	6.9900	6.9900	6.9900
6.9990	6.5800	6.5800	6.5800
7.9998	7.3277	7.3277	7.3277
4.1644	4.1644	3.6538	3.4031
8.9000	8.9000	8.0500	8.0573
8.6547	8.6547	7.8000	6.7425
5.7900	5.7900	5.7900	5.8644

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

Taxpayer	Fiscal Year					
	2018			2009		
	Rank	Taxable Value	Percentage of Total Assessed Value	Rank	Taxable Value	Percentage of Total Assessed Value
Duke Energy/Progress Energy	1	\$ 1,227,786	2.67%			0.00%
Tampa Electric	2	880,959	1.91%	2	416,973	1.21%
Mosaic/Streamsong/Stillwater	3	768,972	1.67%	6	201,622	0.59%
Publix Super Markets	4	432,489	0.94%	3	315,063	0.92%
Walmart	5	390,883	0.85%	9	151,214	0.44%
Invitation Homes	6	222,140	0.48%			0.00%
Coca Cola	7	197,230	0.43%			0.00%
Frontier/Verizon	8	141,125	0.31%	5	262,942	0.76%
Amazon	9	130,352	0.28%			0.00%
Florida Gas Transmissions	10	107,883	0.23%			0.00%
Cargill				4	290,067	0.84%
Duke Energy/Florida Power				1	597,082	1.74%
Osprey Energy Center				8	167,424	0.49%
Gulfstream Natural Gas				7	173,824	0.51%
Avatar Properties Inc				10	142,065	0.41%
Total		\$ 4,499,819	9.77%		\$ 2,718,276	7.91%

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
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%
2009	281,133,172	270,582,754	96.25%	802,528	271,385,282	96.53%

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		
2018	\$ 26,429	\$ 5,164	\$ -	\$ 186,972	\$ -	\$ 218,565	N/A	N/A
2017	52,049	5,974	281	199,047	-	257,351	N/A	389
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
2009	216,875	18,214	-	215,480	7,563	458,132	2.48%	767

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

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

Source District Records

**SCHOOL DISTRICT OF POLK COUNTY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2018
TABLE 12
(unaudited)**

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Direct Debt</u>		<u>Direct and Overlapping Debt</u>	
		<u>Percentage Applicable to This Governmental Unit</u>	<u>Amount Applicable to This Governmental Unit</u>	<u>Percentage Applicable to Polk County</u>	<u>Amount Applicable to Polk County</u>
Polk County Board of County Commissioners	\$ 139,893,635	100%	\$ 139,893,635	100%	\$ 139,893,635
Polk County District School Board	-	100%	218,565,236	100%	-
Totals	<u>\$ 139,893,635</u>		<u>\$ 358,458,871</u>		<u>\$ 139,893,635</u>

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

Source: District Records
Polk County Clerk of the Circuit Court

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

**TABLE 13
 (unaudited)**

Fiscal Year	Taxable Assessed Value (A)	Annual Lease Payment	Millage Levy to Provide 1.00x Coverage (B)
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
2009	36,826,457	18,172,213	0.5194

(A) Assessed Value is in Thousands.

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

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

Source: Florida Department of Revenue and District Records

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

Fiscal Year	Population (A)	Personal Income (1) (C)	Per Capita Personal Income (A)	Unemployment Rate (B)
2017	661,645	N/A	N/A	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%
2008	591,659	19,300,508	32,621	6.7%

(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: 2018 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					
	2017			2008		
	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
Polk County School Board	13,061	1	4.42%	14,000	1	5.13%
Publix Super Markets	8,200	2	2.77%	9,500	2	3.48%
Wal-Mart	5,100	3	1.72%	5,100	3	1.87%
Lakeland Regional Medical Center	5,000	4	1.69%	4,600	5	1.69%
Polk County Government	4,493	5	1.52%	4,700	4	1.72%
GEICO Insurance	2,800	6	0.95%	2,000	10	0.73%
Winter Haven Hospital	2,500	7	0.85%	2,500	8	0.92%
City of Lakeland	2,359	8	0.80%	2,500	9	0.92%
Mosiac Fertilizer	1,950	9	0.66%	4,000	7	1.47%
State Farm	1,800	10	0.61%	-	0	0.00%
State of Florida	-		0.00%	4,300	6	1.58%
	<u>47,263</u>		<u>15.99%</u>	<u>53,200</u>		<u>19.51%</u>

Note: 2018 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 2017



POLK COUNTY
PUBLIC SCHOOLS

STUDENTS FIRST

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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					
	2018	2017	2016	2015	2014	2013
Schools						
Elementary						
Locations	66	66	66	66	67	67
Square feet	6,293,636	6,515,678	6,102,843	6,108,489	6,273,582	6,264,516
Capacity	51,419	53,928	50,714	50,686	51,616	51,126
Enrollment	40,226	41,975	40,540	40,379	38,619	40,168
Middle						
Locations	20	20	20	20	19	19
Square feet	2,825,675	2,800,879	2,654,893	2,653,573	2,607,658	2,630,298
Capacity	22,578	21,803	24,321	22,894	22,997	23,480
Enrollment	17,867	16,084	16,409	16,659	15,635	15,655
Senior High						
Locations	15	15	15	16	15	16
Square feet	4,344,534	4,297,686	4,302,843	4,285,656	4,295,866	4,306,621
Capacity	33,106	32,237	33,846	34,150	34,223	34,461
Enrollment	25,923	25,523	25,537	25,014	24,086	21,912
Other (A)						
Locations	12	12	11	11	10	10
Square feet	1,067,481	1,143,280	988,116	987,396	914,943	914,042
Capacity	6,445	7,385	6,212	6,184	5,861	5,851
Enrollment	4,637	5,694	4,302	4,339	4,045	4,204
Conversion Charter (B)						
Locations	9	9	9	9	9	9
Square feet	1,163,225	1,160,446	1,160,446	1,162,582	1,162,538	1,163,607
Capacity	8,483	8,360	8,685	8,439	8,439	8,405
Enrollment	7,749	7,982	7,744	7,351	7,153	7,138
Administrative / Support Services						
Locations	15	16	17	17	18	17
Square feet	571,682	591,512	593,317	593,333	664,623	557,797
Total Enrollment in District Facilities	96,402	97,258	94,532	93,742	89,538	89,077

(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

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

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

Fiscal Year	(A) Instructional	(B) Administrative	(C) Support Services	Total	Ratio of Students to Instructional Personnel (D)	Ratio of Students to Administrative Personnel (D)	Ratio of Instructional Personnel to Administrators
2018	9,376	381	3,481	13,238	11.16	247.99	29.74
2017	9,222	378	3,461	13,061	10.97	243.69	29.22
2016	9,193	415	3,459	13,067	10.79	238.92	28.66
2015	9,158	377	3,387	12,922	10.69	259.68	24.29
2014	9,339	385	3,397	13,121	10.31	250.14	24.26
2013	9,393	386	3,462	13,241	10.16	247.27	24.33
2012	9,457	384	3,536	13,377	10.04	247.19	24.63
2011	9,632	388	3,650	13,670	9.69	240.52	24.82
2010	9,403	384	3,678	13,465	9.92	243.02	24.49
2009	9,288	428	3,545	13,261	10.03	217.56	21.70

Note: Full-Time Employees Only

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

Source: District Records

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

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>Average Salary</u>
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
2009	35,000	54,675	42,416

Note: Includes only 10 Month Teachers
Performance Pay Schedule

Source: District Records

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

	Fiscal Year					
	2018	2017	2016	2015	2014	2013
Days Meals Served:	174	178	180	180	180	179
Student Lunches Served:						
Paid Lunches (regular)	440,716	522,762	633,470	1,148,306	1,297,759	1,439,256
Reduced Lunches (regular)	29,460	47,065	106,093	306,398	478,147	755,136
Free Lunches (regular)	10,608,564	10,740,732	10,421,805	9,198,230	8,125,512	7,525,884
Total Student Lunches Served	11,078,740	11,310,559	11,161,368	10,652,934	9,901,418	9,720,276
Daily Average Student Lunches Served	63,671	63,542	62,008	59,183	55,008	54,303
Student Breakfasts Served:						
Paid Breakfasts (regular)	113,894	150,768	139,378	173,192	250,749	232,618
Reduced Breakfasts (regular)	8,377	12,374	25,546	71,598	121,221	210,856
Free Breakfasts (regular)	5,285,375	5,446,493	5,306,261	4,645,245	3,880,971	3,538,062
Total Student Breakfasts Served	5,407,646	5,609,635	5,471,185	4,890,035	4,252,941	3,981,536
Daily Average Student Breakfasts Served	31,078	31,515	30,395	27,167	23,627	22,243
LUNCH PRICES:						
Elementary	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$1.80
Middle	\$2.30	\$2.30	\$2.30	\$2.30	\$2.30	\$2.10
High	\$2.60	\$2.60	\$2.60	\$2.60	\$2.30	\$2.10
BREAKFAST PRICES:						
Elementary	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Secondary	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Free and Reduced Percentages:						
Paid	3.4%	4.0%	4.6%	8.5%	10.9%	12.2%
Reduced	0.2%	0.4%	0.8%	2.4%	4.2%	7.1%
Free	96.4%	95.7%	94.6%	89.1%	84.8%	80.7%

Source: District Records

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

Compliance Section



POLK COUNTY
PUBLIC SCHOOLS

STUDENTS FIRST

The School District of Polk County
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal CFDA Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Clustered				
Child Nutrition Cluster:				
United States Department of Agriculture: Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	18002	\$ -	\$ 11,100,028
National School Lunch Program	10.555	18001, 18003	-	39,318,156
Summer Food Service Program for Children	10.559	18006, 18007	-	776,063
Total Child Nutrition Cluster			-	51,194,247
Student Financial Assistance Cluster:				
United States Department of Education: Federal Pell Grant Program	84.063	N/A	-	2,438,088
Special Education Cluster:				
United States Department of Education: Florida Department of Education:				
Special Education - Grants to States	84.027	262, 263	1,193,172	19,336,968
Special Education - Preschool Grants	84.173	266, 267	35,000	414,832
Total Special Education Cluster			1,228,172	19,751,800
Not Clustered				
United States Department of Agriculture:				
Florida Department of Health: Child and Adult Care Food Program	10.558	S-4372	-	129,515
United States Department of Defense:				
Army Junior Reserve Officers Training Corps	12.UNK	N/A	14,365	795,867
Marine Corps Reserve Officers Training Corps	12.UNK	N/A	-	45,635
Air Force Junior Reserve Officers Training Corps	12.UNK	N/A	-	121,144
Navy Junior Reserve Officers Training Corps	12.UNK	N/A	-	53,194
Total United States Department of Defense			14,365	1,015,840
United States Department of Labor:				
Florida Department of Education: National Farmworker Jobs Program	17.264	405	-	389,665
United States Department of Education:				
Magnet Schools Assistance	84.165	N/A	-	5,332,407
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	-	916,906
Investing in Innovation (i3) Fund	84.411	N/A	-	180,217
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	-	1,099,283
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	930,450	43,419,140
Migrant Education - State Grant Program	84.011	217	-	1,120,301
Career and Technical Education - Basic Grants to States	84.048	161	-	1,339,234
Education for Homeless Children and Youth	84.196	127	-	123,943
Charter Schools	84.282	298	702,620	702,620
Twenty-First Century Community Learning Centers	84.287	244	-	819,611
Special Education - State Personnel Development	84.323	361	-	5,335
English Language Acquisition State Grants	84.365	102	-	1,701,800
School Improvement Grants	84.377	126	-	454,241
Student Support and Academic Enrichment Program	84.424	241	-	341,970
Supporting Effective Instruction State Grants:	84.367			
Florida Department of Education		224	-	3,380,554
Hillsborough County School District		None	-	206,952
Total Supporting Effective Instruction State Grants	84.367		-	3,587,506
Total United States Department of Education			1,633,070	61,144,514

The School District of Polk County
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster</u>	<u>Federal CFDA Number</u>	<u>Pass - Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
United States Department of Health and Human Services:				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	-	315,326
Head Start	93.600	N/A	-	7,685,116
Total United States Department of Health and Human Services			-	8,000,442
Total Expenditures of Federal Awards			<u>\$ 2,875,607</u>	<u>\$ 144,064,111</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, 2018. 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 as applicable, either the cost principles in Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* or 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 \$3,714,027.36 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 \$92.43 for grant number/program year 04CH4623/16 for program year 2016, \$3,580,874.44 for grant number/program year 04CH010291/17 for program year 2017, and \$4,104,149.13 for grant number/program year 04CH010291/18 for program year 2018.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Polk County District School Board, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2018, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the aggregate discretely presented component units, 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 District'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, rules, 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.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 14, 2018
Audit Report No. 2019-082



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

We have audited the Polk County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2018. The District's major Federal programs are identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 14, 2018
Audit Report No. 2019-082

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major Federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued 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)?	No
Identification of major Federal programs:	
CFDA Numbers:	Name of Federal Program or Cluster:
10.553, 10.555, and 10.559	Child Nutrition Cluster
84.165	Magnet Schools Assistance
Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
Auditee qualified as low risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters are reported.

PRIOR AUDIT FOLLOW-UP

There were no prior financial statement or Federal awards findings requiring follow-up.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The District did not have prior audit findings required to be reported under 2 CFR 200.511.